OECD Regional Development Studies

The Impact of Decentralised Development Co-operation

Driving Local Governance and the SDGs

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BETTER POLICIES FOR BETTER LIVES

Please cite this publication as:
OECD (2026), *The Impact of Decentralised Development Co-operation: Driving Local Governance and the SDGs*, OECD Regional Development Studies, OECD Publishing, Paris, https://doi.org/10.1787/59c2f7c7-en.

ISBN 978-92-64-60859-7 (print)
ISBN 978-92-64-46709-5 (PDF)
ISBN 978-92-64-85717-9 (HTML)

OECD Regional Development Studies
ISSN 2789-7990 (print)
ISSN 2789-8008 (online)

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Preface

This report was initiated with the primary goal to strengthen the evidence base for decentralised development co-operation (DDC) and to deepen the understanding of the contribution that local and regional governments make to sustainable development and stronger local governance. Over the course of this work, its political relevance has become even clearer. At a time when multilateralism, international partnerships and development co-operation are increasingly under pressure, there is a growing need for forms of co-operation that build trust, deliver tangible results and bring international partnerships closer to people.

This report provides a much stronger evidence base showing that DDC makes a difference in this regard. Whether addressing challenges related to climate change, migration, inequalities, human rights, peacebuilding, democratic governance or the digital transition, cities and regions are playing an increasingly important role in development co-operation through both financial and non-financial contributions. The growing recognition of this role is reflected in international commitments such as the New Urban Agenda, the G7 Sustainable Urban Development Ministers' Communiqués adopted under the German, Japanese and Italian presidencies from 2022 to 2024, and the Sevilla Commitment, adopted at the Fourth International Conference on Financing for Development in 2025.

Growing appreciation of DDC lies at the heart of these trends and is also reflected in the data. In those countries that measure DDC flows, official development assistance (ODA) disbursed by local and regional governments has more than doubled over the past decade, reaching USD 3.6 billion in 2024. In large part, this reflects the fact that cities and regions are often the levels of government responsible for delivering essential public services. Indeed, more than two-thirds of the targets under the United Nations 2030 Agenda can only be achieved with the engagement of local and regional governments. Local and regional governments are therefore well placed to leverage technical expertise that delivers meaningful and cost-effective impact, while also building trust-based relationships that contribute to reinforcing democratic values, social cohesion and resilience at the local level. However, as DDC has grown, so too has the importance of evidence that demonstrates its effectiveness and impact, and the circumstances under which these are achieved.

This report responds directly to that need. It provides the first extensive assessment of how DDC contributes to local governance and SDG outcomes, including at the level of individual cities and regions. At a time when development co-operation is being called upon to deliver more strategic, measurable and lasting results, this evidence offers an important basis for informing policy choices and strengthening the effectiveness of DDC. It also marks the culmination of a decade of joint work on DDC across two OECD committees, the Development Assistance Committee (DAC) and the Regional Development Policy Committee (RDPC), which has produced internationally recognised typologies, policy frameworks and toolkits, guidance and monitoring tools, while helping expand Creditor Reporting System (CRS) reporting to 15 countries, thereby paving the way for a stronger focus on assessing and demonstrating impact.

The report reinforces the vision of DDC as a mutually beneficial form of international partnership, characterised by a two-way exchange of knowledge, expertise and innovation. Its findings show that DDC generates benefits for cities and regions in both partner and DAC countries. Cities and regions in partner countries report stronger institutional capacities, improved service delivery and enhanced access to financing opportunities as a result of DDC. The report also provides evidence of benefits accruing to cities and regions in DAC countries, notably through knowledge and innovation spillovers, including lessons on multi-level governance and citizen engagement.

The findings carry an equally clear message for national governments. If local and regional governments are to realise their full potential as development actors, they need enabling frameworks, predictable support and the space to build long-term partnerships. Strengthening DDC is therefore not about adding another layer to development policy. It is about harnessing the capacities closest to citizens to make development co-operation more effective, resilient and responsive to local needs.

Beyond the analytical contribution, the process of developing this report has helped foster a growing global community of practice, bringing together local, regional and national governments, development agencies, civil society, academia and international partners. We are confident that this report, its recommendations and the partnerships it has helped strengthen will help unlock the full potential of DDC and advance sustainable development for all.

This report marks an important step towards strengthening the shared evidence base on the impact of DDC. We encourage governments at all levels and partners to build on the foundations laid by this work through sustained political support and continued collaboration to further develop this evidence base, advance collective understanding and inform more effective DDC policies and partnerships.

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Foreword

Since 2017, the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) and the OECD Development Co-operation Directorate (DCD) have worked jointly to strengthen the evidence base on decentralised development co-operation (DDC). This collaboration has documented key trends and innovative mechanisms through which cities and regions design, finance, implement, monitor and evaluate DDC activities, leading to internationally recognised typologies, frameworks, toolkits and recommendations on DDC policies, reporting, capacity building, multi-level co-ordination and partnerships.

This report builds on that body of work by examining a question that has become increasingly important for policymakers and practitioners alike: what difference does DDC make on the ground? To begin to answer this question, it provides an extensive assessment of DDC's contribution to local governance and sustainable development outcomes in partner territories, while also examining the benefits generated for participating cities and regions in OECD Development Assistance Committee (DAC) countries.

The report is the outcome of a two-year project, carried out in partnership with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), in co-operation with the Service Agency Communities in One World (SKEW) of Engagement Global. It draws on an approach combining analysis of OECD Creditor Reporting System data, 2 dedicated surveys collecting perspectives from over 180 local and regional governments across DAC and partner countries, and 16 case studies of cities and regions from DAC countries engaged in DDC, comprising 8 German and 8 international cases. The analysis is further informed by bilateral interviews with representatives of the case-study governments.

A distinctive contribution of the report lies in its methodological innovation. It pilots a new approach combining text analysis and artificial intelligence-assisted validation to identify DDC official development assistance flows reaching cities and regions. This enables, for the first time, an analysis of DDC contributions at the territorial level, strengthening the evidence base on the links between DDC, local governance and sustainable development outcomes. The analysis also captures dimensions of DDC that extend beyond financial transfers, including peer-to-peer learning, capacity building, technical assistance and knowledge exchange.

The findings and recommendations presented in this report benefitted from extensive engagement with stakeholders from across the DDC community. Three expert workshops, bringing together representatives from national, regional and local governments, development agencies, civil society, academia and international organisations, were held in Berlin, Germany, on 11-12 December 2024, 22-23 September 2025 and 14-15 April 2026. Preliminary findings were presented to the OECD Working Party on Urban Policy at its 38th session on 2 December 2025 and to the DAC at its 1174th meeting on 27 April 2026.

The report was submitted for written comments to the DAC and the Regional Development Policy Committee respectively on 16 and 17 July 2026 under cote CFE/RDPC/URB(2025)28/REV1.

Acknowledgements

This report is the outcome of a two-year collaboration between the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) led by Lamia Kamal-Chaoui, Director, as part of the Programme of Work of the Regional Development Policy Committee (RDPC), and the OECD Development Co-operation Directorate (DCD) led by Pilar Garrido, Director, as part of the Programme of Work of the Development Assistance Committee (DAC). The project was funded by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), and implemented in co-operation with the Service Agency Communities in One World (SKEW) of Engagement Global.

The project and the underlying policy dialogue were managed by Stefano Marta, Head of the Smart and Sustainable Cities Unit, CFE, under the supervision of Aziza Akhmouch, Head of the Cities, Urban Policies and Sustainable Development Division, and Soo-Jin Kim, Deputy Head of Division, CFE. The report was drafted by a team composed of Lorenz Gross (Chapters 1, 3, 5 and 6), Policy Analyst, CFE, and Marcos Díaz Ramírez (1, 2, 4, and 6), Economist, CFE, under the supervision of Stefano Marta, CFE, as well as Jieun Kim (5 and 6), Policy Analyst, DCD, under the supervision of Henri-Bernard Solignac-Lecomte, Senior Economist, DCD. Valuable comments on earlier drafts were provided by Nadim Ahmad, Deputy Director, Rüdiger Ahrend, Carlo Menon and Laurence Côté-Roy, CFE, and Anjeza Llulla, DCD. Rachel Morris, DCD, provided comments and supported the finalisation of the drafting process. Gabriela García Sandoval, external consultant, CFE, provided research assistance for the quantitative analysis. Natalia Montejo, external consultant, CFE, supported the data verification process. Lucas Vázquez Bassat, consultant, CFE, supported the implementation of the dedicated surveys.

The OECD is grateful to the BMZ, GIZ and SKEW for the excellent collaboration, their active engagement and relentless support to organise workshops and provide feedback on interim results, in particular Yeliz Bercht and Anne Bolling from the BMZ, Maria König, Maryna Nathkir, Felix Reischl and Carl-Philipp Schuck from GIZ, as well as Jessica Baier, Kurt Baudach, Dorea Pfafferott and Alexander Wagner from SKEW.

The OECD thanks all representatives from local, regional and national governments and their associations, academia, international organisations, non-governmental organisations and civil society who participated in the three workshops that were conducted as part of the project and provided valuable feedback on early versions of this report. The OECD also thanks the more than 180 local and regional governments that responded to the two DDC impact surveys.

Thanks are also conveyed to representatives from the 16 case studies for their engagement in the project, namely: Basque Country, Spain (Javier Cortes); City of Baruth/Mark, Germany (Karsten Wittke); City of Dresden, Germany (Tamara Karp); City of Fredericton, Canada (Sean Lee); City of Glasgow, United Kingdom (Duncan Booker); City of Lahr/Schwarzwald, Germany (Manfred Kaiser); City of Lublin, Poland (Krzysztof Stanowski); City of Zurich, Switzerland (Karolina Merai, Christina Wandeler); County of Böblingen, Germany (Lisa-Marlen Hitzing); County of Giessen, Germany (Manfred Felske-Zech); Federal State of Bavaria, Germany (Melanie Habelitz-Wollgam); Federal State of Berlin, Germany (Stefani Reich); Federal State of Rhineland-Palatinate, Germany (Katharina Krings); Municipality of Bornem, Belgium (Lore Van Opstal); Municipality of Châtellerault, France (Arthur Berthet); and Region of Emilia-Romagna, Italy (Veronica Lenzi, Mirella Orlandi).

Thanks are extended to Bridgette Joyce in the CFE for preparing the report for publication, as well as to Eleonore Morena for editing and formatting the report.

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Abbreviations and acronyms

AECID	Spanish Agency for International Development Co-operation
AI	Artificial intelligence
AICS	Italian Agency for Development Cooperation
BLP	German Government and Federal States Programme
BMZ	German Federal Ministry for Economic Cooperation and Development
CHF	Swiss franc
CIDC	Korean Committee for International Development Cooperation
CO_2	Carbon dioxide
CONFOCOS	Spanish Confederation of Co-operation and Solidarity
CRS	OECD Creditor Reporting System
CSO	Civil society organisation
DAC	OECD Development Assistance Committee
DCTCIV	*Délégation pour les collectivités territoriales et la société civile*, French Delegation for Local Authorities and Civil Society
DDC	Decentralised development co-operation
EC	European Commission
EQI	European Quality of Government Index
ETH	*Eidgenössische Technische Hochschule Zürich*, Swiss Federal Institute of Technology Zurich
EU	European Union
EUR	Euro
FCM	Federation of Canadian Municipalities
FEMP	Spanish Federation of Municipalities and Provinces
FUA	Functional urban area
G20	Group of Twenty
GAC	Global Affairs Canada
GADM	Database of Global Administrative Areas
GDP	Gross domestic product
GHS-UCDB	Global Human Settlement Urban Centre Database
GIZ	*Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH*
GNI	Gross national income
JICA	Japan International Cooperation Agency
JRC	EC Joint Research Centre
LEZ	*Landesstelle für Entwicklungszusammenarbeit*, Berlin's central development agency
LRGs	Local and regional governments
LSCAU	Lublin Social Committee for Assistance to Ukraine
M&E	Monitoring and evaluation
MPK	German Conference of Federal State Prime Ministers
NGO	Non-governmental organisation
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
PPP	Purchasing power parity
RDPC	Regional Development Policy Committee
SDG	UN Sustainable Development Goal
SHDI	Global Data Lab Subnational Human Development Index

SKEW	*Servicestelle Kommunen in der Einen Welt*, Service Agency Communities in One World
TL2	OECD large regions (Territorial Level 2)
TL3	OECD small regions (Territorial Level 3)
TOSSD	Total official support for sustainable development
UN	United Nations
UNEP	United Nations Environment Programme
UN-Habitat	United Nations Human Settlements Programme
USD	United States dollar
VNG International	International Cooperation Agency of the Association of Netherlands Municipalities

Executive summary

Decentralised development co-operation (DDC), or development co-operation led by local and regional governments (LRGs), harnesses the unique expertise, resources and partnerships of subnational actors to address pressing development challenges across a wide range of areas, such as water, waste, mobility, gender equality and climate adaptation. Against the backdrop of a 23.1% decline in official development assistance (ODA) in 2025, understanding the strengths of DDC and the role of LRGs in development co-operation has become increasingly important. Yet despite growing recognition of its contribution, robust evidence on the impact of DDC has remained limited. This report fills that gap by providing an extensive assessment of how DDC contributes to local governance and sustainable development outcomes. It draws on the OECD Creditor Reporting System (CRS) data, 2 surveys of more than 180 LRGs across OECD Development Assistance Committee (DAC) and partner countries (hereafter “DDC impact surveys”), 16 in-depth case studies and an innovative methodology combining text analysis and artificial intelligence-assisted validation that localises DDC ODA flows in the CRS and links DDC aid to measurable outcomes in individual cities and regions. Together, these sources provide qualitative evidence covering all 17 United Nations Sustainable Development Goals (SDGs) and multiple dimensions of local governance, complemented by quantitative analysis of associations between DDC ODA, sustainable development and governance outcomes for which relevant data are available at the regional and local levels.

Key findings

DDC ODA has grown rapidly over the past decade, but current data capture only part of the contribution of subnational actors

- DDC ODA more than doubled between 2013 and 2024, rising from USD 1.8 billion to USD 3.6 billion, growing around 46 percentage points faster than total ODA. Cross-border flows increased by 24% to USD 665 million, although they remain highly concentrated: Spain accounts for around half of reported flows, followed by Belgium and Switzerland. These resources are directed primarily to Central America and the Caribbean, South America and Sub-Saharan Africa. By sector, the largest share supports government, civil society and peace-related activities, followed by health and multi-sector programmes such as urban and rural development, research and training.
- Despite this growth, existing CRS data provide only a partial view of DDC activity. Only 15 of 34 DAC members report on DDC ODA flows, and most reporting is aggregated at the national level, making it difficult to identify specific subnational providers or recipient territories. In addition, nearly 70% of cross-border DDC flows are channelled through non-governmental and civil society organisations rather than directly between governments. Data gaps are further compounded by the under-reporting (typically not reported at all) of non-financial forms of co-operation, including technical assistance, peer-to-peer exchanges and capacity-building activities, despite the existence of relevant CRS reporting categories. As a result, the scale and distinctive added value of DDC are likely to be substantially underestimated.

DDC generates benefits for both partner and DAC countries, with non-financial co-operation emerging as a key source of value

- The value of DDC extends well beyond financial transfers. Among surveyed LRGs from DAC countries, 71% of partnerships include non-financial activities or consist entirely of them, with smaller municipalities relying particularly heavily on these forms of co-operation. The most common modalities include peer learning, technical assistance, training, study visits and staff exchanges. Survey findings show that these activities create benefits on both sides of the partnership. In partner countries, they primarily enhance access to knowledge and innovation, improved service delivery, financing opportunities for sustainable urban development and institutional capacity. In DAC countries they contribute to knowledge and innovation uptake, and strengthened institutional capacity, highlighting DDC as a mechanism for mutual learning rather than one-way assistance.
- Evidence from the DDC impact surveys and case studies points to positive and reciprocal impacts on governance and development outcomes. LRGs in DAC countries report improvements in multi-level co-ordination, participatory governance and policy innovation, while partner-country LRGs identify the strongest gains in inclusiveness, citizen participation, accountability and strategic planning. Across both groups, the strongest perceived contributions relate to SDG 17 (Partnerships for the goals) and SDG 11 (Sustainable cities and communities), reflecting DDC's distinctive position at the intersection of global partnerships and place-based development. DDC is also perceived to contribute to SDG 13 (Climate action). In addition, partner-country LRGs report important effects on gender equality (SDG 5), health (SDG 3) and clean water and sanitation (SDG 6), while DAC-country LRGs highlight impacts on institutional strengthening (SDG 16), education (SDG 4) and responsible consumption and production (SDG 12).
- Quantitative analysis further suggests that DDC is associated with positive territorial outcomes. Within recipient countries, poorer territories tend to receive higher levels of DDC ODA per capita, indicating a degree of territorial targeting. Linking DDC flows to local outcomes reveals positive associations with income growth, increases in urban green space and decreases in transport-related carbon dioxide emissions. In LRGs in DAC countries, higher levels of DDC engagement and stronger governance performance are also positively associated. By examining selected SDGs and governance outcomes for which relevant data are available at the regional and local levels, this analysis represents an important step towards strengthening the evidence on the impact of DDC. Future work could expand to other DDC-relevant SDGs, including on gender, health and education, and additional dimensions of local governance, including peaceful societies and democratic institutions.

The impact of DDC depends on strong enabling conditions at the local and regional levels

- DDC is most effective when it is place-based and rooted in the comparative advantages and expertise of LRGs. Partnerships are more likely to produce tangible and lasting results when they focus on policy areas in which participating LRGs have recognised expertise and operational responsibility, such as water and waste management, urban planning and climate adaptation. Survey respondents identify long-term programming, predictable funding and a stronger focus on areas of technical expertise among the most important actions to increase the SDG impact of DDC partnerships.
- Institutional capacity and political commitment are equally critical determinants of success. Sustained political leadership, dedicated staff, cross-departmental co-ordination and effective collaboration with civil society all significantly enhance DDC outcomes. Surveyed LRGs identify strengthened co-ordination and stakeholder engagement as the single most important factor for

improving local governance results. At the same time, human resources constraints remain a major challenge, with only 19% of surveyed partnerships reporting adequate staffing levels on both sides.

National governments play an important role in creating the conditions for effective DDC

- National governments can significantly strengthen DDC through conducive legal and institutional frameworks, financing mechanisms, capacity building, co-ordination arrangements and monitoring and evaluation (M&E) systems. These instruments can reduce fragmentation, enhance visibility and enable smaller municipalities to participate more effectively. Differences in national frameworks, including the degree of decentralisation, may also help explain variations in reported DDC ODA across countries. Survey evidence underlines their importance: 55% of DAC-country respondents report operating within a dedicated national DDC framework or law, 56% benefit from national co-financing schemes and 68% rely on national funding support.
- Approaches to DDC governance vary considerably across countries. The report proposes an illustrative mapping of four broad models: centrally steered, where national frameworks and financing strongly shape LRG action; co-ordinated pluralism, combining strong subnational autonomy with active national co-ordination; organic dispersion, where autonomous subnational actors operate with limited national alignment; and case-based approaches, where DDC is small in scale and lacks systematic national frameworks. The mapping is intended as a starting point for reflection rather than a definitive classification, as countries may combine features of more than one model. Although no model is universally applicable, effective frameworks balance strategic coherence with local flexibility.

Key recommendations

Promote a renewed DDC narrative centred on impact and mutual benefit

Position DDC as a strategic response to today’s development challenges by highlighting the distinctive role of LRGs in advancing sustainable development. A stronger narrative should emphasise the demonstrable benefits generated in both DAC and partner cities and regions, including the value of financial and non-financial co-operation in addressing shared challenges. DDC actors should systematically capture and communicate how partnerships create value for their own communities as well as for partner territories, translating evidence into compelling messages and narratives for citizens, policymakers and local stakeholders.

Elevate the strategic recognition of non-financial DDC

Recognise peer-to-peer learning, staff exchanges, technical assistance, training and study visits as core instruments of development co-operation rather than complementary activities. Non-financial co-operation should be fully integrated into local development and SDG localisation strategies, with explicit objectives for mutual learning, institutional strengthening and policy innovation. Embedding these activities within existing planning and management systems would maximise their long-term impacts.

Establish conducive institutional frameworks for DDC

Develop clear national strategies and frameworks through legislation, policy guidance or master plans that define the objectives, scope and principles of DDC while ensuring alignment with broader development priorities. Such frameworks should provide predictability, strategic direction with sufficient multi-year visibility for subnational engagement, while preserving the autonomy of LRGs. Stronger multi-level governance arrangements and a place-based, bottom-up approach grounded in local development plans should underpin implementation.

Promote longer-term, more flexible and diversified financing arrangements

Move beyond short-term project funding by establishing multi-year financing cycles that allow LRGs to develop sustainable partnerships and invest in institutional capacity. Diversified funding models drawing on local and regional budgets, national co-financing, international grants and in-kind contributions can enhance resilience at scale. Particular support should be directed towards smaller municipalities through pooled initiatives, technical assistance and dedicated financing mechanisms that lower barriers to participation.

Strengthen DDC reporting and the measurement of non-financial co-operation

Improve the coverage, granularity and consistency of DDC ODA reporting in the OECD CRS, including the systematic identification of contributing and recipient cities and regions. In the short term, text analysis and artificial intelligence can help address data limitations while more standardised reporting systems are developed. At the same time, existing methodologies should be expanded to better capture the scale and value of non-financial DDC activities, including both the resources mobilised and the outcomes generated, to ensure that the full contribution of DDC is reflected in development statistics and policy analysis.

Promote the adoption of harmonised and proportionate M&E frameworks across and within DDC partnerships

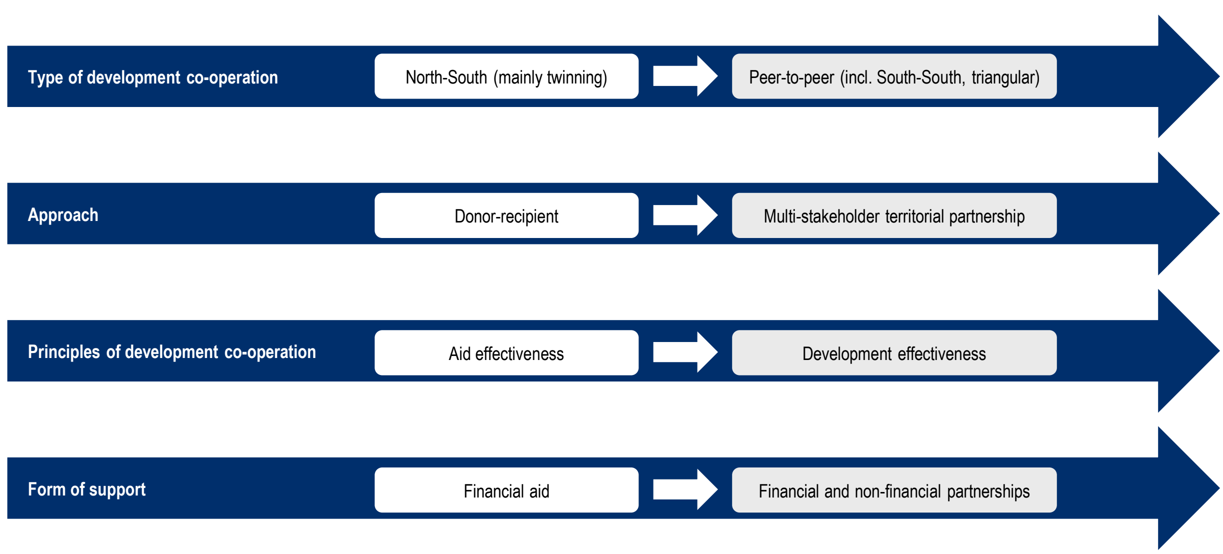
M&E should be treated as a core element of DDC projects from the outset, not only as an *ex post* exercise, so that partnerships can generate more credible and policy-relevant evidence on their contributions over time. Shared M&E frameworks should combine a common set of core indicators with enough flexibility to reflect local contexts, institutional capacities and partnership priorities.

1 Introduction and methodology

Evolution and value added of decentralised development co-operation

Decentralised development co-operation (DDC) is development co-operation led by subnational governments, encompassing both financial and non-financial support. Financial contributions include in-donor spending and cross-border transfers that are eligible to count as official development assistance (ODA).[1] Non-financial components include in-kind activities such as peer-to-peer learning, capacity building and knowledge exchange (OECD, 2023[1]). Over the past three decades, DDC has evolved from a North-South and donor-recipient approach to a partnership approach that increasingly fosters peer-to-peer learning and mutual benefits (Figure 1.1) and takes different forms (Box 1.1). As such, DDC reflects a form of international public action through which subnational governments act as political actors, grounded in democratic mandates, local and regional policy agendas as part of a multi-level governance system of development co-operation and institutional capacity to engage as equal partners in international co-operation. The value of this role is underscored by the current context of declining ODA, which fell by 23.1% in 2025[2] (the largest annual contraction on record) (OECD, 2026[2]), placing renewed emphasis on DDC and the role that subnational actors can play in complementing constrained national development co-operation budgets and sustaining engagement.

Figure 1.1. Evolution of DDC-related concepts



Sources: OECD (2023[3]), *City-to-City Partnerships to Localise the Sustainable Development Goals*, https://doi.org/10.1787/d2fe7530-en, OECD (2018[4]), *Reshaping Decentralised Development Co-operation: The Key Role of Cities and Regions for the 2030 Agenda*, https://doi.org/10.1787/9789264302914-en.

Box 1.1. Overview of the variety of DDC approaches

There is a variety of different approaches that DDC can take depending on specific local and national contexts as highlighted by the OECD (2018[4]; 2023[3]). The most common types are:

- **City/region-to-city/region partnerships**: Subnational governments engage directly with their peers in partner countries to develop co-operative actions of mutual benefit.
- **Territorial partnerships**: DDC is implemented in collaboration with multiple territorial actors (e.g. municipalities, non-governmental organisations [NGOs], universities), often forming direct partnerships with subnational governments in partner countries.
- **Local and regional government (LRG) to NGOs**: Subnational governments work through NGOs or other intermediaries to deliver activities on the ground.
- **LRG to national government**: DDC is channelled directly to a partner country's national institutions.

Source: OECD (2023[1]), "Decentralised development co-operation: A global policy toolkit and guidance for practitioners", https://doi.org/10.1787/3cb22851-en,

DDC represents a place-based approach to development co-operation. DDC's comparative advantage lies in channelling resources and co-operation at the subnational level, thereby bringing development co-operation closer to the needs and realities of local communities. This place-based orientation is central to the United Nations (UN) Sustainable Development Goal (SDG) localisation agenda, which calls for local solutions to global challenges and requires subnational governments to play an active role in delivering on the UN 2030 Agenda (OECD, 2023[1]). Subnational governments are directly accountable to citizens, who have greater opportunities to exert influence through elections, public consultations and direct engagement with local officials compared to the national level. In many German municipalities for example, civic engagement and an active civil society, often animated by local migrant communities, have been among the primary drivers behind the establishment of city partnerships and development activities in the Global South (OECD, 2023[5]). This proximity to citizens also presents a comparative advantage in identifying local spending needs and preferences. More broadly, DDC is often grounded in a values-based foundation rooted in democracy, human rights and a culture of peace. A further strength of DDC is that subnational governments and their citizens engage in development co-operation as actors with a direct stake in addressing global challenges that affect their own communities. In this sense, citizens can view DDC as a mechanism for strengthening transparency and exercising direct oversight over development outcomes (OECD, 2019[6]).

Peer-to-peer learning and collaboration to generate mutual benefits represent defining features of DDC. Knowledge exchange and capacity building are frequently the primary motivations driving subnational governments in OECD Development Assistance Committee (DAC) countries to engage in DDC. Given that subnational governments across different countries face many of the same challenges in planning, delivering and implementing the SDGs for example, peer-to-peer modalities offer a particularly effective mechanism for drawing on each other's experience in ways that generate mutual benefits and positive returns for all parties involved (OECD, 2023[1]). These benefits also extend to the delivery of technical services and expertise, where DDC can provide another value added. Many of the thematic areas of DDC activities such as water and waste management, climate adaptation, urban mobility, education or housing are part of LRG's core competencies and where they have specific technical expertise, such as basic service delivery (OECD, 2023[1]). At the same time, DDC can help strengthen mutually beneficial partnerships that take into account reciprocal political and economic interests. Placing mutual benefits at the centre of DDC and making the effects that partnerships generate on both sides visible is central to building a new narrative for decentralised development co-operation that moves beyond the traditional donor-recipient framing toward a genuinely peer-to-peer model in which value, knowledge and experience flow in both directions.

Towards the assessment of DDC impact

DDC is increasingly recognised as a driver of strengthened governance and progress towards achieving the SDGs at the local level. Since the adoption of the 2030 Agenda in 2015, both encouraging and promoting effective partnerships for the goals (SDG 17) and ODA, including when led by subnational governments, have been identified as key enablers of SDG implementation (OECD, 2023[1]). Beyond SDG 17 on partnerships, DDC projects in 2024 targeted sectors linked to several inter-related SDGs, notably SDG 16 on peace, justice and strong institutions, SDG 11 on sustainable cities and communities, SDG 3 on health and SDG 4 on quality education. In recent years, a rising share of DDC flows was allocated to “government, civil society and peace”, which reached 19% of total cross-border DDC in 2024, up from 11% in 2013, thereby showing a growing focus on strengthening institutional capacity and local governance.

However, despite growing DDC efforts aimed at driving progress in local governance and achieving the SDGs, evidence of the actual impact remains so far limited. While DDC is increasingly acknowledged as a promising modality for cities and regions to advance sustainable development, systematic assessment of its effectiveness is still largely absent, in part due to the lack of consistent, granular data. More evidence, including both quantitative and qualitative, on the specific benefits of DDC for cities and regions in DAC members countries, along with better estimates of non-financial contributions, is also needed to capture the full value of DDC. While assessments of DDC have typically focused on its expected positive impacts for ODA-recipient countries, its potential benefits for cities and regions in DAC countries, including strengthened local governance capacity, broader multi-stakeholder engagement and enhanced policy innovation, remain insufficiently documented. At the same time, many DDC efforts rely on non-financial inputs such as peer-to-peer exchange, knowledge transfer and technical assistance, which are often under-reported or not systematically measured. Capturing these aspects is essential to provide a more complete picture of DDC and to support better-informed policy and practice.

Bridging this evidence gap is essential to better understand what works and under what conditions, and to inform more effective and accountable DDC practice. The growing emphasis on transparency, accountability and results-based development co-operation, reflected in global policy discussions, such as the Group of Twenty (G20) Rome High-Level Principles on City-to-City Partnerships for the SDGs, has further highlighted the need for robust impact measurement (OECD, 2023[3]). In response, the OECD and the European Commission developed a monitoring and evaluation (M&E) framework for DDC, which includes a self-assessment tool aligned with the G20 principles and a set of SDG indicators to track outcomes. This framework was a first step towards monitoring and assessing city-to-city partnerships, in particular for the 57 partnerships supported under the European Commission’s Directorate-General for International Partnerships (DG INTPA) Partnerships for Sustainable Cities programme (OECD, 2023[3]). This report builds on that foundation and broader OECD analysis on DDC conducted over the past decade (see Box 1.2 for more information). In particular, it aims to advance the evidence base on DDC impact by providing an extensive assessment of how DDC contributes to local governance improvements and SDG outcomes. To do so, the analysis of DDC impact carried out in this report draws on 3 main sources of data: the OECD Creditor Reporting System (CRS) database (2025[7]), 2 OECD surveys on the impact of DDC (hereafter “DDC impact surveys”) (Box 1.3) and 16 case studies of cities and regions from DAC countries engaged in DDC (Box 1.4).

Box 1.2. Overview of a nearly a decade of OECD analysis on DDC

The OECD has been analysing DDC for more than a decade, building a progressive body of evidence and guidance that has shaped the understanding and practice of DDC across OECD and partner countries.

The first report *Reshaping Decentralised Development Co-operation: The Key Role of Cities and Regions for the 2030 Agenda* (OECD, 2018[4]) established the foundational framework by mapping DDC financial flows, documenting the shift from a donor-recipient model towards a territorial, partnership-based approach and identifying peer-to-peer learning, bottom-up local ownership and technical expertise delivery as DDC's core value added. Building on this, in the following year, the paper "Decentralised Development Co-operation: Unlocking the Potential of Cities and Regions" (OECD, 2019[6]) deepened the analysis of how national governments and development agencies can better harness DDC's comparative advantages and strengthen the enabling environment for subnational actors.

More recent work published in 2023 translated this analytical foundation into operational tools and country-specific guidance: the paper "Decentralised development co-operation: A global policy toolkit and guidance for practitioners" (OECD, 2023[1]) compiled nearly 30 best practices into structured recommendations across policies, governance, financing and monitoring; *Reshaping Decentralised Development Co-operation in Germany* (OECD, 2023[5]) provided the first in-depth national policy review of DDC; and *City-to-City Partnerships to Localise the Sustainable Development Goals* (OECD, 2023[3]) developed a systematic M&E framework for city-to-city partnerships. Published in 2025, "Harnessing city-to-city partnerships to finance urban development" (OECD, 2025[8]) examined how city-to-city partnerships can help subnational governments mobilise finance and build the local enabling conditions for sustainable urban investment.

Sources: OECD (2018[4]), *Reshaping Decentralised Development Co-operation: The Key Role of Cities and Regions for the 2030 Agenda*, https://doi.org/10.1787/9789264302914-en; OECD (2019[6]), "Decentralised development co-operation: Unlocking the potential of cities and regions", https://doi.org/10.1787/e9703003-en; OECD (2023[1]), "Decentralised development co-operation: A global policy toolkit and guidance for practitioners", https://doi.org/10.1787/3cb22851-en; OECD (2023[5]), *Reshaping Decentralised Development Co-operation in Germany*, https://doi.org/10.1787/afedb776-en; OECD (2023[3]), *City-to-City Partnerships to Localise the Sustainable Development Goals*, https://doi.org/10.1787/d2fe7530-en; OECD (2025[8]), "Harnessing city-to-city partnerships to finance urban development", https://doi.org/10.1787/d782d57d-en.

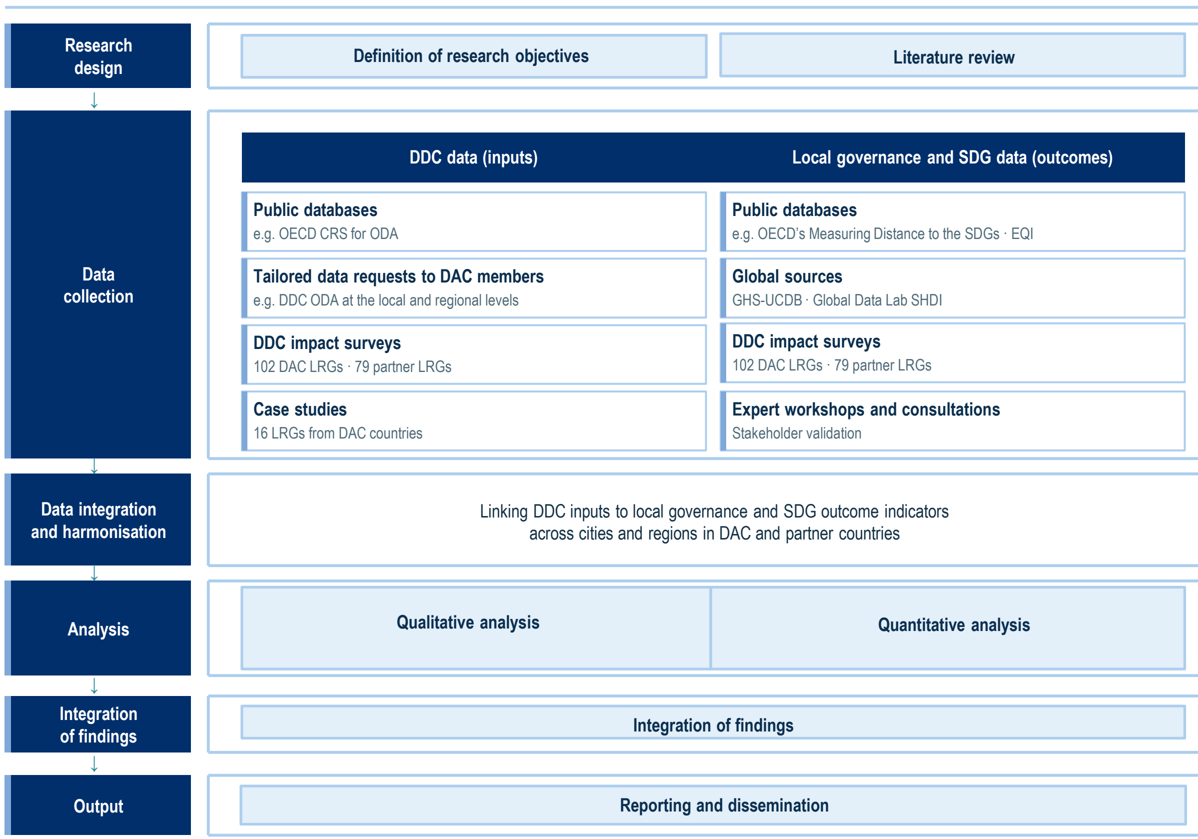
The report is structured around six chapters, covering the methodology and data sources, trends in DDC ODA flows, local and regional perspectives on DDC practices and impacts, an assessment of DDC's impacts on governance and SDG outcomes, the role of national governments and policy recommendations. Chapter 1 explains the background and methodology of the overall project. Chapter 2 provides an overview of the evolution of DDC ODA flows over the past decade across 15 DAC member countries with available data, including their allocation across sectors, macro regions, delivery channels and the SDGs. Chapter 3 presents local and regional perspectives on DDC deriving from the DDC impact surveys and analysis of 16 case studies. It also examines modalities and characteristics of DDC, M&E practices, and perceived impacts, including through a matched-partnership analysis linking responses from both sides of DDC partnerships, with particular attention to the non-financial component of DDC. Chapter 4 outlines the approach developed to assess the relationships between DDC inputs and local governance and SDG outcomes. This approach includes an analytical framework and evidence from qualitative and quantitative sources, as well as artificial intelligence-powered efforts to localise DDC ODA flows in the CRS database. Chapter 5 discusses the role of national governments in DDC, with a focus on the framework conditions and incentives that enable stronger DDC impact. Finally, Chapter 6 presents the policy recommendations to enhance the impact of DDC on local governance and SDG outcomes, and proposes accompanying action plans to implement the recommendations.

Methodology

To assess the impact of DDC on local governance and SDG outcomes, this project applies an approach that combines quantitative and qualitative evidence. Given the diversity of DDC initiatives, which vary widely in scope, scale, objectives and sectors, among others, a single methodological lens is insufficient to capture their full impacts. DDC projects range from short-term technical assistance, and non-financial peer-to-peer learning, to multi-year infrastructure investments, and their outcomes are shaped by diverse local contexts, institutional capacities and framework conditions. Quantitative data provide the basis for identifying patterns and associations across a broad set of cases, while qualitative insights help explain the nuanced mechanisms and pathways through which DDC influences governance practices and development results in specific contexts.

The approach leverages diverse data sources to capture both DDC activities, and local governance and SDG outcomes. Figure 1.2 illustrates how these sources are brought together under a harmonised framework. On the input side, the analysis relies primarily on ODA flows data from the OECD CRS (OECD, 2025[7]), complemented by tailored data requests to countries (ECOPER, 2024[9]). On the outcome side, the OECD localised framework for SDGs (OECD, 2025[10]) provides a basis for cities and regions in DAC countries, which was complemented with other global sources and local reports such as Voluntary Local Reviews (VLRs) to capture cities and regions in non-OECD countries. In addition, 2 surveys were carried out (Box 1.3) and 16 case studies were analysed (Box 1.4) to collect key information on non-financial components of DDC, capture perceived impacts on governance and SDG outcomes in both OECD and partner cities and regions, and provide insights into the conditions that enable DDC effectiveness. Finally, a series of expert workshops and stakeholder consultations enabled feedback to refine the methodological approach and findings, taking into account the diverse views of engaged stakeholders. All these data sources and insights are combined through quantitative and qualitative analyses, including descriptive statistics, narratives from case studies, and correlation and regression methods, to deliver a more comprehensive assessment of DDC impacts.

Figure 1.2. Research design and data sources for assessing the impact of DDC



Note: EQI: European Quality of Government Index; GHS-UCDB: Global Human Settlement Urban Centre Database; SHDI: Subnational Human Development Index.

Box 1.3. Surveys on the impact of DDC

As part of this project, the OECD launched two dedicated surveys to capture the perspectives of both local and regional governments (LRGs) in DAC countries and their partner LRGs in ODA-eligible countries engaged in DDC (DDC impact surveys, for simplicity).

The two surveys, which combine multiple-choice, rating and open-ended questions, follows a two-step approach to ensure that insights are gathered from both sides of the partnership:

- **Survey for cities and regions in DAC countries**: This survey collected information to analyse how DDC shapes local governance and drives progress on achieving the SDGs in OECD contexts. LRGs in OECD countries that participated in the survey were also asked to nominate up to three of their partner cities or regions in ODA-eligible countries, making it possible to collect perceptions on DDC impact from both ends of the partnership. The survey was launched in mid-June 2025 and ran until 2 January 2026. More than 100 respondents from different cities and regions in OECD regions submitted responses. The questionnaire is structured around five sections: i) the DDC approach of the city or region; ii) the non-financial components of DDC activities; iii) framework conditions and incentives, iv) M&E practices; and v) the impact of DDC on local governance and SDG outcomes.

- **Survey for cities and region in ODA-eligible countries**: Targeted at cities and regions in ODA-eligible countries that partner with OECD cities and regions, this survey captures how DDC is experienced on the partner side. It was launched at the beginning of September 2025 and ran until 2 January 2026. It includes five sections: i) the DDC partnership with an OECD city or region; ii) the non-financial components of partnerships; iii) framework conditions and incentives in the country; iv) M&E of the partnership; and v) the impact of DDC on local governance and SDG outcomes.

By gathering information and linking perspectives on both ends of the partnerships, the surveys build a comprehensive picture of how DDC affects local governance systems and contributes to sustainable development. This dual perspective provides a solid and balanced evidence base and allows for the identification of common challenges, enabling conditions and impacts across different contexts.

Sources: OECD (2025[11]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris; OECD (2025[12]), "ODA recipients: countries, territories, and international organisations", https://www.oecd.org/en/topics/sub-issues/oda-eligibility-and-conditions/dac-list-of-oda-recipients.html.

Box 1.4. Case studies in cities and regions from DAC countries engaged in DDC

The OECD has gathered qualitative evidence through a series of case studies designed to capture the diversity of DDC arrangements. A total of 16 case studies cover a mix of large and small subnational governments, reflecting a diversity of territorial, thematic and institutional characteristics. Out of the 16 cases, 8 focus on German municipalities, counties and federal states (German case studies), providing a country-specific perspective building on a previous OECD report on the German DDC model (OECD, 2023[5]) and reflecting its three-tier approach to DDC across the national level, federal states and municipalities, and 8 cover cities and regions in other OECD countries (international case studies), offering a broader international perspective on DDC practices and related impacts.

Table 1.1 presents the final list of case studies. In Germany, the sample includes two small municipalities, two mid-sized to large municipalities, two counties and two federal states. The international sample includes two small municipalities, two mid-sized municipalities, two large municipalities and two regions.

The case studies analyse combined desk research and semi-structured interviews with key stakeholders. Interviews were organised around four core themes:

- **Partnership characteristics**, including the approach to DDC, objectives, thematic and geographic focus and level of political support
- **Impact on local governance and SDG outcomes**, in cities and regions from DAC and partner countries, including through any examples of improved services, citizen engagement or institutional capacity.
- **M&E**, covering the existence and scope of frameworks to track results and impacts
- **Challenges and solutions**, identifying obstacles that limit effectiveness and the support needed from national and international actors.

These case studies complement the quantitative analysis by providing insights into the enabling conditions, practices and outcomes of DDC that cannot be captured through ODA flow data. In addition, insights from these case studies will be used to inform the analytical framework and validate the quantitative findings.

Table 1.1. List of international case studies

Basque Country, Spain
City of Fredericton, Canada
City of Glasgow, United Kingdom
City of Lublin, Poland
City of Zurich, Switzerland
Municipality of Bornem, Belgium
Municipality of Châtellerault, France
Region of Emilia-Romagna, Italy

Table 1.2. List of German case studies

Federal State of Bavaria
City of Baruth/Mark
Federal State of Berlin
City of Dresden
City of Lahr/Schwarzwald
County of Böblingen
County of Giessen
Federal State of Rhineland-Palatinate

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OECD (2026), "A historic decline in foreign aid: Preliminary 2025 ODA data", Data explainer, OECD, Paris, https://www.oecd.org/en/data/insights/data-explainers/2026/04/a-historic-decline-in-foreign-aid-preliminary-2025-oda-data.html. [2]

OECD (2025), *CRS: Creditor Reporting System (flows)*, OECD, Paris, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]. [7]

OECD (2025), "Harnessing city-to-city partnerships to finance urban development", *OECD Regional Development Papers*, No. 124, OECD Publishing, Paris, https://doi.org/10.1787/d782d57d-en. [8]

OECD (2025), *Measuring the distance to the SDGs in regions and cities*, OECD, Paris, https://www.oecd-local-sdgs.org/. [10]

OECD (2025), "ODA recipients: countries, territories, and international organisations", OECD, Paris, https://www.oecd.org/en/topics/sub-issues/oda-eligibility-and-conditions/dac-list-of-oda-recipients.html (accessed on 7 September 2025). [12]

OECD (2025), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris. [11]

OECD (2024), "Official development assistance (ODA): Frequently asked questions", Data explainer, OECD, Paris, https://www.oecd.org/en/data/insights/data-explainers/2024/07/frequently-asked-questions-on-official-development-assistance-oda.html (accessed on 26 June 2026). [13]

OECD (2023), *City-to-City Partnerships to Localise the Sustainable Development Goals*, OECD Urban Studies, OECD Publishing, Paris, https://doi.org/10.1787/d2fe7530-en. [3]

OECD (2023), "Decentralised development co-operation: A global policy toolkit and guidance for practitioners", *OECD Regional Development Papers*, No. 46, OECD Publishing, Paris, https://doi.org/10.1787/3cb22851-en. [1]

OECD (2023), *Reshaping Decentralised Development Co-operation in Germany*, OECD Urban Studies, OECD Publishing, Paris, https://doi.org/10.1787/afedb776-en. [5]

OECD (2019), "Decentralised development co-operation: Unlocking the potential of cities and regions", *OECD Development Policy Papers*, No. 22, OECD Publishing, Paris, https://doi.org/10.1787/e9703003-en. [6]

OECD (2018), *Reshaping Decentralised Development Co-operation: The Key Role of Cities and Regions for the 2030 Agenda*, OECD Publishing, Paris, https://doi.org/10.1787/9789264302914-en. [4]

Notes

[1] ODA is the term used by OECD Development Assistance Committee (DAC) members to refer to what most people would call aid. ODA includes activities carried out with the economic development and welfare of developing countries as their main objective. It is a measure of donor effort, including grants and grant equivalents of concessional loans (OECD, 2024[13]).

[2] Preliminary data.

2 Trends in DDC ODA flows across DAC countries

This chapter analyses trends in official development assistance provided by local and regional governments (DDC ODA) across OECD Development Assistance Committee member countries between 2013 and 2024. Drawing on the OECD Creditor Reporting System, it examines the evolution, scale and composition of DDC ODA, including aggregate and country-level patterns, and its allocation across sectors, macro regions, delivery channels and United Nations Sustainable Development Goals. The chapter provides a basis for understanding how subnational development co-operation has evolved over the past decade and where further improvements in reporting, granularity and comparability are needed.

This chapter analyses trends in official development assistance provided by subnational governments (decentralised development co-operation official development assistance, DDC ODA) across 15 OECD Development Assistance Committee member countries (hereafter DAC countries) with available data[1] over the past decade. It examines both aggregate and country-level patterns in the flows of DDC ODA, as well as its allocation across sectors, macro regions, delivery channels and the United Nations (UN) Sustainable Development Goals (SDGs). The analysis builds on data from the OECD Creditor Reporting System, which provides detailed project-level information on aid activities. Key definitions and classifications used in this section are presented in Box 2.1.

Box 2.1. Definitions and data sources for DDC ODA

The OECD Creditor Reporting System (CRS) is the most comprehensive database of ODA flows. The CRS contains project-level information reported by OECD DAC members, including committed and disbursed amounts by aid modalities, sectors, recipients and, in some cases, the level of government (national, regional or local) funding the activity (OECD, 2026[1]).

Decentralised development co-operation official development assistance (DDC ODA) refers to aid provided by subnational governments or agencies, such as regional and local authorities, in DAC countries (see Table A A.1). In 15 DAC countries, the CRS database enables the identification of subnational governments as provider entities. This allows for analysing DDC ODA separately from flows disbursed by national governments or other public bodies. It should be noted that, in most cases, DDC ODA is reported as a country aggregate, grouping all subnational governments together. This reporting format does not allow for identifying contributions by individual cities or regions. Only Belgium, Germany, Spain and the United Kingdom provide some data disaggregated by individual regions in the CRS database. To ensure comparability, this section focuses on country-level aggregates.

DDC ODA can be classified into two groups: i) **in-donor expenditures**, such as costs related to supporting refugees and asylum seekers in the donor country; and ii) **cross-border flows**, defined as financial transfers provided directly from subnational governments in DAC countries to partners in ODA-eligible countries. These flows exclude scholarships and student costs in donor countries, debt relief, administrative costs not included elsewhere and other in-donor expenditures (OECD, 2025[2]). While total DDC ODA provides a useful picture of the scale of subnational engagement, cross-border DDC ODA is particularly relevant to assess direct co-operation in partner territories. It captures the flows most closely linked to territorial partnerships and to the transfer of financial resources, expertise and support to cities and regions abroad. In most cases, cross-border DDC ODA can also be disaggregated by recipient country or macro region, sector, delivery channel and SDG focus.

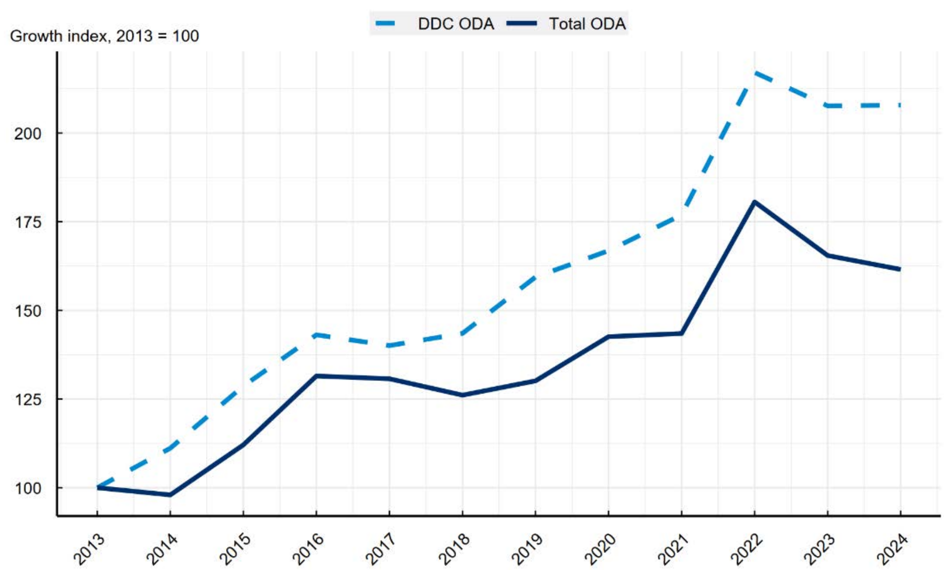
Providers of DDC ODA are subnational governments in DAC member countries, while **recipients of ODA** are cities and regions in ODA-eligible countries (also referred to as partner countries in this report) (OECD, 2025[3]). It should be noted that the terms “provider” and “recipient” are used specifically to describe the direction of DDC ODA flows. This terminology does not imply a hierarchical relationship, as DDC partnerships are generally characterised by mutual benefits and shared responsibilities between equal partners.

Sources: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; OECD (2025[2]), “Update on the Secretariat’s revised measurement of Country Programmable Aid”, OECD, Paris; OECD (2025[3]), “ODA recipients: countries, territories, and international organisations”, https://www.oecd.org/en/topics/sub-issues/oda-eligibility-and-conditions/dac-list-of-oda-recipients.html.

Aggregate trends and country-level insights

DDC ODA has more than doubled over the past decade. Between 2013 and 2024, it increased by 108%, on average, in 15 DAC countries with available data, rising from USD 1 755 million to USD 3 649 million. This growth outpaced that of total ODA over the same period by approximately 46 percentage points. However, DDC ODA still represents a relatively small share (around 3.7%) of the total USD 98 billion of ODA disbursed in 2024 by the 15 countries analysed (Figure 2.1). It should be noted that total DDC ODA is likely underestimated, as only 15 of the 34 DAC members currently report such flows and, even in reporting countries, DDC ODA may be underestimated as many local and regional governments (LRGs) do not systematically report, pointing to untapped potential for greater engagement and reporting by subnational governments. In addition, non-financial and in-kind contributions from DDC activities may not be captured by the CRS (OECD, 2025[4]).

Figure 2.1. Evolution of DDC ODA, 2013-2024



Note: Based on 15 DAC countries with available DDC data.
Source: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

DDC ODA levels and growth trends vary significantly across DAC countries. Among the 15 DAC countries reporting DDC ODA (including both in-donor expenditure and cross-border flows, see Box 2.1), Germany is by far the largest contributor, disbursing USD 2 369 million in 2024, around 65% of the total. However, 98% of this amount corresponds to in-donor expenditure, of which 97% is for indirect ("imputed") student tuition costs. Spain and Canada follow, with contributions of USD 445 million (12% of total DDC ODA) and USD 346 million (10% of total DDC ODA) respectively. France is also a notable contributor, representing around 6% of the total. The strongest growth over the 2013-2024 period was observed in Canada (1 706%) and France (143%), though, for Canada, this is partly due to relatively low starting levels in 2013 (USD 19 million). Growth in Germany (108%) and Spain (75%) has also been significant, particularly given their already high levels of engagement in 2013 (Table 2.1).

Table 2.1. Evolution of DDC ODA by provider country, 2013-2024

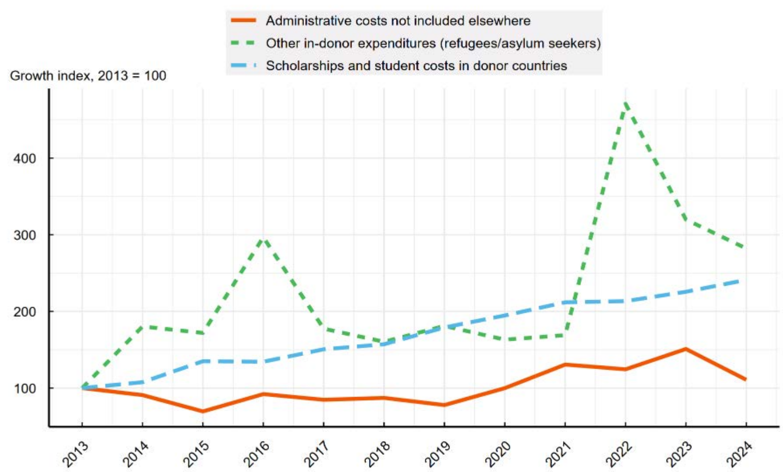
In millions of USD, deflated amounts

Donor	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Change 2013-24 (%)
Germany	1 138.75	1 238.94	1 196.13	1 264.64	1 382.71	1 520.79	1 738.5	1 930.48	2 093.49	2 109.03	2 207.05	2 369.38	108.07
Spain	255.25	226.54	257.8	296.65	328.46	375.95	412.61	399.23	416.73	479.35	460.41	445.41	74.5
Canada	19.16	146.81	305.12	334.19	333.66	241.53	274.56	206.71	199.55	373.35	365.23	345.94	1 705.9
France	76.9	68.42	72.67	102.51	125.22	143.9	148.67	145.58	148.9	198.43	197.78	207.11	169.31
Belgium	126.71	116.67	104.89	94.92	97.89	92.25	86.34	116.34	94.05	163.4	105.64	94.42	-25.49
Switzerland	62.88	58.81	69.88	84.53	77.7	74.37	74.35	73.57	65.74	64.6	125.8	81.05	28.9
Austria	33.58	55.94	204.86	291.57	78.46	34.26	22.86	24.38	35.09	173.88	124.22	48.34	43.94
United Kingdom	20.02	20.47	19.29	20.18	23.16	18.43	23.59	21.32	41.45	23.71	21.71	27.96	39.69
Italy	18.37	15.35	24.21	18.99	7.26	13.89	11.79	7.66	8.48	14.12	27	21.86	18.97
Japan	2.85	2.45	3.05	2.82	2.25	2.38	2.71	1.26	0.91	4.7	3.87	2.82	-1.02
Lithuania	n.a.	0.03	0.04	0.01	0.03	0.1	0.01	n.a.	n.a.	9.14	4.42	2.7	n.a.
Portugal	0.39	0.06	0.15	0.24	0.59	1.22	1.73	1.77	0.75	4.51	0.92	0.95	142.75
Latvia	n.a.	n.a.	n.a.	0.05	0.05	0.07	0.11	0.01	n.a.	0.03	0.36	0.4	n.a.
Estonia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.15	0.35	0.21	n.a.
Czechia	0.45	0.49	0.43	0.48	1.33	n.a.	n.a.	n.a.	n.a.	191.48	n.a.	n.a.	n.a.
Total	**1 755.3**	**1 950.97**	**2 258.53**	**2 511.77**	**2 458.77**	**2 519.13**	**2 797.84**	**2 928.31**	**3 105.14**	**3 809.88**	**3 644.78**	**3 648.53**	**107.86**

Notes: n.a. = not available. Based on 15 DAC countries with available DDC data. Table arranged by values of 2024.
Source: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

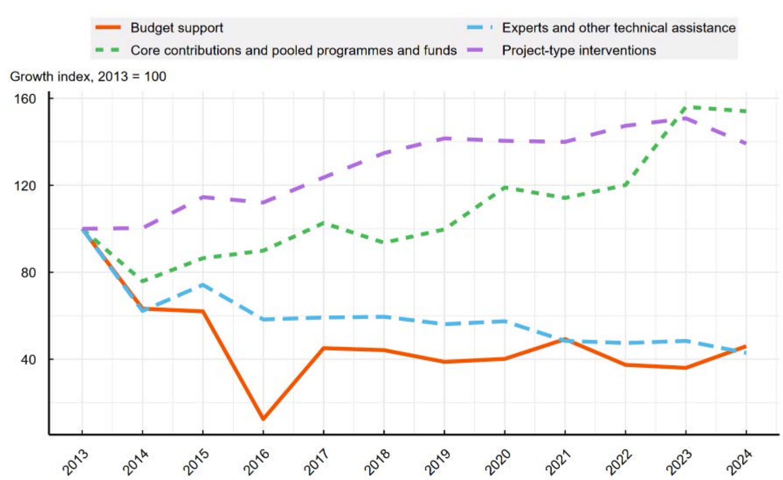
Cross-border DDC ODA grew by 24% between 2013 and 2024. While part of the recent increase in total DDC ODA (including both in-donor expenditure and cross-border flows) is explained by rising in-donor expenditure to assist refugees and asylum seekers, which tripled from USD 219 million in 2013 to USD 619 million in 2024 (Figure 2.2), cross-border DDC ODA (i.e. DDC ODA excluding in-donor expenditure) has continued to expand. It reached USD 665 million in 2024, reflecting growing international engagement by subnational governments. Project-type interventions[1] was the aid modality that accounted for the bulk of this expansion, increasing by 39% over the period and representing 77% of total cross-border DDC ODA in 2024 (Figure 2.3).

Figure 2.2. Evolution of in-donor DDC ODA by aid modality, 2013-2024



Note: Based on 15 DAC countries with available DDC data.
Source: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

Figure 2.3. Evolution of cross-border DDC ODA by aid modality, 2013-2024

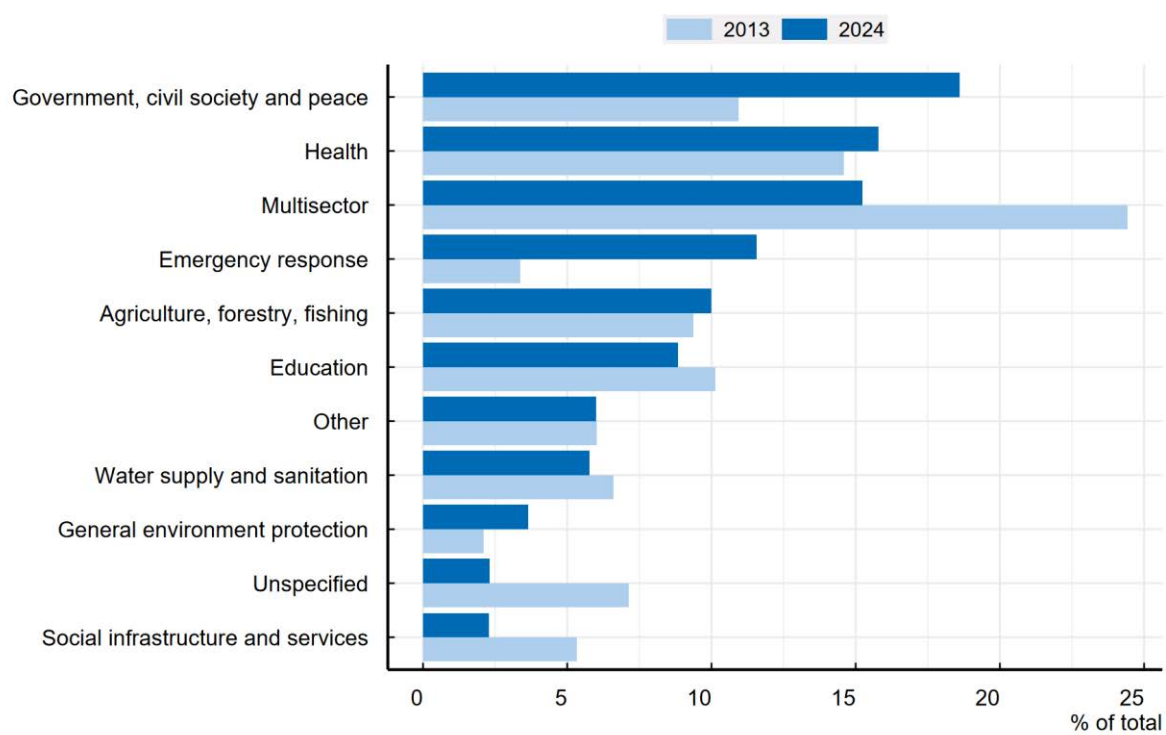


Note: Based on 15 DAC countries with available DDC data.
Source: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

Cross-border DDC flows remain highly uneven across DAC countries. LRGs in Spain are the leading contributors, accounting for around half (51%) of all cross-border aid disbursed by subnational governments in DAC countries. This reflects the distinctive scale of Spain's cross-border DDC engagement, which stands out among DAC countries.[2] Other major contributors in terms of cross-border DDC ODA disbursed by subnational governments are Belgium (14%), Switzerland (12%), Germany (7%) and France (7%). Cross-border DDC ODA has gained notable momentum in recent years, particularly in Germany, Spain and the United Kingdom where it grew by 81%, 70% and 50% respectively over the past decade (Table 2.2).

Cross-border DDC ODA supports a broad range of policy areas, with a strong focus on local governance and key SDG-related sectors. In 2024, the largest share (19%) of cross-border DDC flows was directed to government, civil society and peace-related activities. Other relevant areas include health (16%), multisector activities – including urban and rural development –, research and training (15%), emergency response (12%), agriculture, forestry and fishing (10%) and education (9%). Between 2013 and 2024, the most notable increases were observed in emergency support, and in government, civil society and peace, which rose by 8.2 and 7.7 percentage points respectively. While the rise in emergency support reflects growing needs linked to multiple crises and displaced populations such as those generated by the Coronavirus disease 2019 (COVID-19) pandemic and Russia's full-scale war of aggression against Ukraine (OECD, 2026[5]), the increase in support for government, civil society and peace points to efforts in areas that extend beyond short-term responses and contribute to long-term development (Figure 2.4).

Figure 2.4. Cross-border DDC ODA by sector, 2013 and 2024



Note: Based on 15 DAC countries with available DDC data.
Source: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

Table 2.2. Evolution of cross-border DDC ODA by provider country, 2013-2024

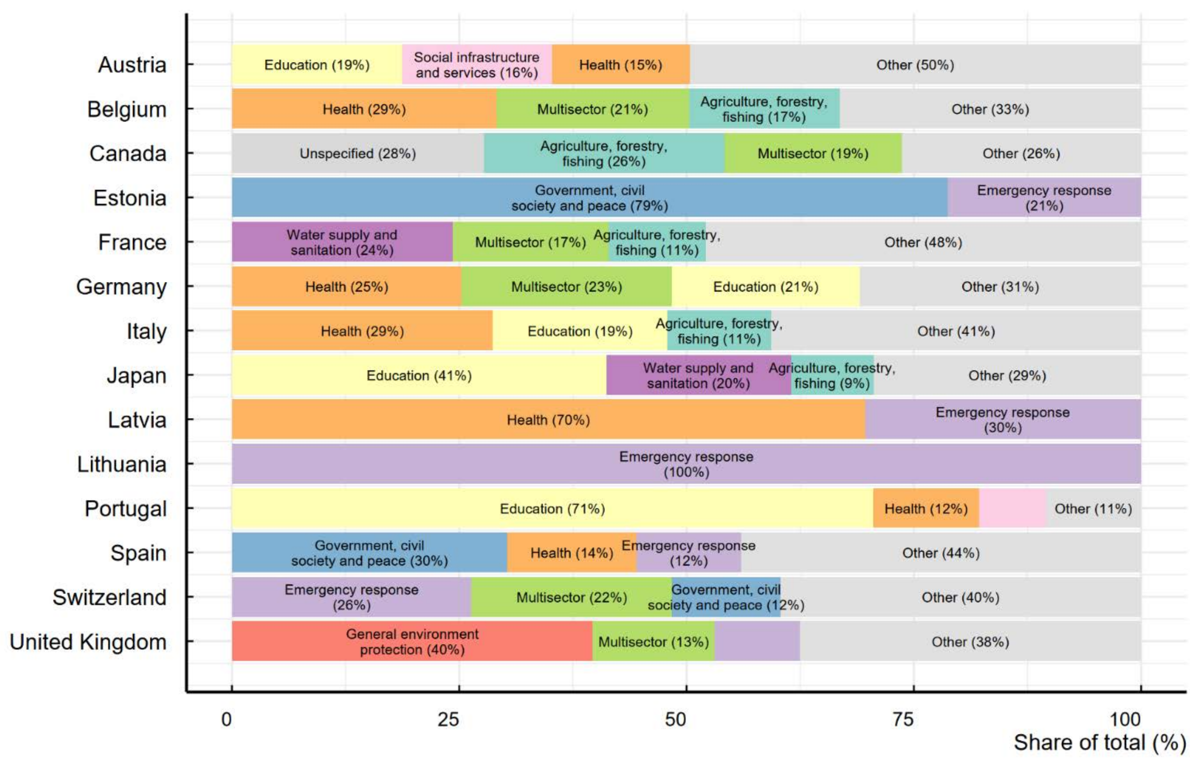
In millions of USD, deflated amounts

Donor	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Change 2013-24 (%)
Spain	200.51	170.39	222.62	237.3	268.67	312.28	337.52	315.67	334.07	351.28	349.73	340.88	70
Belgium	116.47	104.6	95.96	86.84	92.79	87.36	82.14	113.34	90.15	84.01	83.33	91.11	-21.77
Switzerland	60.14	57.44	61.9	54.45	58.87	58.58	61.1	62.43	59.98	62.5	123.88	79.03	31.4
Germany	25.51	23.53	31.55	35	43.73	46.44	41.3	45.34	42.39	47.56	42.11	46.04	80.5
France	72.1	62.89	67.99	51.44	53.25	51.94	54.17	56.2	46.85	53.1	50.81	43.33	-39.91
United Kingdom	18.63	19.01	17.28	18.78	22.92	17.29	22.46	21.26	41.45	23.71	21.71	27.96	50.09
Canada	15.36	18.96	21.91	19.5	27.95	23.41	24.1	22.84	12	26.14	21.89	17.48	13.8
Italy	16.95	14.81	23.72	18.33	6.73	13.75	11.72	7.5	8.42	10.62	7.88	8.51	-49.8
Austria	6.97	9.65	9.05	6.37	6.57	6.35	7.91	10.08	8.03	9.54	8.21	6.65	-4.49
Lithuania	n.a.	0.03	0.04	0.01	0.03	0.1	0.01	n.a.	n.a.	3.76	2.1	2.31	n.a.
Japan	2.09	1.73	1.56	1.63	1.77	2.06	2.4	1.07	0.78	1.06	0.64	0.49	-76.83
Latvia	n.a.	n.a.	n.a.	0.04	0.05	0.07	0.11	0.01	n.a.	0.03	0.36	0.4	n.a.
Portugal	0.33	0.06	0.14	0.1	0.11	0.33	0.93	0.93	0.02	0.76	0.09	0.33	-0.88
Estonia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.35	0.13	n.a.
Czechia	0.44	0.49	0.43	0.48	1.33	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	**535.51**	**483.58**	**554.15**	**530.25**	**584.76**	**619.95**	**645.86**	**656.68**	**644.13**	**674.06**	**713.1**	**664.64**	**24.11**

Notes: n.a. = not available. Based on 15 DAC countries with available DDC data. Table arranged by values of 2024.
Source: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

DAC countries show different sectoral profiles in their cross-border DDC ODA, partially reflecting diverse priorities and co-operation approaches. In 2024, Spain, the largest provider of cross-border DDC ODA, channelled most of its support to government, civil society and peace-related activities (30%), followed by health (14%) and emergency response (12%). Belgium, the second-largest provider, concentrated over 29% of its cross-border DDC on health, complemented by multisector activities (21%). Switzerland, the third-largest provider, directed over one-fourth of its cross-border DDC to emergency response (26%), while France, the fifth largest, allocated the largest share to water supply and sanitation (24%) and multisector activities (17%). Germany, the fourth-largest provider, allocated a diversified portfolio across health (25%), multisector activities (23%) and education (21%) (Figure 2.5).

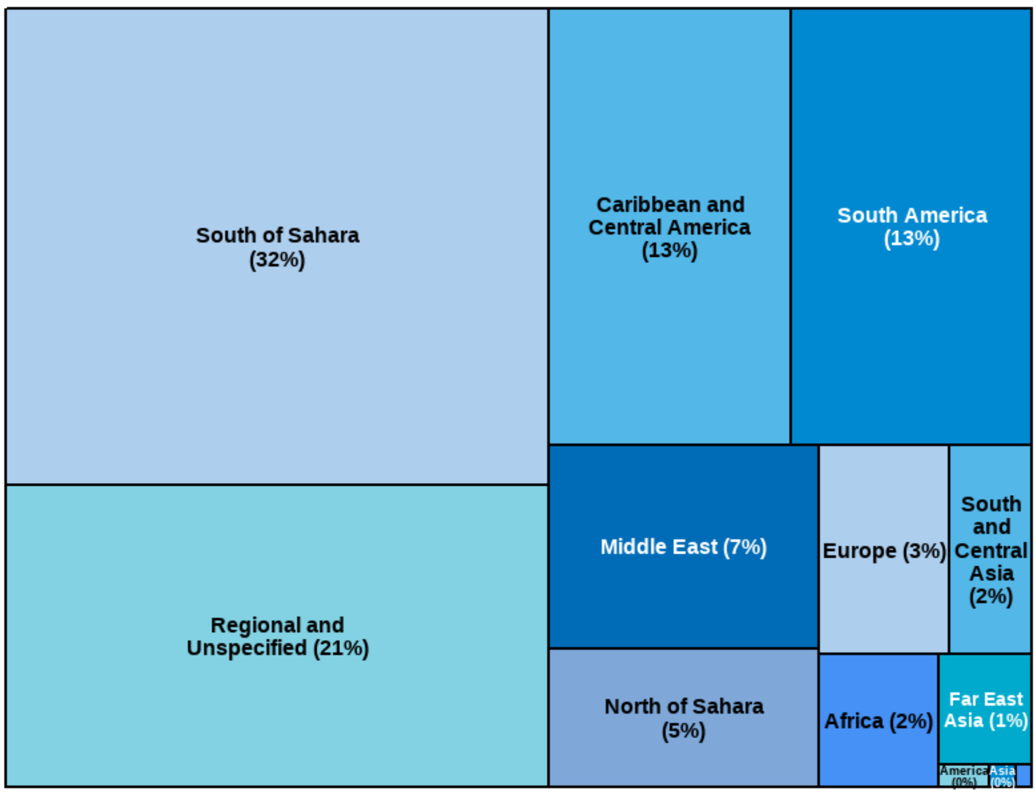
Figure 2.5. Top sectors of cross-border DDC flows by provider country, 2024



Notes: Based on 14 DAC countries with available DDC data in 2024. For legibility, only the top three sectors are shown; the category "Other" includes all remaining sectors.
Source: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

Sub-Saharan Africa, South America, and Central America and the Caribbean are the main recipients of cross-border DDC ODA. Around 21% of DDC flows in 2024 were recorded without a specified recipient country or macro region. Among flows with reported recipients, Sub-Saharan Africa received nearly one-third of total cross-border DDC in 2024, followed by Central America and the Caribbean, and South America, each accounting for around 13%. While the share of aid to South American recipients has remained relatively stable over the past decade, the share allocated to Sub-Saharan Africa has declined by close to 4 percentage points since 2013. Support to the Middle East has increased steadily, with cross-border DDC flows rising from USD 20 million in 2013 to nearly USD 46 million in 2024 – now representing 7% of the total (Figure 2.6). In most cases, cross-border DDC ODA trends are broadly aligned with patterns observed in overall cross-border ODA (which covers disbursements by both national and subnational governments). These include the declining share of cross-border ODA to Sub-Saharan Africa (by 7 percentage points, from 26.6% to 19.6% over the period) and the growing support to the Middle East (from 6.9% to 7.3%). One notable difference is in the case of Europe, where cross-border ODA increased from 2.9% in 2013 to 9.5% in 2024 (compared to 2.5% in 2013 to 3.4% in 2024 for cross-border DDC ODA), largely driven by national governments' support to Ukraine in response to Russia's full-scale war of aggression.

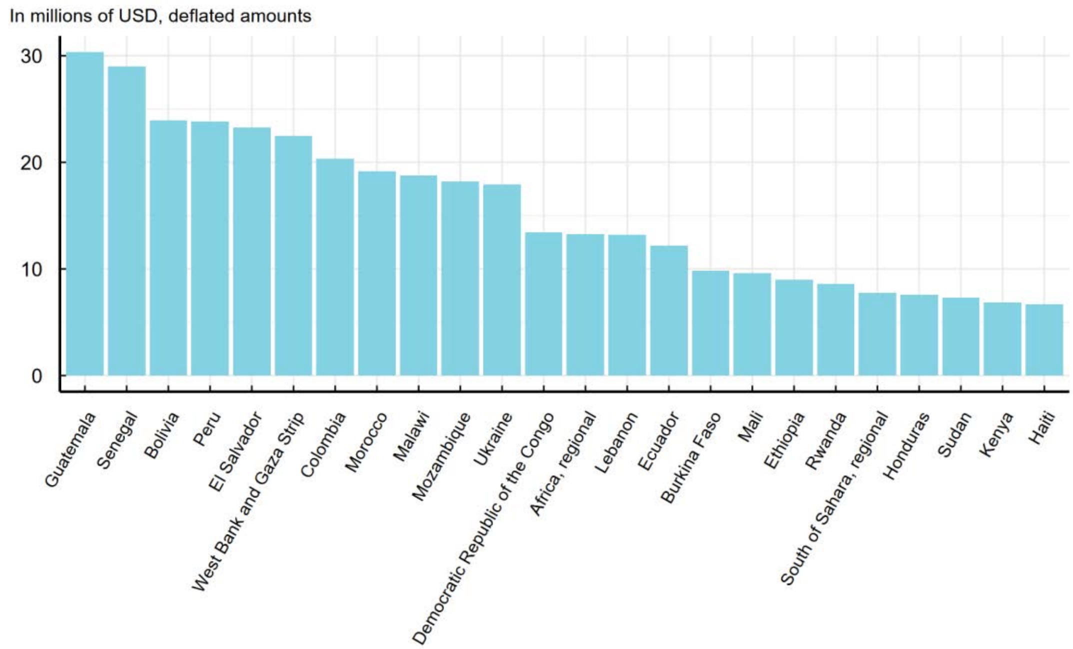
Figure 2.6. Distribution of cross-border DDC flows to world macro regions, 2024



Notes: Based on 14 DAC countries with available DDC data in 2024. The group "Africa" refers to recipients located in Africa where the specific country is unspecified and the allocation could not be classified as either "North of Sahara" or "South of Sahara". "America", "Asia" and "Oceania", the three smallest rectangles, each represent less than 0.2% of the total.
Source: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

In 2024, cross-border DDC flows reached over 150 countries and territories (Figure 2.7). However, recipients of cross-border DDC ODA flows are largely unspecified in reported data, representing a total of USD 136 million. Among top providers of cross-border DDC ODA, the share of unspecified flows is particularly high in the case of Germany (39%), Belgium (37%) and Switzerland (30%). France stands out as an exception, with most flows directed to specifically identified recipients, notably Senegal (11%), Madagascar (9%), Benin (5%) and the West Bank and Gaza Strip (5%). Among providers with detailed recipient information, Spain channels the largest shares of its cross-border DDC to Guatemala (8%), El Salvador (7%), Peru (6%) and Bolivia (6%) (Table 2.3).

Figure 2.7. Top specified recipients of cross-border DDC flows, 2024



Notes: Based on 14 DAC countries with available DDC data in 2024. For readability, “Unspecified” flows are not shown. Only recipients accounting for 1% or more of total cross-border DDC ODA are shown. “Africa, regional” and “South of Sahara, regional” refer to aid activities benefiting a broad territory rather than a specific country. These categories are used when the exact country-level allocation is not provided.
Source: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

Table 2.3. Top recipients of cross-border DDC flows, by provider country, 2024

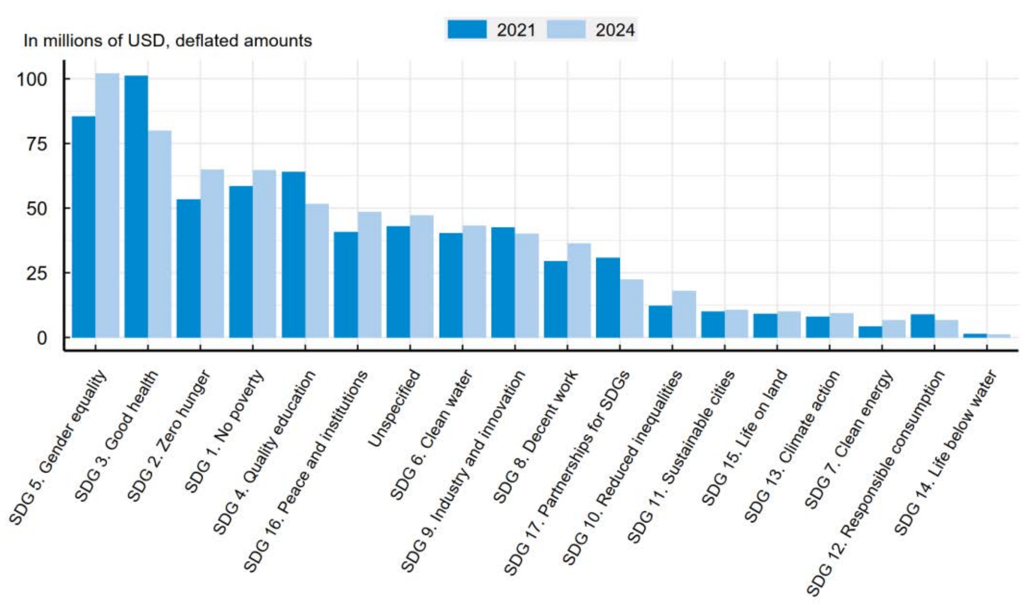
Provider country	Top 1	Top 2	Top 3	Top 4	Top 5
Austria	Tanzania (11%)	Uganda (11%)	Ethiopia (8%)	Moldova (7%)	Ukraine (6%)
Belgium	Bilateral, unspecified (37%)	Africa, regional (11%)	Malawi (11%)	Democratic Republic of the Congo (6%)	Mozambique (5%)
Canada	Bilateral, unspecified (43%)	Senegal (18%)	Haiti (9%)	Benin (6%)	Tunisia (3%)
Estonia	Ukraine (73%)	Georgia (27%)	x	x	x
France	Senegal (11%)	Bilateral, unspecified (10%)	Madagascar (9%)	Benin (5%)	West Bank and Gaza Strip (5%)
Germany	Bilateral, unspecified (39%)	Ukraine (16%)	Ethiopia (6%)	South of Sahara, regional (6%)	Kenya (4%)
Italy	Bolivia (9%)	Kenya (8%)	Senegal (7%)	Ukraine (6%)	Tunisia (5%)
Japan	Brazil (23%)	Viet Nam (18%)	Argentina (10%)	Bilateral, unspecified (8%)	Asia, regional (8%)
Latvia	Ukraine (100%)	x	x	x	x
Lithuania	Ukraine (100%)	x	x	x	x
Portugal	Sao Tome and Principe (84%)	Cabo Verde (11%)	Angola (3%)	Ukraine (2%)	Guinea-Bissau (1%)
Spain	Bilateral, unspecified (13%)	Guatemala (8%)	El Salvador (7%)	Peru (6%)	Bolivia (6%)
Switzerland	Bilateral, unspecified (30%)	Sudan (8%)	Lebanon (5%)	Middle East, regional (3%)	Burkina Faso (3%)

Provider country	Top 1	Top 2	Top 3	Top 4	Top 5
United Kingdom	Malawi (29%)	Bilateral, unspecified (22%)	Rwanda (15%)	South of Sahara, regional (14%)	Zambia (14%)

Notes: x = not applicable. Based on 14 DAC countries with available DDC data in 2024.
Source: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

Cross-border DDC flows align most strongly with SDGs targeting gender equality and health, though a share of aid remains unspecified. In 2024, only 7% of cross-border DDC flows were not linked to a specific SDG. Among identified goals, SDG 5 "Gender equality" and SDG 3 "Good health and well-being" received the highest support, at USD 102 million and USD 80 million respectively, followed by SDG 2 "Zero hunger" and SDG 1 "No poverty", each at around USD 65 million. SDG 4 "Quality education", SDG 16 "Peace, justice and strong institutions" and SDG 6 "Clean water and sanitation" also received significant support, with more than USD 43 million each. The relatively low volume targeting SDG 11 (Sustainable cities and communities) is notable given the territorial nature of DDC. This may partly reflect reporting practices that classify flows under more sector-specific SDGs, such as health and education, and the limited coverage in the CRS of non-financial partnerships, which often identify SDG 11 as a core area of impact, as shown by the OECD DDC impact surveys in Chapter 3. SDG 7 (Affordable and clean energy, +55%), SDG 10 (Reduced inequalities, +49%), SDG 8 (Decent work, +24%) and SDG 2 (+22%) registered the largest increases since 2021 (Figure 2.8).

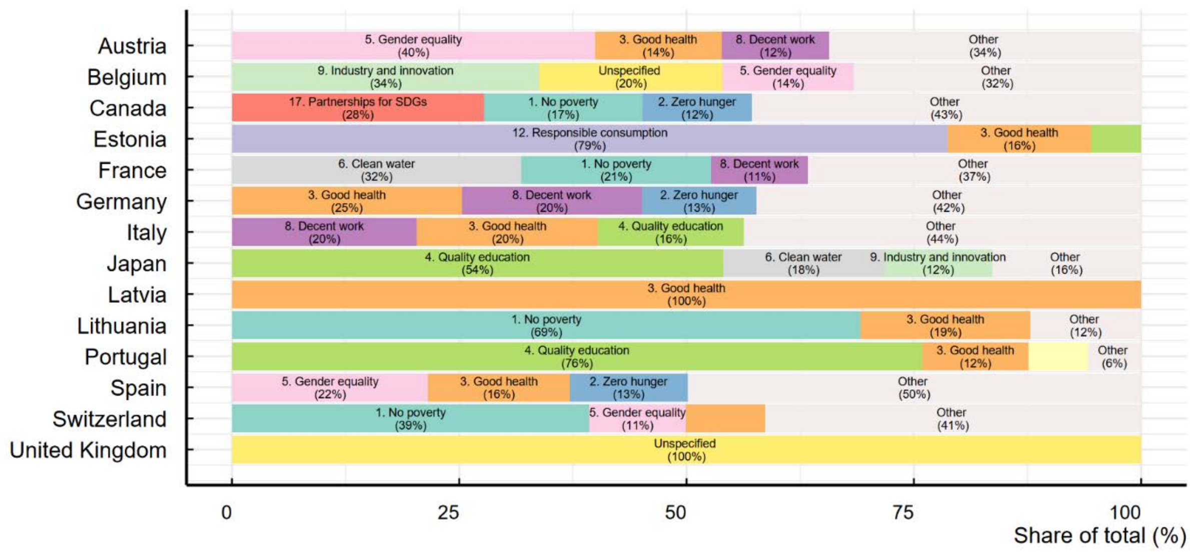
Figure 2.8. Cross-border DDC flows by main SDG focus, 2021 and 2024



Notes: Based on 14 DAC countries with available DDC data. Although some DDC projects may contribute to more than one SDG, this figure classifies each project according to its primary SDG focus.
Source: OECD (2026[1]), CRS: Creditor Reporting System (flows), https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df%5bds%5d=dsDisseminateFinalDMZ&df%5bid%5d=DSD_CRS%40DF_CRS&df%5bag%5d=OECD.DCD.FSD&dq=DAC..1000.100._T._T.D.Q._T..&lom=LASTNPERIODS&lo=5&to%5bTIME_PERIOD%5d=false&isAvailabilityDisabled=false

Top providers of cross-border DDC ODA share a focus on SDGs related to poverty reduction gender equality, health and decent work, while also maintaining distinct co-operation priorities. In 2024, LRGs in Spain provided substantial support for SDG 5 “Gender equality” (22%), and SDG 3 “Good health and well-being” (16%) with a notable focus on SDG 2 “Zero hunger” (13%). In Switzerland, 39% of cross-border DDC was directed to SDG 1 “No poverty”, alongside allocations to SDG 5 (11%) and SDG 3 (9%). France prioritised SDG 6 “Clean water and sanitation” (32%), while also supporting SDG 1 (21%) and SDG 8 “Decent work and economic growth” (11%). In Germany, significant shares went to SDG 3 (25%), SDG 8 (20%) and SDG 2 (14%). Belgium stands out for allocating 34% of its cross-border DDC to SDG 9 “Industry, innovation and infrastructure”, while Canada allocated 28% to SDG 17 “Partnerships for the SDGs” (Figure 2.9).

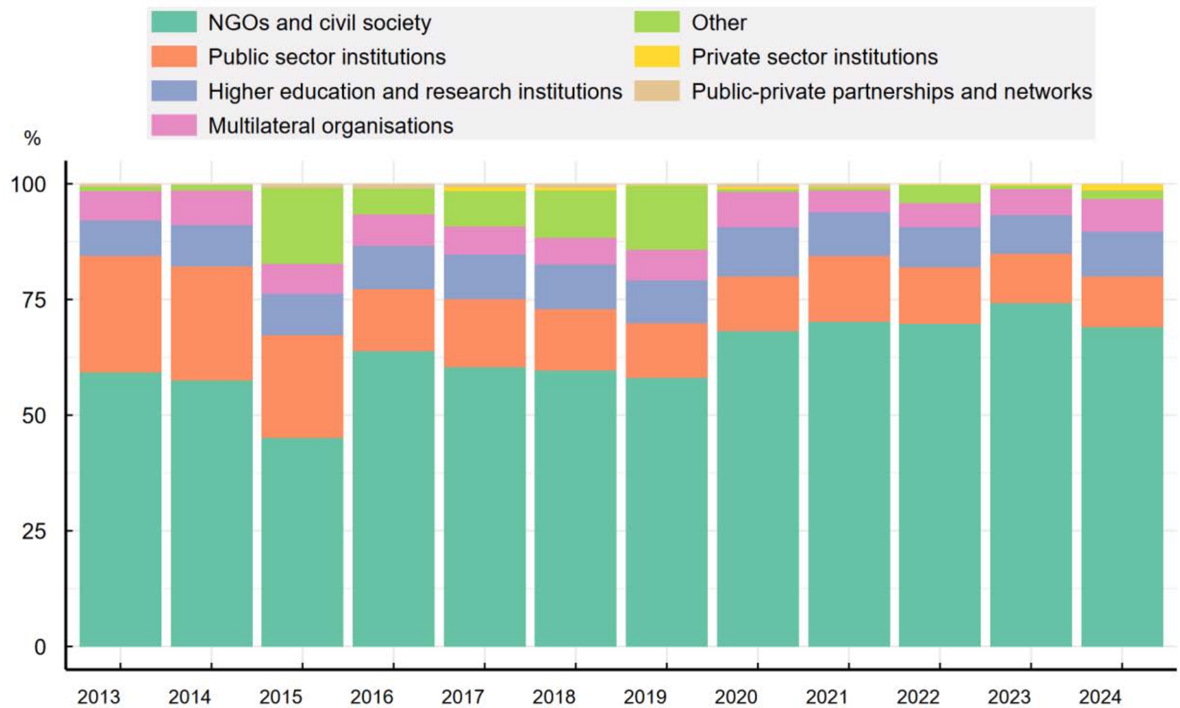
Figure 2.9. Cross-border DDC flows by main SDG focus and provider country, 2024



Notes: Based on 14 DAC countries with available DDC data in 2024. Although some DDC projects may contribute to more than one SDG, this figure classifies each project according to its primary SDG focus. For legibility, only the top three SDGs are shown; the category “Other” includes all remaining SDGs.
Source: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

Most cross-border DDC ODA is channelled through NGOs and civil society, although other channels such as public sector institutions are also relevant. In 2024, nearly 70% of DDC flows were disbursed via NGOs and civil society organisations, confirming their central role not only as implementing partners for subnational governments in DAC and partner countries, but also as actors that support territorial anchoring, accountability, democratic governance and transnational solidarity. This channel has grown by 45% over the past decade. Higher education and research institutions also expanded their role over the same period, growing by 57% and now account for around 10% of flows. By contrast, the share directed through public sector institutions has fallen by 46% since 2013, although they remain the second most important channel, representing 11% of flows in 2024. These shifts suggest a gradual substitution pattern, where subnational governments increasingly provide support through intermediary organisations rather than directly via public institutions (Figure 2.10).

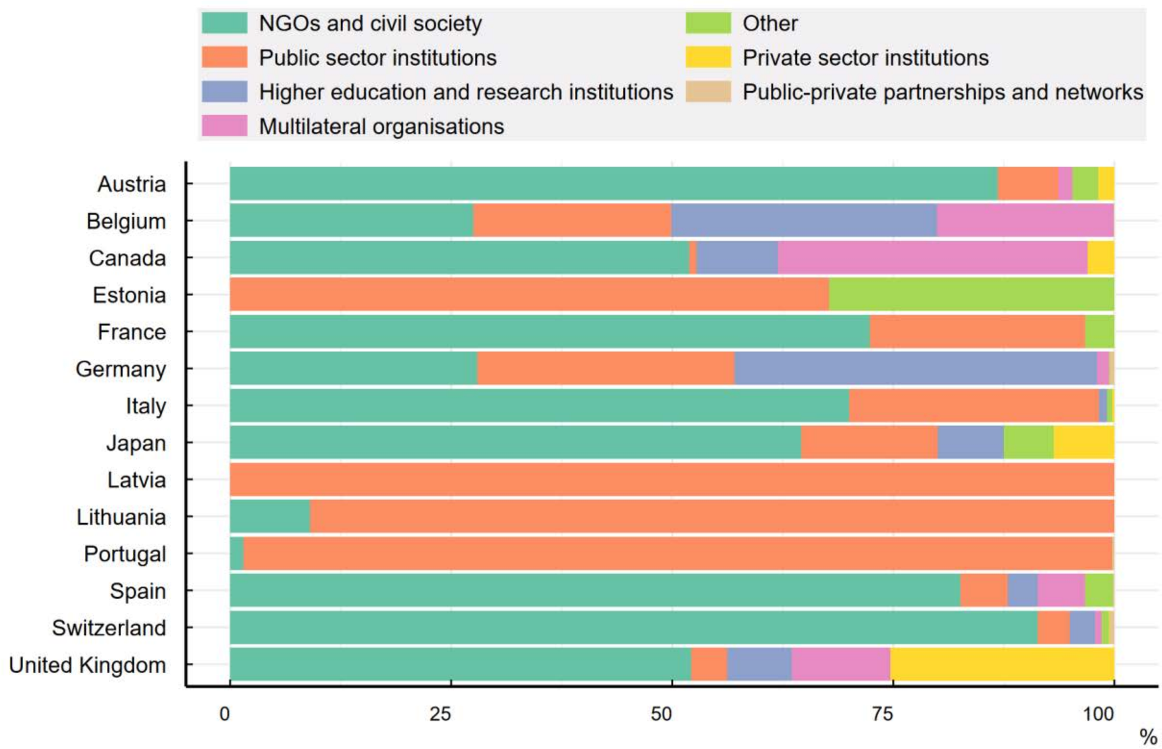
Figure 2.10. Main channels of cross-border DDC flows, 2013-2024



Note: Based on 15 DAC countries with available DDC data.
Source: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

The channels for cross-border DDC ODA vary widely across countries, reflecting different models of partnership and implementation. In 2024, LRGs in Switzerland, Austria and Spain channelled most of their cross-border DDC through NGOs and civil society (91%, 87% and 83% of flows respectively) confirming these organisations' central role in their co-operation models. France and Italy also relied primarily on NGOs and civil society but channelled a significant share, around one-quarter, through public sector institutions. Belgium and Germany showed more balanced distributions, with their cross-border DDC more evenly spread across NGOs and civil society, public sector institutions and higher education and research institutions. In contrast, more than one-third of Canada's flows were channelled through multilateral organisations, while around one-quarter of the United Kingdom's flows went through private sector institutions, making both models distinctive among major providers (Figure 2.11).

Figure 2.11. Main channels of cross-border DDC flows by provider country, 2024



Note: Based on 14 DAC countries with available DDC data in 2024.
Source: OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

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Notes

[1] Only 15 OECD DAC countries report DDC ODA in the CRS: Austria, Belgium, Canada, Czechia, Estonia, France, Germany, Italy, Japan, Latvia, Lithuania, Portugal, Spain, Switzerland and the United Kingdom.

[1] A project is defined as a set of inputs, activities and outputs agreed upon with the partner country to reach specific objectives/outcomes within a defined time frame, with a defined budget and within a defined geographical area.

[2] For more details on the Spanish DDC model, see Chapter 5 and PLATFORMA (2025[6]).

3 Local and regional perspectives on DDC characteristics, barriers and enabling factors

This chapter presents an analysis of local and regional perspectives on the effectiveness of decentralised development co-operation (DDC), drawing on 2 OECD DDC impact surveys collecting responses from 102 cities and regions across 10 OECD Development Assistance Committee (DAC) countries and 79 partner cities and regions across 33 official development assistance-eligible countries, complemented by 16 in-depth case studies. A central finding is the prominence and value of non-financial DDC. Nearly 75% of DDC projects include activities such as peer-to-peer learning, capacity building, staff exchanges and study visits, generating substantial benefits on both sides of partnerships. These include access to new knowledge and innovation, strengthened institutional capacity and improved service delivery in partner territories, and enhanced multi-level co-ordination and participatory governance in DAC cities and regions. The chapter also finds that monitoring and evaluation remains uneven, and that limited financial and human resources are the principal barriers to more impactful and sustainable DDC.

This chapter presents an analysis of local and regional perspectives on decentralised development co-operation (DDC), based on 2 OECD surveys on the impact of DDC (hereafter "DDC impact surveys") and 16 case studies. The first was conducted between 14 June 2025 and 2 January 2026[1] and collected responses from 102 cities and regions from across 10 OECD Development Assistance Committee (DAC) countries (Table 3.1), covering mostly municipalities (76) but also large (TL2) regions (17) and represent small (TL3) regions (9).[2] Most responses (45%) came from German local and regional governments (LRGs), followed by Italy (14%), France (11%) and Spain (11%).

Table 3.1. Geographic coverage of DDC impact survey responses: DAC cities and regions

Country	Share of responses (%)
Germany	45.1
Italy	13.7
Spain	10.8
France	10.8
Belgium	8.8
Switzerland	3.9
Poland	2.9
Canada	2.0
United Kingdom	1.0
Austria	1.0

Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

The second survey targeted official development assistance (ODA)-eligible partner cities and regions of first-survey respondents. Conducted between 4 September 2025 and 2 January 2026, it gathered 79 responses from cities and regions from across 33 countries, notably Ukraine (30%), Morocco (8%), Senegal (5%) and Benin (5%) (Table 3.2). Considering the large number of responses from Ukraine to the partner survey and the particularities of partnerships with Ukrainian LRGs, Box 3.1 presents specific findings from the partnerships involving Ukrainian LRGs.

Table 3.2. Geographic coverage of DDC impact survey responses: partner cities and regions

Country/Territory	Share of responses (%)
Ukraine	30.4
Morocco	7.6
Benin, Senegal	5.1 each
Costa Rica, Lebanon, Mozambique	3.8 each
Bolivia, Cameroon, Colombia, Mauritania, Nicaragua, West Bank and Gaza Strip, Togo	2.5 each
Bosnia and Herzegovina, Brazil, Burkina Faso, Congo, Côte d'Ivoire, Cuba, Ecuador, Ghana, Guatemala, Honduras, Jorda, Kenya, Mexico, Namibia, Niger, Tanzania, Tunisia, Uganda	1.3 each

Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

In addition to looking at these two DDC impact surveys separately, the analysis also uses a matched-partnership sample linking responses from both questionnaires. This subset includes 65 partnerships for which responses were available from both the DAC and partner side. This analysis leverages the matched sample to compare perspectives within specific partnerships and to highlight similarities and differences. This sample includes partnerships involving in particular German (31), French (9) and Swiss (8) LRGs on the DAC side, and cities and regions from Ukraine (11), Morocco (5), Senegal and Benin (4 each) on the partner side.

Based on the DDC impact surveys and the interviews conducted with the 16 case studies, this chapter presents key insights into the characteristics of DDC across countries, including typologies, thematic focus areas and funding mechanisms. It also highlights the non-financial contributions of DDC activities, monitoring and evaluation (M&E) practices, barriers and enabling factors for DDC. It provides a complementary and qualitative perspective that adds depth to the quantitative analysis of OECD Creditor Reporting System (CRS) data. Together, these findings shed light on how DDC is perceived and practiced by local actors, the mechanisms through which it contributes to local governance and United Nations Sustainable Development Goal (SDG) localisation, and the contextual factors influencing its effectiveness.

It should be noted that some of the findings presented in this chapter, including related to DDC typologies and characteristics, key thematic areas and SDG focus, may differ from the results of the DDC ODA flows analysis based on CRS data (Chapter 2). This is likely due to differences in the composition of the two samples, which are not directly comparable. Some survey respondents may not report to the CRS, while not all LRGs included in the CRS dataset completed the OECD DDC impact surveys. As such, it cannot be assumed that survey respondents are representative of the CRS sample. In addition, the surveys collect information on 2025, whereas the most recent CRS data cover disbursements up to 2024, further limiting comparability between the two sources. Furthermore, the 102 responses reflect a limited sample of LRGs in DAC countries active in DDC, and entail a relatively high share of responses from Germany (46 out of 102 responses), which may affect the overall results. Moving forward, the localisation of CRS data (see Chapter 5) allows for a more detailed comparative analysis across both data sources.

Box 3.1. Spotlight on DDC activities with Ukrainian LRGs

OECD DDC impact survey results suggest that DDC activities involving Ukrainian LRGs share many characteristics with other international local government partnerships. However, in the context of Russia's large-scale aggression against Ukraine, these activities also display several distinctive patterns in terms of motivations, thematic priorities, partnership modalities and perceived impacts.

Strengthening international co-operation and solidarity is the main motivation for Ukrainian LRGs DDC engagement

Ukrainian LRGs engaging in DDC are strongly motivated by the objective of strengthening international co-operation and solidarity (96%). At the same time, as in other DDC partnerships, access to knowledge, peer learning and capacity building remains a key driver of engagement.

Education, health, mobility and public safety are the key thematic areas of partnerships with Ukraine

Thematic priorities also differ between partnerships involving Ukrainian LRGs and other DDC partnerships. Ukrainian partnerships more frequently focus on sectors such as education and skills development, health and well-being, transport and mobility, public safety and security, and social inclusion, several of which relate to the ongoing war. By contrast, partnerships not involving Ukraine place greater emphasis on environmental and resource-related policy areas, including water and waste management, climate action and disaster risk reduction, and biodiversity protection.

Direct local government co-operation and non-financial activities are key characteristics of partnerships with Ukraine

Partnerships involving Ukrainian LRGs are frequently characterised by direct co-operation between local governments and a strong emphasis on non-financial forms of support. Around 30% of Ukrainian respondents reported that their partnerships involve only non-financial activities, such as knowledge exchange, training and technical assistance, compared with 13% in other partnerships. Access to new knowledge and greater recognition of the value of international co-operation were the main benefits reported. Both were observed more strongly in partnerships involving Ukrainian partners than in those that did not. This indicates that peer-to-peer exchanges, technical advice and administrative co-operation among public authorities play a particularly important role in partnerships with Ukraine. International organisations and multilateral actors are the main source of external funding (52% compared to 33% for other partnerships), complementing non-financial forms of co-operation.

Local governance impacts are perceived to be strongest on accountability, public management and innovation

Respondents involved in partnerships with Ukrainian LRGs reported the strongest impacts on the local governance areas of accountability and transparency, management and innovation, and inclusiveness and participation (e.g. civic engagement and public participation in decision making). In terms of SDG outcomes, respondents perceived partnerships with Ukraine as having contributed particularly strongly to SDG 16 "Peace, justice and strong institutions", in line with the above-mentioned thematic priority, while impacts on environmental goals such as SDG 13 "Climate action", SDG 6 "Clean water and sanitation" and SDG 15 "Life on land" were rated lower compared with other partnerships.

Financial constraints and external shocks are key barriers for partnerships involving Ukrainian LRGs

Across all partnerships, a lack of financial resources emerges as the most important limitation to impact. This constraint is slightly more pronounced in partnerships involving Ukrainian LRGs (3.9 on a scale of 1 to 5 compared to 3.6 among non-Ukrainian respondents). Respondents also highlighted external factors (e.g. economic downturn, global crises) as significant challenges in the Ukrainian context, a potential reflection of Russia's ongoing war of aggression against Ukraine. In addition, limited technical capacity was cited more frequently as a barrier in Ukrainian partnerships than in other DDC partnerships. At the same time, limited political support is perceived as a relatively minor obstacle in Ukrainian partnerships, highlighting the strong political commitment to international co-operation.

Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

DDC approaches in cities and regions

Cities and regions from DAC member countries have long been engaged in DDC activities, although to different degrees

Many DAC cities and regions have long-standing experience in DDC, but new ones continue to enter the field. On average, respondents from LRGs in DAC countries reported close to 22 years of involvement in DDC activities. However, engagement levels vary widely. Sixteen percent of respondents are relatively new to DDC with up to 5 years of experience, while 1 in 4 LRGs report more than 2 decades of involvement, with 10% active for over 40 years. The data highlight both the long-standing tradition of DDC among many LRGs, but also the steady entry of new actors over time. The diversity in the duration of DDC engagement is also reflected in the 16 case studies (see Box 1.4 for more information on the case studies), ranging from 5 years in the case of the county of Gießen (Germany) to more than 30 years in Berlin (Germany) and up to 50 years as in the city of Zurich (Switzerland). Partner cities and regions have, on average, been engaged in a partnership with a city or region from a DAC country for around 10 years (11.2 years for non-Ukrainian respondents, 8 years for Ukrainian respondents). About half initiated their engagement within the past five years, partly reflecting the large number of Ukrainian partner cities in the sample, whose involvement in DDC began in or after 2022 in more than 80% of cases. A further 19% have been engaged for between 5 and 10 years, while longer partnership durations are relatively evenly distributed across subsequent 5-year intervals, each accounting for between 1% and 6% of the sample.[3]

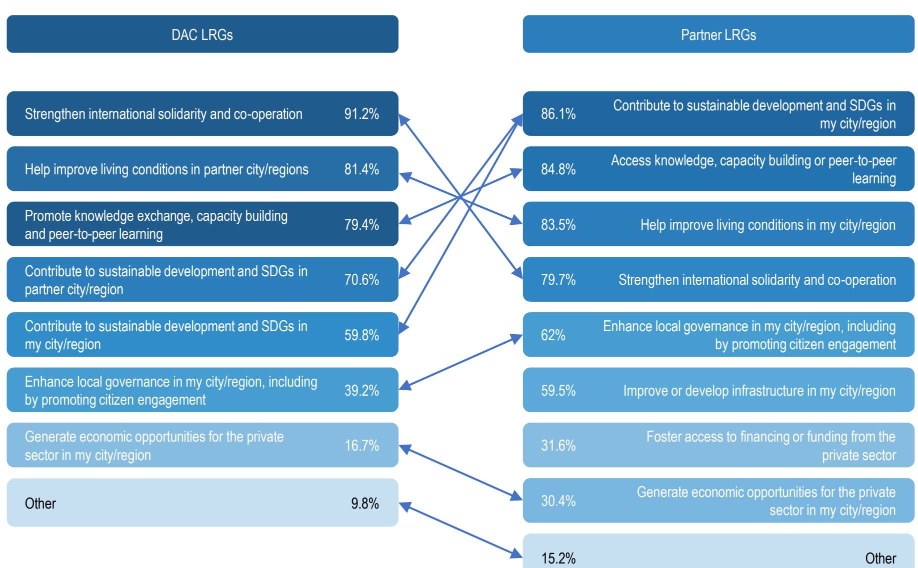
The majority of LRGs in DAC countries maintain a small number of partnerships. Close to 60% of them have one to three ongoing partnerships, while 22% engage with four to ten partners, and the remaining 18% with more than ten partners. The 16 case studies reflect this pattern. While the federal state of Rhineland-Palatinate (Germany) and the city of Fredericton (Canada) both have 1 ongoing partnership, the number of partnerships goes up to 6 in the municipality of Lahr/Schwarzwald (Germany), 7 in the city of Zurich (Switzerland), 11 in Lublin (Poland) and up to 25 in the region of Emilia-Romagna (Italy).

International solidarity is a main motivation of LRGs from DAC countries to conduct DDC, while their partners are mostly motivated by achieving tangible sustainable development outcomes

LRGs in DAC countries engage in DDC mainly to strengthen international solidarity and co-operation, while their partners mainly seek to improve sustainable development outcomes in their city or region. Overall, more than 90% of respondents from LRGs in DAC countries identified strengthening international co-operation as their main motivation for engaging in DDC, followed by helping to improve living conditions in partner cities and regions (81%) and the exchange of knowledge, capacity building and peer-to-peer learning (79%) (Figure 3.1).

Figure 3.1. Main motivations for LRGs to engage in DDC activities

Share of respondents motivated by the respective objective in DAC countries and partner countries



Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Around 70% are motivated by contributing to sustainable development in their partner territories, compared with 60% in their own city or region. By contrast, generating economic opportunities for the private sector in their own region (17%) plays a more limited role. The state of Bavaria (Germany) is one of the exceptions that considers the generation of economic opportunities for the private sector in the state as one of the main motivations to engage in DDC activities. In cities and regions of partner countries, the three top reasons relate to sustainable development and the achievement of the SDGs (86%), access to knowledge, capacity building and peer learning (85%), and expected improved living conditions in their own city or region (84%). Overall, while improving living conditions and knowledge exchange are shared motivations, cities and regions from DAC countries also consider DDC as an instrument of international solidarity and co-operation, while their partners approach them mainly as a means to advance tangible sustainable development outcomes.

Education, waste and climate action are the main thematic areas of respondents' DDC activities in DAC and partner countries

Education, waste and circular economy and climate action are the three main reported thematic focus areas of DDC activities in DAC and partner countries. Among DAC respondents, 69% reported a focus on education and skills development in their DDC activities, followed by climate action, disaster risk reduction and resilience (61%) and water, waste management and circular economy (60%), highlighting the important role that the environmental dimension of sustainability plays in respondents' DDC activities (Figure 3.2). Responses from partner cities and regions show a comparable pattern, with water, waste management and circular economy and education and skills development emerging as the most frequently reported focus areas (both 53%), followed by climate action, disaster risk reduction and resilience (48%). Social inclusion and gender equality and environmental conservation also feature prominently among LRGs in DAC countries and partner responses. The 16 case studies reflect the thematic diversity of DDC activities with projects on climate change in Dresden (Germany), Glasgow (the United Kingdom), and Fredericton (Canada), gender in the Basque Country (Spain) and Emilia-Romagna (Italy), education and skills development (e.g. Bornem [Belgium], Lahr [Germany]), health and well-being (e.g. Rhineland-Palatinate [Germany], Emilia-Romagna [Italy]), renewable energy (e.g. Baruth/Mark [Germany], Châtellerault [France]) and mobility (e.g. Böblingen [Germany], Lublin [Poland]).[4]

Box 3.2. Climate and gender: thematic examples of selected case studies' DDC activities

City of Dresden, Germany: the longevity of partnerships

The partnership between Dresden in Germany and Brazzaville in the Republic of the Congo has existed for about 50 years. Since 2020, Dresden has used a thematically focused DDC approach, engaging in a climate partnership supported by the Service Agency Communities in One World (*Servicestelle Kommunen in der Einen Welt*, SKEW). The partnership focuses on three main areas: improving waste management through the introduction of separation systems and stakeholder training, transforming schoolyards to be more heat resilient as a response to climate change and urban adaptation needs, and promoting urban agriculture to strengthen local food systems. Beyond the climate track, in 2024, the two cities also agreed on a broader work programme during the 50th anniversary of their twinning, which includes additional areas of collaboration such as education, cultural exchange and civil society engagement.

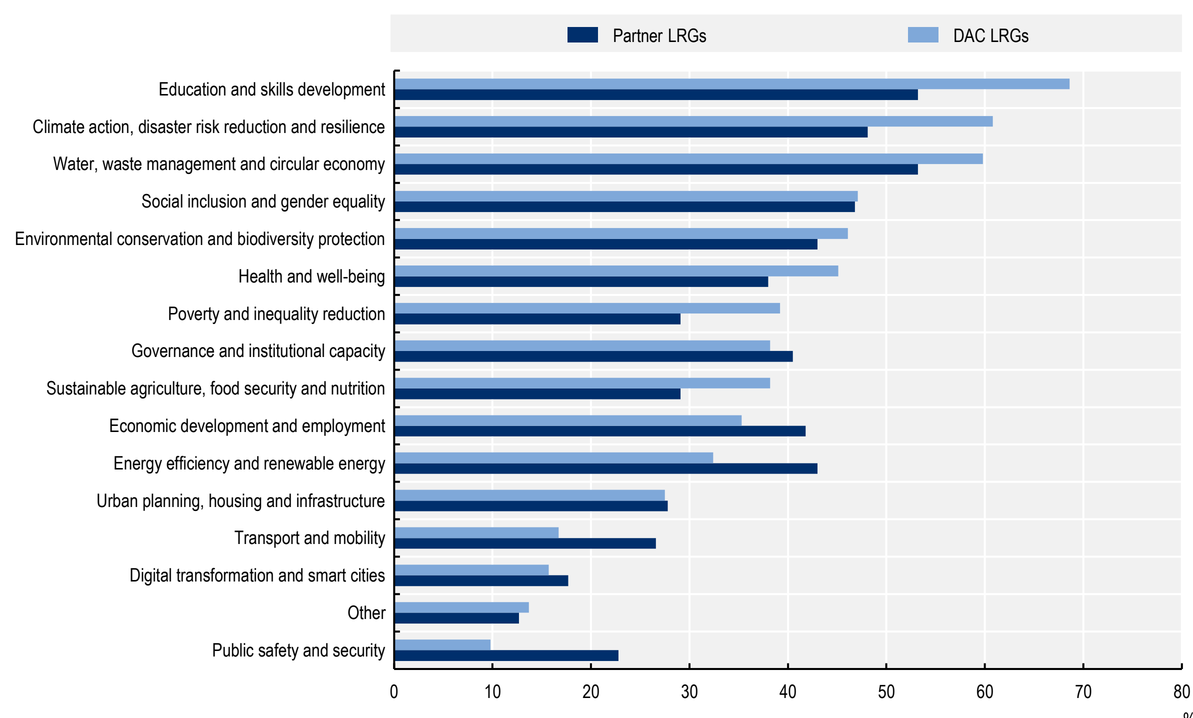
Basque Country, Spain: mainstreaming gender, women's empowerment and human rights in DDC

The Basque Country's DDC is strongly rooted in values such as gender equality, women's empowerment and human rights, which are both mainstreamed across all activities and supported through dedicated projects. Around 85% of its ODA is channelled through Basque non-governmental organisations (NGOs), many of which have long-standing experience in Africa and Latin America, traditionally focusing on basic social services (health, education, water and sanitation). Cultural co-operation plays a particularly important role and is seen as a driver of democratic ownership, involving the local population and institutions in the partnership. The Basque approach reflects a broader view of DDC as a tool to innovate how local governments engage with citizens, drawing on culture, art and other channels to build awareness, foster a sense of belonging to a shared territorial project, and strengthen civic ownership of sustainable development processes. While NGO funding remains the main activity from a financial point of view, the Basque Country increasingly prioritises direct territorial partnerships with LRGs, aiming for more systemic, long-term co-operation, e.g. in Colombia (e.g. Buenaventura, Cali), Cuba (Havana) and Senegal (Saint-Louis), where the co-operation focuses on strengthening local governance.

Source: Bilateral interviews conducted with case study representatives.

Figure 3.2. Thematic areas of LRGs' DDC activities

Share of respondents focusing their DDC activities on specific policy areas in LRGs in DAC and partner countries



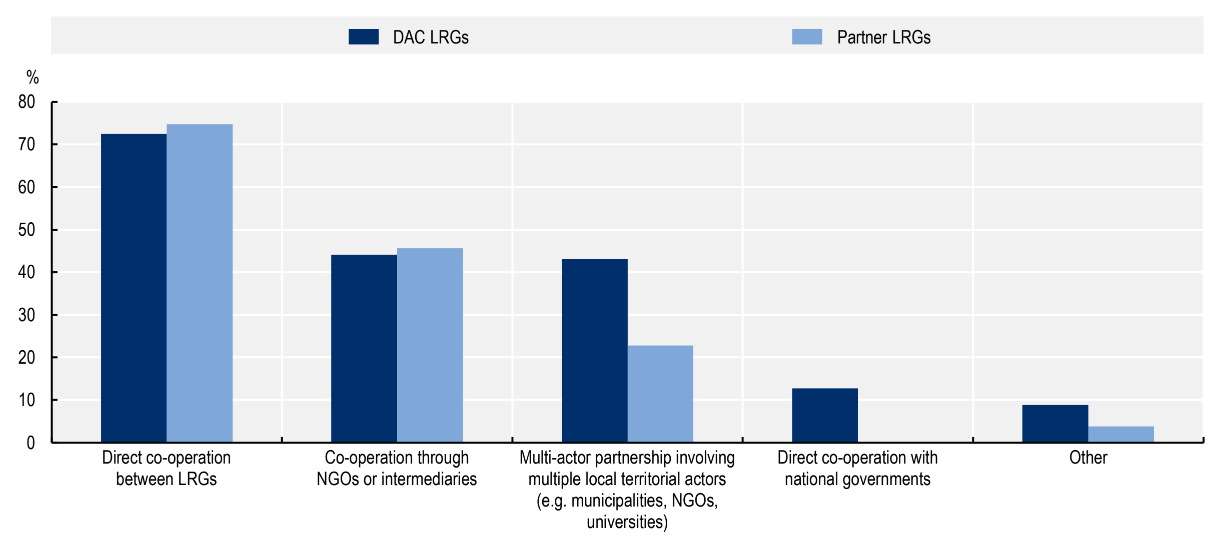
Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Direct co-operation between LRGs is the most common modality of DDC

City-to-city and region-to-region partnerships are the most common DDC modality. Around 73% of LRGs in DAC countries and 75% of their partner LRGs responding to the DDC impact surveys reported an engagement in this type of DDC, including most of the case studies, e.g. the city of Lahr/Schwarzwald (Germany) and the city of Fredericton (Canada) (Figure 3.3). Another 44% conduct their DDC activities through NGOs or other intermediaries implementing activities on the ground. This is, for example, the case for the municipality of Baruth/Mark (Germany), the city of Dresden (Germany) and the city of Zurich (Switzerland). Forty-three percent of LRGs in DAC countries engage in territorial partnerships, where they lead DDC activities in collaboration with multiple local territorial actors (e.g. municipalities, NGOs, universities), forming direct partnerships with LRGs in partner countries. Emilia-Romagna (Italy) and Glasgow (the United Kingdom) are examples of LRGs that engage in such types of projects. Among partner LRGs, around 46% engage in such multi-actor partnerships. A rare form of DDC is one in which LRGs directly support a national government in ODA-eligible countries. This modality is only used by 13% of LRGs in DAC countries, including for instance large TL2 regions such as the state of Rhineland-Palatinate (Germany), which has a partnership with Rwanda, the state of Bavaria (Germany), which engages in a partnership with Tunisia amongst others and the Basque Country (Spain), which partners with Cuba (Box 3.3). Around 9% of respondents use other forms of DDC, such as collaboration between municipal associations in support of DDC at the local level, or co-operation with federations of NGOs rather than individual NGOs.[5]

Figure 3.3. Modalities of LRGs' DDC activities

DDC typologies used by LRGs in DAC and partner countries



Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Box 3.3. DDC modalities used across different case studies

State of Berlin, Germany: Leveraging dedicated institutions for DDC

The state of Berlin uses several of the DDC typologies, with its activities being co-ordinated by the State Office for Development Cooperation. Mostly, the state office funds Berlin-based NGOs, education actors and other implementing partners that engage in development co-operation projects in the Global South. Additionally, through the *Berliner Gesellschaft für internationale Zusammenarbeit mbH* (BGZ), a joint organisation of the state of Berlin and the Berlin Chamber of Skilled Crafts has been implementing DDC projects since 1983. The BGZ is currently designing and implementing various projects with partners in the Global South including in Gambia, Namibia, Nepal and Viet Nam. Berlin also has ongoing city-to-city partnerships with Buenos Aires (Argentina), Jakarta (Indonesia), Mexico City (Mexico), Tashkent (Uzbekistan) and Windhoek (Namibia). Last, the city of Berlin has also been engaging in the German Government and Federal States Programme (*Bund-Länder-Programm*, BLP) in co-operation with different territorial actors, including in the state of Karnataka (India) on user-centred, gender-responsive urban mobility start-ups; with Sarajevo (Bosnia and Herzegovina) and Tirana (Albania) and their innovation support organisations to strengthen start-up ecosystems, digital and green innovation, and female entrepreneurship; and with Kyiv (Ukraine), to connect and scale technology start-ups.

Free State of Bavaria, Germany: A hybrid DDC model

The Bavarian Africa Package provides the strategic framework for Bavaria's DDC activities with an annual budget of EUR 12 million, five priority countries (Ethiopia, Kenya, Senegal, South Africa and Tunisia) and broad thematic pillars of education/science, economy and vocational training, administration and good governance, environment and agriculture. As part of its Africa package, Bavaria uses a hybrid model that combines several DDC typologies. The state engages in region-to-region partnerships, for example with the Western Cape region in South Africa, but also partners with the national level, for example with Ethiopia and Tunisia. The state operates a Bavarian Office for Africa in Ethiopia, which serves as the official interdepartmental representation of the state on the African continent. Furthermore, Bavarian DDC activities also take the form of regional government-to-NGO co-operation, as Bavaria funds Bavarian NGOs, foundations and business associations, who run projects with local partners in the different countries prioritised under the Bavarian Africa Package.

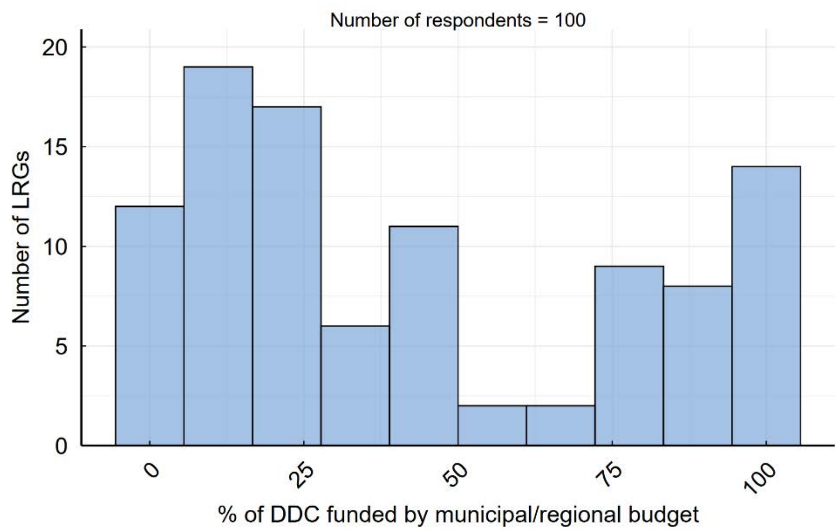
Sources: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.; bilateral interviews conducted with case study representatives.

LRGs in DAC countries frequently draw on national government funding, while partner LRGs more often mobilise support from multilateral organisations

Most DAC LRGs fund their DDC activities through external sources rather relying primarily on their own budgets. While 83% of DAC LRGs use a combination of both own and external funding, 58% reported using less than 50% of their own resources to fund their DDC activities. On average, LRGs indicated that around 56% of their funding comes from external sources, compared to 44% from their own budget. A more detailed breakdown shows that around 24% of respondents contribute between 0% and 10% of their own resources to their overall DDC budget, highlighting the importance of co-funding and support schemes (Figure 3.4). The case studies confirm the variation in LRGs financial contributions to their DDC budgets. For example, the municipality of Lahr/Schwarzwald (Germany) funds 1% of DDC activities through its own municipal budget, while the city of Fredericton (Canada) contributes 5%. The German case studies of Baruth/Mark and Böblingen, which each contribute 10% to their DDC budget reflect the German DDC co-financing scheme for DDC, where SKEW funds up to 90% of the total eligible expenditure of a given project (OECD, 2023[2]). Among the case studies, there are also LRGs where municipal or regional budgets account for the majority (e.g. 80% in Rhineland-Palatinate [Germany] and Glasgow [the United Kingdom], 90% in Bavaria [Germany]) or the entirety of DDC funding (e.g. in the Basque Country, Spain).

Figure 3.4. Funding of LRGs in DAC countries' DDC activities

Share of respondents' DDC activities funded by financial resources from their own municipal/regional budget versus external funding



Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

While LRGs in DAC countries mainly draw on national government funding, partner LRGs more often mobilise support from international or multilateral organisations. About 70% of LRGs in DAC countries responding to the survey reported receiving funding from the national government, including 13 out of the 14 case study respondents,[6] followed by NGOs and civil society organisations (CSOs) (32%). For municipalities, regional governments also play an important with close to 30% receiving funding from that level of government. The European Commission (26%) and private sector actors (20%) are less common, but still support a substantial share of LRG partnerships, including in Gießen (Germany), Emilia-Romagna (Italy) and Châtellerault (France), who all receive funding from the European Union. The city of Châtellerault also leverages funds from private sector actors as does the municipality of Baruth/Mark (Germany). International or multilateral organisations (14%) and national associations of LRGs (8%) play a more limited role. The city of Glasgow (the United Kingdom) is an example that leverages funding from international organisations, while the city of Fredericton (Canada) received financial support for its DDC activities from the Federation of Canadian Municipalities (FCM). Funding patterns differ among partner LRGs. Compared to DAC LRG responses, which highlight strong reliance on national government funding, partner LRGs depend more strongly on international funding sources. International and multilateral organisations are the most frequently reported source of external funding (39%), followed by national governments (37%) and regional or state governments (27%). NGOs and CSOs also support a notable share of partnerships (23%), while funding from the European Commission (15%) and national associations of LRGs (10%) is less common.

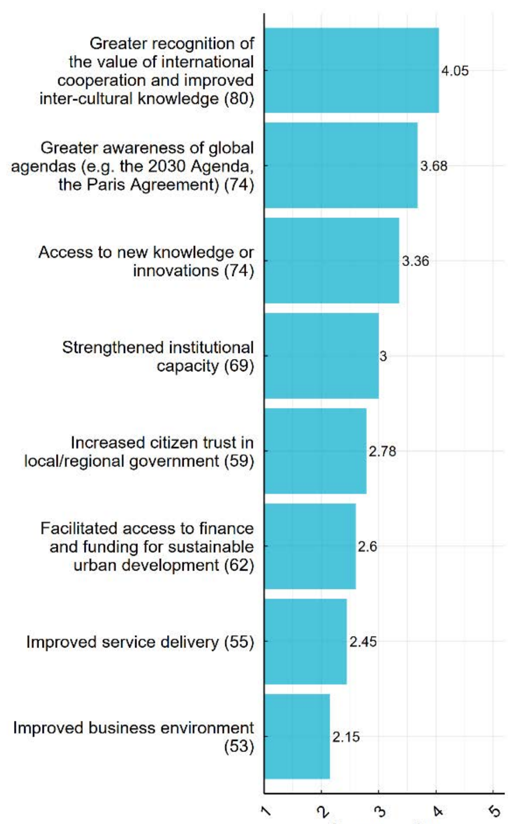
For LRGs in DAC countries leveraging national government funding, these resources represent about 44% of their overall DDC budget. Among the case studies, this share reaches up to 90% in Böblingen and Gießen and 99% in Lahr/Schwarzwald (all in Germany). National government funding represents a larger share of total resources among survey respondents than any other source, followed by regional/state government (9%), the European Commission (6%) and NGOs (5%). Other sources contribute comparatively small shares to LRGs' DDC budgets, including national associations of LRGs (3%), private sector actors (2%) and international organisations and development banks (1%). However, there are exceptions such as the city of Fredericton in Canada whose share of financial resources provided by the FCM accounts for 95% of its DDC budget or the state of Rhineland-Palatinate in Germany where NGOs account for 15%.

Non-financial activities: a key form of DDC

Non-financial DDC provides access to new knowledge and innovation and strengthens institutional capacity in cities and regions in DAC countries. A key feature of the non-financial component of DDC is that it generates several positive impacts in LRGs in both DAC countries and partner countries as a result of peer-to-peer learning activities, the creation of international networks and the engagement of local stakeholders. In DAC countries, the main reported tangible benefits of non-financial DDC are the access to new knowledge and innovation as well as strengthened institutional capacity and increased trust in local government. On a scale of 1 to 5, DAC respondents rated access to new knowledge or innovations with an average score of 3.4, and strengthened institutional capacity with 3.0 (Figure 3.5).

Figure 3.5. Perceived benefits of non-financial DDC activities in DAC countries

Average rating of benefits of non-financial activities in cities and regions and DAC countries



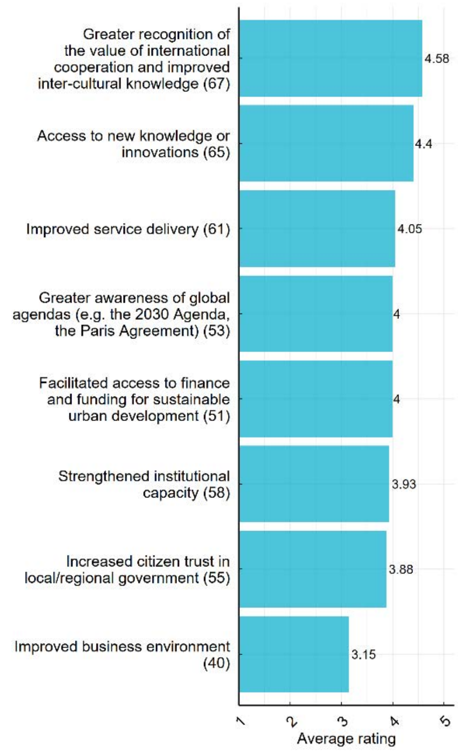
Note: Number of respondents are listed in parentheses.
Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Several examples from the case studies highlight the positive impacts of non-financial DDC. In Fredericton, Canada, for example, participation in international peer exchanges exposed and helped overcome silos between finance, engineering and service departments. Similarly, in Böblingen (Germany), DDC activities mobilised multiple technical departments (e.g. waste management, tourism, mobility), improving internal co-ordination and information sharing across units that have historically worked in silos. The city of Glasgow (the United Kingdom) emphasises the bidirectional aspect of peer-to-peer learning, e.g. learning from Santiago de Chile (Chile) on the electrification of bus systems and governance models for public transport systems that align with the needs of the 21st century, while providing knowledge on climate change adaptation, flooding and drainage with partner cities in Africa, India and the Philippines. In German city of Lahr's partnership with Alajuela (Costa Rica), three-month staff secondments facilitated practical, peer-to-peer learning on climate adaptation, particularly on how each administration organises data and addresses local challenges. At the same time, non-financial DDC activities also contribute to more intangible outcomes, notably increased recognition of the value of international co-operation and improved inter-cultural knowledge (4.1) and greater awareness of global agendas (3.7). Furthermore, it can also strengthen participatory practices and civic culture within LRGs in DAC countries themselves. By bringing local communities, CSOs and diverse stakeholders into the design and implementation of DDC projects, DAC cities and regions can deepen democratic engagement and broaden participation in local governance beyond what domestic programmes alone typically generate.

Cities and regions in partner countries perceive a range of positive effects of non-financial DDC. The main tangible benefits include access to new knowledge or innovation (4.4), as was the case for DAC LRG, and improved service delivery (4.0), as well as access to finance and funding for sustainable urban development (4.0) and strengthened institutional capacity (3.9). The main intangible benefits are notably centred around greater recognition of the value of international co-operation and improved inter-cultural knowledge (4.6) and greater awareness of global agendas (4.0) (Figure 3.6).

Figure 3.6. Perceived benefits of non-financial DDC activities in partner countries

Average rating of benefits of non-financial activities in partner cities and regions



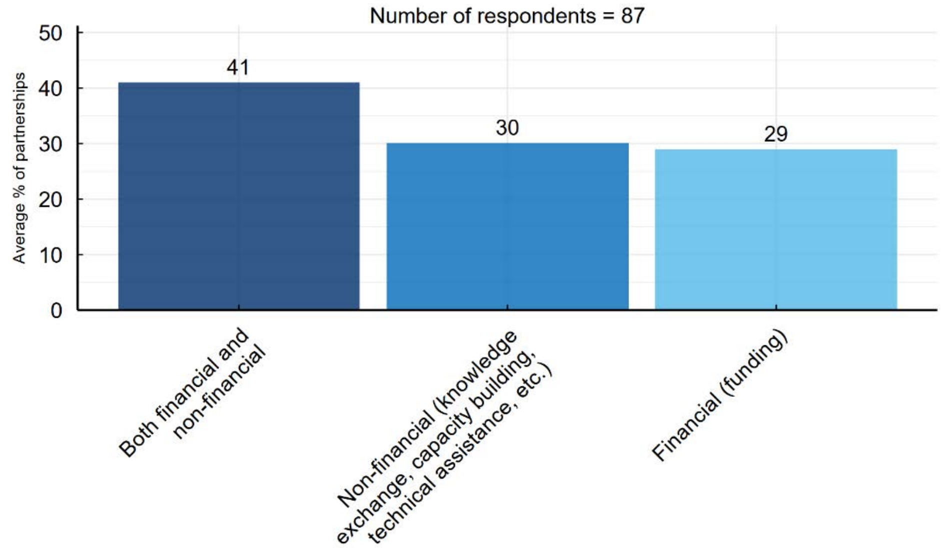
Note: Number of respondents are listed in parentheses.
Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Cities and regions in partner countries reported concrete examples of the value of non-financial DDC. Example include the reinforcement of integrated waste management through specialised training and peer exchanges in Santa Cruz de la Sierra, Bolivia, with Zurich, Switzerland, and the rollout of innovative joint science, technology, engineering and mathematics education programmes and contents in Lutsk, Ukraine, through study visits, workshops and knowledge transfer in the field of municipal governance in collaboration with the county of Lippe, Germany. Non-financial DDC also has particular relevance in fragile, conflict-affected or post-conflict contexts, where the enabling conditions for sustainable development including functioning institutions, rule of law and basic human rights protections are themselves fragile or under pressure. In these settings, the non-financial dimension of DDC, including governance support and institutional capacity building strengthening, can contribute to building the foundations of peace and stability that development requires.

DDC projects frequently rely on non-financial activities, often in combination with financial support. Seventy-one percent of DDC projects reported by cities and regions from DAC countries in the DDC impact surveys include non-financial activities or are entirely focused on them. More than four out of ten partnerships carried out by them use a mix of both financial contributions and non-financial activities, such as knowledge exchange and capacity building, while around 30% exclusively leverage financial contributions and 29% are non-financial type of partnerships (Figure 3.7). Case studies illustrate the diversity. In the Basque Country (Spain), all partnerships rely solely on financial contributions, whereas in Fredericton (Canada), they are exclusively non-financial. Other cases combine both approaches such as

Bornem (Belgium), where 75% of partnerships are non-financial and 25% have both financial and non-financial elements.

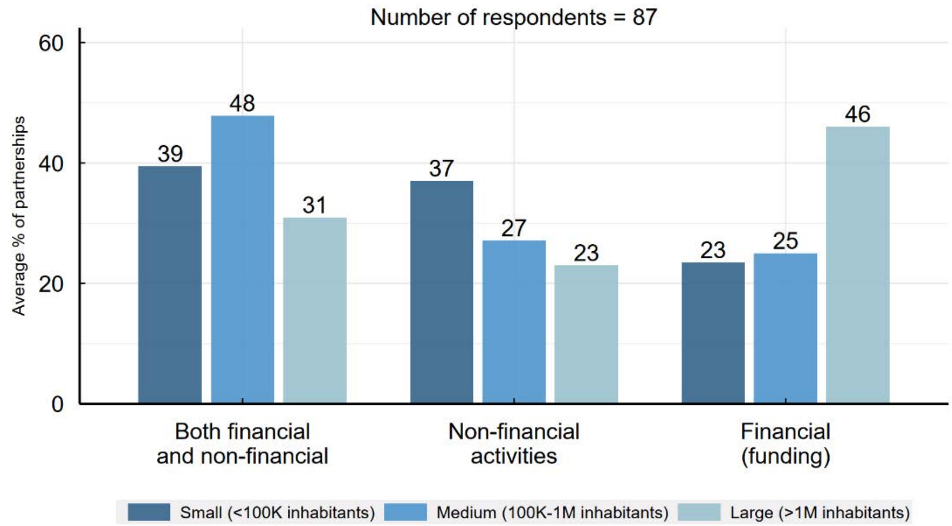
Figure 3.7. Financial and non-financial DDC activities of LRGs in DAC countries



Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Smaller municipalities and regions tend to rely more on non-financial DDC than larger ones. Differences also emerge across city and region size categories. Medium-sized cities and regions in DAC countries report the highest share of partnerships combining financial and non-financial activities (48%). In contrast, large cities and regions are more likely to rely exclusively on financial contributions (46%), while small cities and regions show the highest proportion of purely non-financial partnerships (37%). The findings suggest that population size may influence the type of DDC activities LRGs engage in, with larger jurisdictions more frequently mobilising financial resources and smaller ones placing greater emphasis on knowledge exchange and capacity-building activities (Figure 3.8).

Figure 3.8. Financial and non-financial DDC activities of LRGs by population size



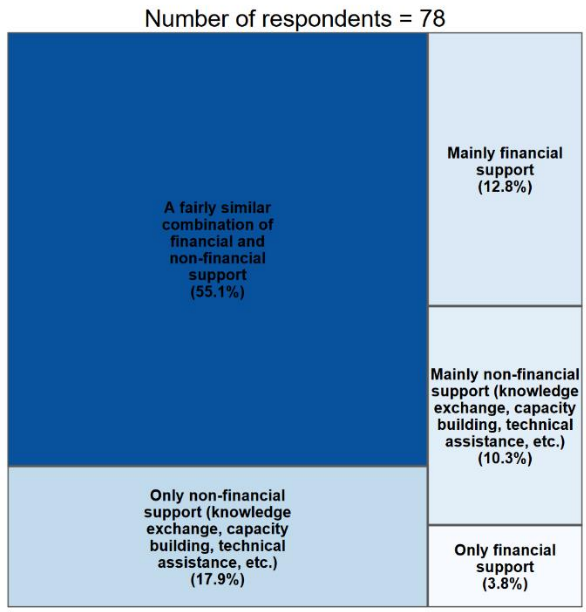
Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

The majority of LRGs in partner countries report that they receive a fairly similar combination of financial and non-financial DDC. Overall, 54% indicate that they benefit from both forms of support. A further 18% report only receiving non-financial support (rising to more than 30% in partnerships involving Ukraine) and 10% mainly non-financial support, while a smaller share of 17% receives mainly or only financial support (Figure 3.9). Both types of support are highly relevant to partner cities and regions, which rate the overall value provided through the partnerships at 4.6 out of 5 for both financial and non-financial support. However, because ODA reporting frameworks focus primarily on financial flows and many regions, and particularly municipalities undertaking non-financial DDC partnerships, are not reporting on these projects, the non-financial dimension of DDC is systematically under-reported in ODA flows (OECD, 2023[3]).

Peer-to-peer learning activities, capacity building and study trips are the most common types of non-financial DDC. A total of 81% of respondents from cities and regions in DAC countries, reported conducting mutual peer-to-peer learning activities (Figure 3.10). Furthermore, around 69% of responding LRGs in DAC countries conduct training programmes and capacity-building workshops, while 59% organise study trips and learning missions. Cultural exchanges, such as through heritage preservation projects or festivals, also play an important role among non-financial activities with 57% of respondents. Less frequently used non-financial DDC activities include technical advice and policy support (29%), institutional strengthening (29%) and staff secondments or expert deployments (20%), which are used, for example, in the cases of Lahr/Schwarzwald (Germany), Basque Country (Spain) and Glasgow (the United Kingdom) (Box 3.4). The DDC impact survey for partner cities and regions confirms similar patterns, with study trips (77%), training programmes and capacity-building workshops (66%) as well as peer-to-peer learning activities (66%) being the three most common types of non-financial DDC, followed by cultural exchanges and joint cultural activities (58%).

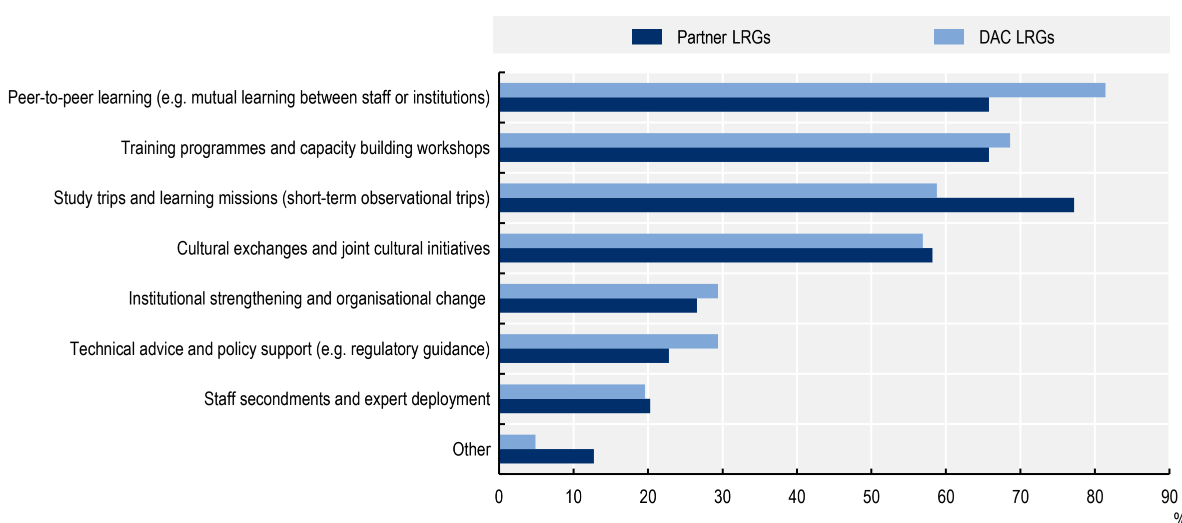
Figure 3.9. Financial and non-financial DDC activities in partner LRGs

Share of financial and non-financial DDC received by partner LRGs



Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Figure 3.10. Non-financial activities included in LRGs in DDC activities



Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Box 3.4. Examples of non-financial DDC activities across selected case studies

Region of Emilia-Romagna, Italy

Knowledge and experience sharing is one of the key objectives of DDC activities conducted by the region of Emilia-Romagna. The region regularly welcomes LRGs from partner countries and provides training for them to learn from Emilia-Romagna's experience in decentralisation processes, health and education, among other areas. Emilia-Romagna has accompanied several DDC partner regions in developing legislative frameworks on the inclusion of persons with disabilities in their own jurisdiction's labour market.

Municipality of Bornem, Belgium

As part of its non-financial DDC activities with the municipality of Nquthu (South Africa), the municipality of Bornem has started organising study visits for youth. For example, in 2024, five young people from each municipality jointly investigated relevant SDGs, focusing on sustainable agriculture, sustainable food and fair trade, first in their own municipality and then as part of a study visit in their partner municipality. By engaging with local farmers, conducting interviews and sharing their findings with peers abroad, the participants deepened their understanding of these issues in both contexts but also developed the ability to situate local challenges within an international framework. The project strengthened civic engagement by enabling young people to raise awareness among residents, schools, including through an exhibition that showcased their experiences.

State of Rhineland-Palatinate, Germany

The German federal state of Rhineland-Palatinate uses several non-financial activities in its DDC projects with Rwanda. These include inter-cultural training for youth exchanges between Rwanda and Rhineland-Palatinate to foster mutual understanding and raise awareness around global issues. The state also conducts awareness and empowerment training in Rwanda targeting young women, often in co-operation with NGOs. This training covers practical health-related topics such as preparing young women for their first menstruation.

City of Lahr/Schwarzwald, Germany

The partnership has leveraged staff secondments as the main form of non-financial DDC. Mixed teams from Alajuela, Costa Rica, and the city of Lahr were each seconded for a period of three months to the partner city's administration. The focus of the exchange was climate adaptation and provided an opportunity to review administrative practices, analyse local challenges and data, and provide a deeper understanding of the respective administrative structures. In the area of water treatment and sanitation, municipal staff from Lahr shared knowledge on updating wastewater treatment facilities, identifying where processes could be streamlined or adapted to local contexts. They also exposed their Costa Rican counterparts to international best practices, for example through a study visit to a leading trade fair for water, sewage, waste and raw materials management in Munich, Germany.

Sources: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris; bilateral interviews conducted with case study representatives.

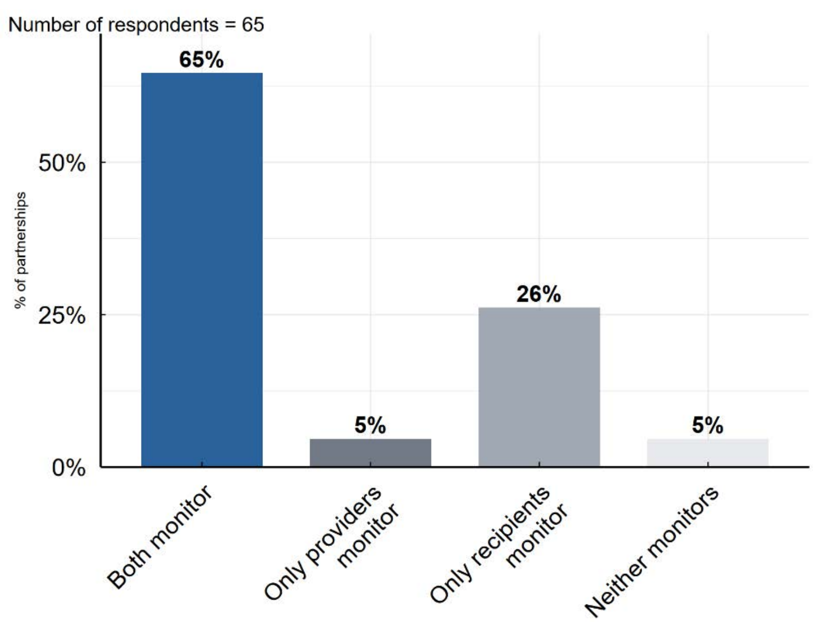
Monitoring and evaluation of DDC activities

Most LRGs in DAC and partner countries monitor their DDC activities to a certain extent or systematically with a strong focus on the long-term sustainability of outcomes

More than 60% of partnerships assess their DDC activities either systematically or to some extent. One in four LRGs in DAC countries reported systematically assessing all or most of their DDC activities, including the cases of Bavaria (Germany) and Zurich (Switzerland), compared to 47% among partner cities and regions. Another 36% stated they assess at least some of their DDC activities (41% in partner countries), including the region of Reggio-Emilia (Italy), the Basque Country (Spain) and the Counties of Böblingen and Gießen (Germany) (Box 3.5). A further 20% indicated that they do not assess any of their DDC activities yet (9% in partner countries), but are planning to do so in the future, such as the city of Dresden, the municipality of Baruth/Mark (both in Germany) and the city of Glasgow (the United Kingdom). Another 20% (4% in partner countries) reported not assessing their DDC activities at all. Overall, in 65% of partnerships, both sides engage in some type of monitoring activities. However, in only 17% of partnerships do both sides systematically assess DDC activities, while in 42% of partnerships, there is no systematic monitoring on either side (Figure 3.11).

Figure 3.11. M&E of partnerships

Share of LRGs reporting the monitoring of their DDC activity outcomes



Note: Binary definition: monitoring = systematic or some assessment; not monitoring = planning to assess or no assessment. Unit of analysis: matched partnerships; only partnerships where both partners responded to the question were considered.
Sources: OECD (2025[1]), “OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes”, Unpublished, OECD, Paris; bilateral interviews conducted with case study representatives

Box 3.5. M&E systems used in selected case studies

County of Böblingen, Germany

The county conducts regular monitoring as part of its sustainability strategy to systematically assess the effectiveness and progress of its sustainable development policies and measures. Its monitoring process encompasses questions on whether a measure has been completed, which factors contributed to its success, whether it was postponed or cancelled, and the reasons behind such decisions. These questions inform future planning and strategic adjustments. In addition, evaluations take place as a mandatory component of projects funded by SKEW. For example, the county's waste management authority, together with the municipality of El Guettar (Tunisia), successfully applied for funding to build a composting facility. Documentation and evaluation are central components of the project: upon completion, evidence must be provided on whether the predefined goals and activities were achieved, and more importantly, what long-term impacts the project has generated, e.g. regarding environmental benefits, local value creation, educational work or knowledge transfer.

County of Gießen, Germany

The district of Gießen monitors its DDC primarily through results-based project reporting and structured exchanges with partner organisations. Monitoring takes place within Federal Ministry of Economic Cooperation and Development-funded programmes implemented by SKEW. These programmes require narrative and financial reports that track progress against jointly defined objectives and ensure alignment with the SDGs. To complement this evaluation, the county gathers qualitative insights from its partner municipality of Mubende (Uganda) through regular online meetings and reciprocal visits. Internally, project milestones and progress on outputs are tracked by the municipal development policy co-ordinator to provide transparency and institutional continuity.

City of Zurich, Switzerland

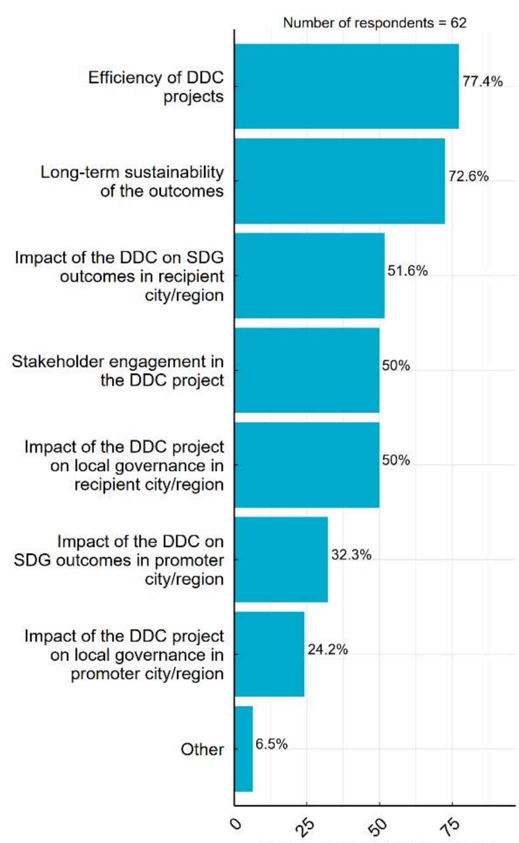
All DDC projects and city-to-city partnerships carried out by the city of Zurich have their own monitoring, evaluation and reporting systems, which differ depending on the typology of development co-operation categorised into three modules:

- Module A (Financial support to NGOs from Zurich) uses the Swiss Agency for Development and Cooperation's M&E framework.
- Module B (Financial support for development projects submitted by Swiss NGOs in annual call for proposals) requires NGOs to submit results frameworks.
- Module C (City-to-city partnerships) relies on implementing partners to develop logical frameworks and indicators.

Annual financial and narrative reporting is required for all modules. Each city-to-city co-operation follows structured governance mechanisms, including a steering committee with representatives from Zurich, the partner city, the partner organisation and other relevant actors which meets regularly to review progress and adjust activities. Partner organisations submit annual reports based on a results framework or log frame, share regular updates and involve the cities in strategic decisions about the partnership. The evaluation plan for each city-to-city co-operation includes a mid-term review to assess progress, effectiveness and areas requiring adjustment. At project completion, an independent external endline evaluation measures outcomes, impact and sustainability. This final evaluation also aims to provide insights to inform future city-to-city co-operation.

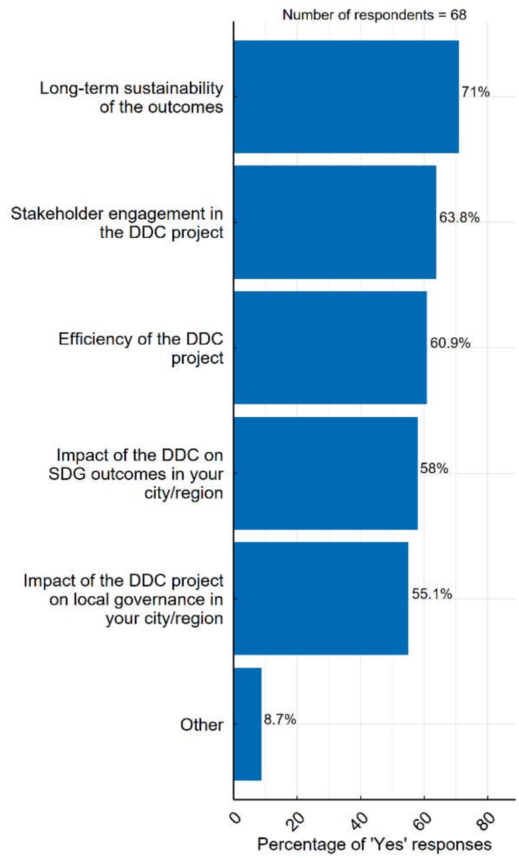
Among LRGs with an M&E system in place, the main focus is on assessing the efficiency of DDC projects and the long-term sustainability of outcomes. Around 77% of LRGs in DAC countries with an M&E system in place reported assessing the efficiency of DDC activities and 73% analyse the long-term sustainability of DDC outcomes and 52% of respondents with an M&E system in place monitor and evaluate the impact of their DDC projects on SDG outcomes in their partner city or region (Figure 3.12). About half monitor the impact of DDC projects on SDG outcomes (52%) and local governance (50%) in their partner city or region, while 50% assess stakeholder engagement (e.g. the breadth, quality and inclusiveness of participation in DDC activities). Assessing the impact of DDC in their own city or region is less common, with 32% evaluating SDG outcomes (e.g. Böblingen and Bornem) and 24% local governance impacts (e.g. Châtellerault, Baruth/Mark and Emilia-Romagna). For example, Châtellerault's partnership with Kaya (Burkina Faso) includes some proxy indicators that measure process and governance aspects, such as quality of co-ordination, existence of strategic plans and frequency of stakeholder meetings. In contrast, partner LRGs' M&E systems place stronger emphasis on the long-term sustainability of outcomes and the level and quality of stakeholder engagement in the partnership. Among partner respondents, 71% reported monitoring the long-term sustainability of partnership outcomes and 64% assess stakeholder engagement in DDC projects, while around 60.9% monitor project efficiency (Figure 3.13). Partner LRGs also frequently assess the impact of DDC on SDG outcomes in their own city or region (58%) and on local governance (55%). The findings suggest that partner LRGs' M&E systems tend to focus more strongly on implementation processes, local ownership and long-term results, reflecting their role as primary beneficiaries of DDC activities.

Figure 3.12. Scope of DDC M&E systems: LRGs in DAC countries



Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Figure 3.13. Scope of DDC M&E systems: LRGs in partner countries



Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

DDC M&E often relies on qualitative methods, with LRGs in DAC countries focusing on accountability and partners using M&E more for strategic planning and stakeholder engagement

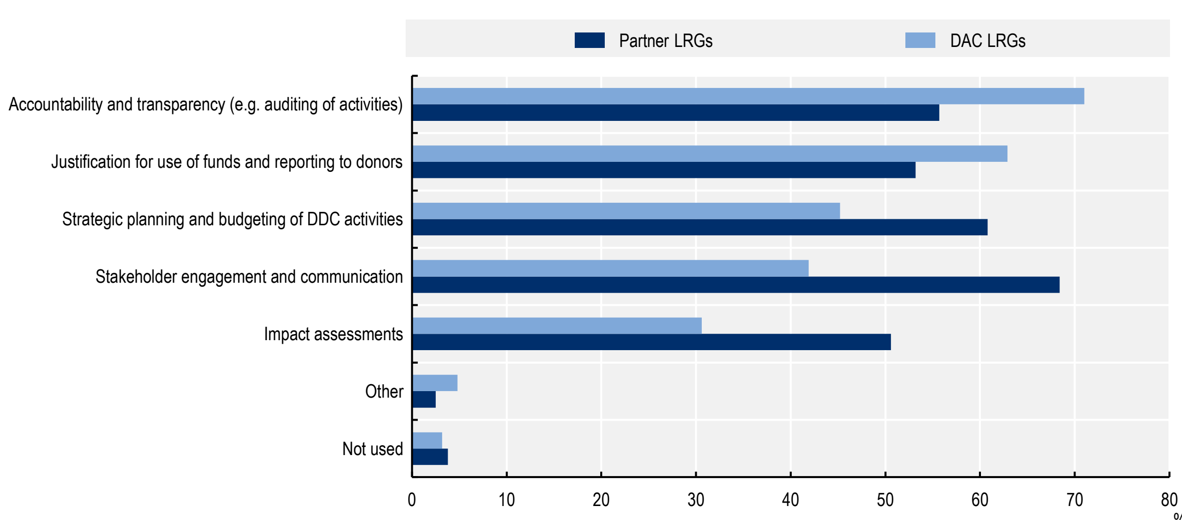
Qualitative evidence such as activity reports and documentation of lessons learned is the most common source of information used by DAC and partner LRGs for DDC M&E. Around 65% of LRGs in DAC countries and 84% of partner LRGs who responded to the DDC impact survey rely on these sources. Surveys, interviews and feedback sessions are also widely used by around 42% of DAC respondents (e.g. Bavaria and Bornem) and 62% of partner LRGs. These findings highlight the predominance of qualitative approaches in DDC M&E. Quantitative data sources are less common. Around 23% of LRGs in DAC countries and 33% of partner LRGs use local or regional databases, while 9% of LRGs in DAC countries and 6% of partner LRGs draw on national or international databases. The usage of innovative data sources is rare among both LRGs in DAC countries (2%) and partner LRGs (9%). Outsourcing of M&E is relatively common. Around 41% of LRGs in DAC countries and 34% of partner LRGs use third-party evaluations as part of their M&E. Among the case studies, all international LRGs leverage third-party evaluations, while among German case studies only Bavaria does so. In Bavaria, external independent evaluations are mandatory for larger DDC projects from the second round of funding onwards to provide lessons for future initiatives.

LRGs in DAC countries mostly conduct evaluations at the end of a project or funding period, while yearly evaluations are most common among their partners. Around 44% of LRGs in DAC countries follow an end-of-project evaluation approach, including the majority of case studies, compared to 26% of partner LRGs. By contrast, 24% of LRGs in DAC countries conduct yearly evaluations (e.g. Fredericton and Châtellerault) whereas this is the most common evaluation frequency among partner LRGs (41%). More frequent evaluations, conducted every six months or more often, are less common, reported by 16% of LRGs in DAC countries and 29% of partner LRGs. Biennial evaluations are rare, used by only around 7% of LRGs in DAC countries, for example in the case studies of Baruth/Mark, Germany, and Emilia-Romagna, Italy, and 1% of partner LRGs that conduct evaluations.

While LRGs in DAC countries mostly use M&E for accountability and transparency purposes, partner LRGs focus more on stakeholder engagement and strategic planning. Around 63% of LRGs in DAC countries leverage M&E as a justification for the use of funds and to report to donors, including in the vast majority of case studies (Figure 3.14). Slightly less than half (45%) of LRGs use M&E findings to inform the strategic planning and budgeting of their DDC activities, as seen in the case studies of Châtellerault (France), Zurich (Switzerland), Bavaria (Germany) and Baruth/Mark (Germany). For example, Châtellerault uses indicators in its M&E framework to highlight which of its activities worked and which did not, adjusting their implementation strategy accordingly. Monitoring data also feed internal reporting to elected officials and departments to inform decisions on the continuation and design of the co-operation and strengthen their buy-in. For around 42% of LRGs, M&E is a tool through which they engage stakeholders and communicate the results of their DDC activities while 30% use it to assess impact in their own city or region, e.g. the case studies of Böblingen, Lahr/Schwarzwald (both Germany), Emilia-Romagna (Italy) and Châtellerault (France). The pattern in partner LRGs is different. Their M&E is mostly used for stakeholder engagement and communication (68%) and strategic planning (61%), slightly less so for accountability (56%) and justification for the use of funds and reporting to donors (53%). Using the results of M&E for impact assessment is also common (51%). The contrast indicates that LRGs in DAC countries adopt a more accountability-driven approach to M&E, while partner LRGs use M&E more as a strategic tool for planning, communication and impact assessment.

Figure 3.14. The use of M&E findings

Share of different types of M&E uses among LRGs in DAC and partner countries



Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

The lack of financial resources is the main M&E challenge

The lack of financial resources is the main challenge related to M&E for both DAC and partner LRGs. More than half of responding LRGs in DAC countries (53%) and partner LRGs (60%) report insufficient financial resources to conduct M&E of their DDC activities. For LRGs in DAC countries, other common barriers include institutional, legal or administrative constraints (37%), limited technical capacity or expertise (36%), and external factors (30%). These also rank among the four main challenges reported by partner LRGs, with external factors affecting around 50% of them. While LRGs in DAC countries also reported facing poor communication and co-ordination challenges between partners (28%), this was mentioned by only 6% of partner LRGs. Limited support from political leadership (21% among LRGs in DAC countries, 10% among partner LRGs) and stakeholders and local community (17% among LRGs in DAC countries, 6% among partner LRGs) is less common. Other challenges mentioned include limited human resources, a lack of time to engage in M&E and the fact that monitoring might be restricted to the duration of the funding period, as reported in the case of Lahr/Schwarzwald (Germany).

Barriers and enabling factors for DDC at the regional and local levels

Limited financial resources are the main barrier to achieving DDC outcomes

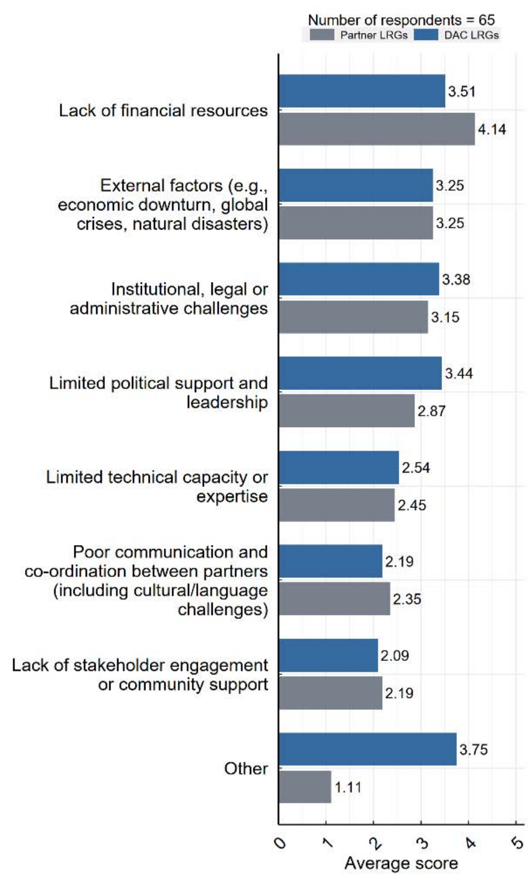
A lack of financial resources is the main barrier preventing DAC and partner LRGs from achieving intended local governance and SDG outcomes of their DDC activities. While LRGs in DAC countries ranked the lack of financial resources with an average score of 3.5, the challenges in terms of financial resources are even more pronounced among their partners (4.1) (Figure 3.15). This confirms the findings from a previous OECD study focused on DDC in Germany, which highlighted short-term one-year funding arrangements as a major obstacle for the medium- and long-term sustainability of DDC programmes (OECD, 2023[2]). It reflects findings from another recent OECD study on SDG localisation (OECD, 2024[4]), which had found that more than 60% of LRGs indicated the lack of financial resources as the main obstacle for the implementation of the SDGs at large.

One challenge that municipalities and regions without a dedicated DDC or international affairs department face is that their work on DDC is often an additional task. Limited personnel resources often mean that partnership activities are conducted on top of regular responsibilities, a challenge that was for example reported by the county of Böblingen, Germany. The municipality of Bornem, Belgium, also faces challenges due to its reliance on few staff in the administration on both sides of the partnership and growing financial and human resource constraints, with the dedicated global policy staff reduced from a full-time to a 0.75 full-time equivalent position.

Other main barriers reported by LRGs include institutional, legal or administrative challenges, limited political support and leadership as well as external factors. While institutional, legal or administrative challenges are slightly more pronounced in LRGs in DAC countries (3.4) compared to their partners (3.2), external factors impact both to the same extent (3.3). Limited political support and leadership also emerge as a relatively significant barrier, particularly for LRGs in DAC countries (3.4) compared with partner LRGs (2.9). By contrast, constraints related to limited technical capacity or expertise are perceived as somewhat less severe, with similar scores reported by LRGs in DAC countries (2.5) and partner LRGs (2.4). Challenges related to poor communication and co-ordination between partners, including cultural or language differences, as well as lack of stakeholder engagement or community support, appear to play a comparatively smaller role, both scoring slightly above 2 on average. However, cities and regions may face public scrutiny and need to justify international activities to the local population. This was reported by the city of Glasgow, the United Kingdom, underscoring the particular need for this in times of public budget constraints. Other challenges mentioned by LRGs in DAC countries include the lack of co-ordination at the regional or state level and the absence of an explicit SDG strategy in place at the local level. Overall, the results suggest that structural and resource-related constraints, such as the availability of financial resources and institutional settings and frameworks, represent larger barriers for delivering effective DDC than relational or participatory challenges, such as stakeholder engagement and the co-ordination between partners engaged in DDC projects.

Figure 3.15. Main barriers affecting DAC and partner LRGs ability to achieve intended DDC outcomes

Weighted ranking score of main barriers that have affected LRGs ability to achieve the intended local governance and SDG outcomes of their DDC activities



Note: Unit of analysis: matched partnerships; only partnerships where both partners responded to the question were considered.
Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

LRGs consider political leadership, collaboration with CSOs, long-term programming and improved access to funding as key enablers to strengthen DDC impact

Support for DDC activities from the administration and local political leadership is high among responding LRGs on both sides of the partnerships. Team leaders' and project managers' support received the highest ratings, with 84% of LRGs reporting a score above 4 on a scale of 1 to 5, followed by support from heads of department (76%). LRGs also report strong support from their mayor or governor, with 72% of respondents across DAC and partner LRGs indicating that mayors take an active role in supporting their city's or region's DDC activities.

Political leadership is essential because DDC requires municipalities and regions to commit scarce resources, such as staff time, public funds and political capital, to global issues whose local relevance may not be immediately visible to voters. In practice, strong political leadership:

- Legitimises DDC as a core local policy field rather than an optional add-on.
- Ensures that available funding streams and legal tools are fully understood and utilised.
- Enables the LRG to invest in long-term staff expertise and partnerships.
- Positions DDC as part of a wider vision of the municipality's or region's global role and responsibility.

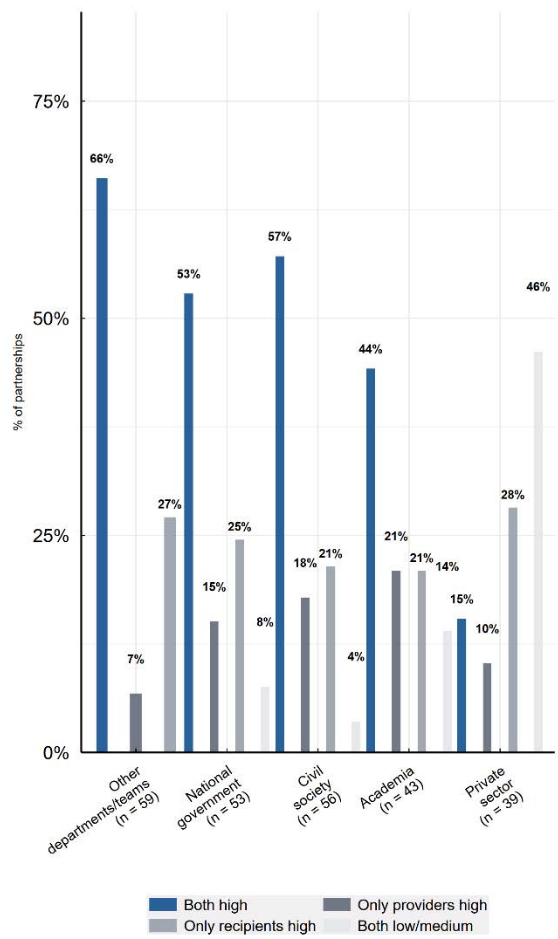
Concrete examples of transformative local leadership around DDC abound. Across different institutional and funding contexts, political leadership emerges as one of the key cross-cutting factors in making DDC effective. In Spain, autonomous regions such as Catalonia and the Basque Country have embedded DDC in their statutes and annual budgets, sustained by long-standing cross-party political leadership. The creation of dedicated, professionalised co-operation agencies, such as the Basque Catalan, Asturian or Andalusian Development Co-operation Agencies, was the direct result of political will to institutionalise international solidarity at the regional level. This political will ensures that even when national strategic priorities shift, DDC endures. It can in particular help to address some of the institutional, legal and administrative challenges that survey respondents highlighted as main barriers by providing clear responsibilities, leadership and administrative structures to organise DDC activities. Global citizenship education, which "aims to empower learners of all ages to assume active roles, both locally and globally, in building more peaceful, tolerant, inclusive and secure societies" (UNESCO-UNEVOC, 2025[5]) can further support this by fostering informed, engaged citizens and nurturing political leadership that recognises the value of international co-operation at the local level (PLATFORMA, 2020[6]).

In terms of resources, LRGs consider themselves best equipped with technical resources, such as knowledge, expertise and technology. Overall, 51% of respondents on both sides of the partnership perceived the allocation of technical resources as adequate.[7] Financial resources were viewed less favourably, with only around 26% of partnerships reporting that they were adequately equipped. In 39% of partnerships, both sides reported insufficient financial resources, while in the remaining 35% only one partner considered the available funding to be adequate. Respondents identified human resources as the most significant constraint. Only 19% of partnerships reported that both partners considered their staffing levels adequate. However, partner LRGs appear to view their human resource situation as less challenging than LRGs in DAC countries, with 37% of partner LRGs reporting adequate staffing compared to 21% among LRGs in DAC countries. Overall, these findings point to a relative imbalance, with LRGs reporting stronger access to technical capabilities than to the financial and human resources needed to operationalise them effectively.

Horizontal collaboration and engagement with civil society are key enablers for DDC activities. Both DAC and partner LRGs rate the contribution of other municipal departments or teams as high (scores of 4 or more on a scale of 1 to 5), highlighting the importance of cross-departmental co-ordination (Figure 3.16). Civil society also plays a key role, with both partners reporting a strong contribution in 57% of partnerships. By drawing on the expertise of civil society, LRGs can engage a wider group of stakeholders in their DDC activities. Beyond their role as implementing partners, CSOs can strengthen the democratic legitimacy and sustainability of DDC by fostering accountability, civic participation and transnational solidarity. Furthermore, leveraging civil society actors can also help respond to the earlier barrier of limited personnel resources. DDC also helps to foster collaboration within administrations. In Böblingen, Germany, for example, the policy officer for DDC has an internal co-ordination role, pulling thematic units into DDC activities, e.g. experts working on waste management or tourism. National governments are also important contributors, with both partners reporting high involvement in 53% of partnerships, followed by academia (44%). For example, the city of Zurich, Switzerland, works together with the Federal Institute of Technology Zurich to train NGOs on the usage of M&E frameworks. By contrast, the private sector plays a more limited role in both DAC and partner LRGs. Only 15% of partnerships report a strong contribution from private actors on both sides, although their involvement is more frequently highlighted by partner LRGs (28%) than by LRGs in DAC countries (10%). In this context, DDC can help catalyse private investment beyond the immediate scope of a partnership. For example, a DDC project on urban revitalisation between Alba Iulia (Romania) and Edinet (Moldova), supported by the European Commission, attracted over EUR 1 million in local private investment alongside EUR 3 million in public infrastructure spending, and led to the opening of five new cafés and shops in the town centre (OECD, 2025[7]). Finally, national and international associations and networks of LRGs may also play an enabling role by consolidating knowledge from DDC partnerships and supporting its dissemination and replication (OECD, 2023[3]).

Figure 3.16. The contribution of territorial stakeholders to DDC activities

Contribution of different stakeholders to DDC activities on a scale of 1 to 5

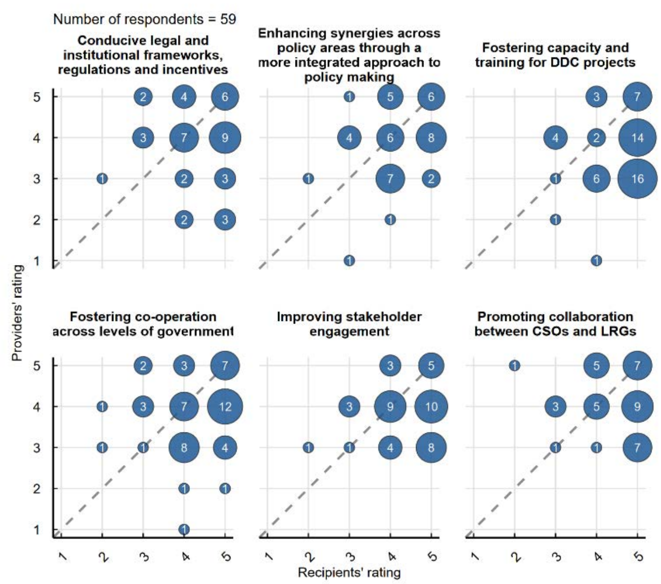


Note: Binary classification based on scale: High = 4-5; Low/medium = 1-3. Unit of analysis: matched partnerships; only partnerships where both partners responded to the question were considered. Number of partnerships in parentheses.
Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Overall, LRGs consider promoting collaboration between CSOs and LRGs as the most promising way to enhance the local governance impact of their DDC activities. Considering responses from both DAC and partner LRGs, this action received the highest average score (4.3 on a scale of 1 to 5), ranking as the top priority for partner LRGs and the second priority for LRGs in DAC countries. They also emphasised the value of strengthening legal and institutional frameworks (4.2), particularly among partner LRGs, followed by conducive legal and institutional frameworks, regulations and incentives (4.1). Another key action is fostering capacity and training for DDC projects (4.1 across all partners), which was the highest rated option among partner LRGs (4.6). Overall, all proposed actions received average scores above 4 out of 5 and show a high degree of alignment between DAC and partner LRGs, indicating that they view a broad range of complementary measures as relevant for strengthening DDC's contribution to local governance (Figure 3.17). These actions could help address several of the barriers identified in the previous section. For example, stronger multi-level co-operation and institutional frameworks could help overcome legal and administrative challenges, while training can target the capacity gaps that can hinder the desired outcomes of DDC activities.

Figure 3.17. Possible actions to help LRGs improve the impact of their DDC activities on local governance

Alignment of responses about potential actions to improve the impact of DDC activities on local governance between LRGs in DAC and partner countries

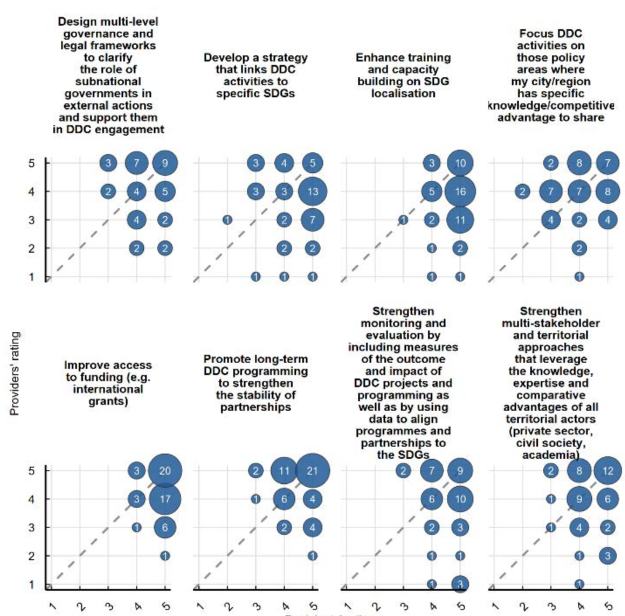


Notes: Unit of analysis: matched partnerships; only partnerships where both partners responded to the question were considered. The figures compare DAC and partner LRGs assessments of the importance of different actions to improve local governance outcomes (1 = low priority, 5 = high priority). Each bubble represents the number of matched partnerships reporting a given combination of scores, with larger bubbles indicating more frequent responses. The dashed diagonal line indicates equal assessments between DAC and partner LRGs; points above the line reflect higher ratings by LRGs in DAC countries, while points below indicate higher ratings by partner LRGs.
Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

LRGs view long-term DDC programming and improving access to funding as essential for strengthening the impact of their activities on the SDGs. Improving access to funding, such as international grants, received the highest level of support, particularly among partner LRGs (4.9) and also strongly among LRGs in DAC countries (4.3) (Figure 3.18). Promoting long-term DDC programming to strengthen the stability of partnerships is another top priority, with similarly high ratings from both partner LRGs and LRGs in DAC countries (4.5). These actions directly address financial barriers and short-term funding cycles identified earlier as key challenges. Other highly rated actions include strengthening multi-stakeholder and territorial approaches that leverage the knowledge and comparative advantages of actors such as the private sector, civil society and academia (4.4 among partner LRGs and 4.1 among LRGs in DAC countries), and focusing DDC activities on policy areas where cities or regions have specific expertise to share (around 4 among both groups). Respondents also highlighted the importance of institutional and strategic measures, including designing multi-level governance and legal frameworks to clarify the role of subnational governments in external action (4.3 and 4.1), developing strategies that link DDC activities to specific SDGs (4.4 and 3.7), and enhancing training and capacity building on SDG localisation (4.7 and 3.8). Strengthening M&E systems receives the lowest score among LRGs in DAC countries (3.9), although it is rated more highly by partner LRGs (4.5). The findings show the structural and resource-related barriers they face (e.g. funding, institutional fragmentation and limited human resources) and that LRGs emphasise the respective enabling conditions such as more stable financing, longer-term programming, stronger partnerships and clearer governance frameworks to enhance the impact of their DDC activities on the SDGs.

Figure 3.18. Possible actions to help LRGs improve the impact of their DDC activities on SDG outcomes

Alignment of responses about potential actions to improve the impact of DDC activities on SDG outcomes between LRGs in DAC and partner countries



Note: Unit of analysis: matched partnerships; only partnerships where both partners responded to the question were considered. The figures compare DAC and partner LRGs assessments of the importance of different actions to improve SDG outcomes (1 = low priority, 5 = high priority). Each bubble represents the number of matched partnerships reporting a given combination of scores, with larger bubbles indicating more frequent responses. The dashed diagonal line indicates equal assessments between DAC and partner LRGs; points above the line reflect higher ratings by LRGs in DAC countries, while points below indicate higher ratings by partner LRGs.
Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

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Notes

[1] For the purpose of this study, cities and regions are grouped into those located in OECD DAC countries and those located in countries eligible for ODA. Four OECD members (Colombia, Costa Rica, Mexico and Türkiye) are currently included in the OECD DAC list of ODA recipients. They are counted among the ODA-eligible countries in this study. The terminology used in the survey reflects this simplified analytical distinction.

[2] Regions within the 38 OECD countries are classified on two territorial levels - large (TL2) and small (TL3) - reflecting the administrative organisation of countries. This classification facilitates greater comparability of geographic units at the same territorial level. The two territorial levels, which are officially established and relatively stable in all member countries, are used as a framework for implementing regional policies in most countries. The 435 OECD large (TL2) regions represent the first administrative tier of subnational

government, for example, Texas in the United States. The 2 420 OECD small (TL3) regions correspond to administrative regions, except in Australia, Canada, Latvia and the United States. For European countries, TL regions are largely consistent with the Eurostat NUTS2 and NUTS3 2024 classification. TL3 regions are contained in a TL2 region, except in the United States. For Costa Rica, Israel and New Zealand, the TL3 level is equivalent to the TL2 level. All the regions are defined within national borders. See Table 1 for map sources and Table 2 for the regional classification of each country.

[3] It should be noted that the number of years indicates the duration of a specific partnership with an OECD city or region, not the overall period of engagement in DDC.

[4] The results differ slightly from the data available in the OECD CRS, where the most common thematic areas of cross-border DDC flows in 2023 included multi-sector activities, support to government, civil society and peace-related activities (18%), health (16%), emergency response (12%) and education (8%), which can be explained by the different samples and the fact that the survey responses capture both the financial and non-financial components of DDC, while the CRS focuses on the financial component (see respective section for details).

[5] The results differ from the CRS, which shows that most cross-border DDC ODA is channelled through NGOs and civil society (see respective section for details). The difference may result from both the different sample of LRGs captured by the DDC impact surveys and from the fact that the non-financial component of DDC, which is underreported in the CRS, is mainly present in the typology of direct co-operation between LRGs.

[6] Fourteen out of 16 case studies have responded to the DDC impact surveys.

[7] The allocation of resources is considered adequate if the rating of both of the partners is at least 4 out of 5.

4 Assessing the impact of DDC

This chapter develops and applies an analytical framework to assess the impact of decentralised development co-operation (DDC) on local governance and United Nations Sustainable Development Goal (SDG) outcomes. Building on evidence from OECD DDC impact surveys, case studies and the literature, the analytical framework sets out the expected linkages between financial and non-financial DDC inputs to territorial outcomes, while accounting for the role of local conditions and institutional capacities. It then operationalises this framework by combining surveys and case-study evidence on perceived impacts with quantitative analysis based on localised Creditor Reporting System data and subnational indicators, to examine how DDC contributes to improving local governance and the SDGs and whether DDC official development assistance is statistically associated with measurable outcomes across provider and recipient regions and cities.

While decentralised development co-operation (DDC) is increasingly recognised as a mechanism through which local and regional governments (LRGs) contribute to sustainable development, the evidence base on its impacts remains limited, particularly at the subnational level and for non-financial forms of co-operation. This gap concerns both sides of DDC partnerships. For partner regions and cities in official development assistance (ODA)-eligible countries, more evidence is needed on whether DDC contributes to improvements in development outcomes at the territorial level and through which governance and institutional channels these effects materialise. For regions and cities in OECD Development Assistance Committee (DAC) countries, the benefits of DDC are also insufficiently measured, particularly those related to non-financial DDC such as institutional learning, governance capacity, policy innovation and multi-stakeholder engagement. Combining qualitative and quantitative evidence is therefore necessary to capture both measurable changes at the local and regional levels alongside benefits that are more institutional, relational or long-term.

The analysis presented in this chapter draws on complementary sources of evidence to assess DDC impacts from different angles, including self-reported evidence from the 2 OECD surveys on the impact of DDC (hereafter “DDC impact surveys”) and 16 case studies, and DDC ODA data from the OECD Creditor Reporting System (CRS) database (localised at the regional and city levels) combined with local governance and United Nations (UN) Sustainable Development Goal (SDG) outcome indicators. While the surveys and case studies provide insights into the perceived impacts of DDC and the mechanisms and conditions under which these impacts are generated, the analytical framework structures these elements into expected relationships between DDC inputs, enabling conditions and outcomes. The quantitative analysis then examines whether some of these expected relationships can be observed across a wider set of regions and cities by linking localised DDC ODA flows to subnational indicators of governance and SDG outcomes in provider and recipient territories. The quantitative findings, which are exploratory and non-causal, are then considered alongside the perceived benefits reported in the DDC impact surveys and case studies to provide a more complete picture of DDC impacts. The overall analysis provides an initial empirical basis to inform the assessment of DDC impacts and identify priorities for future work as more granular data become available.

Analytical framework: from DDC inputs to local governance and SDG outcomes

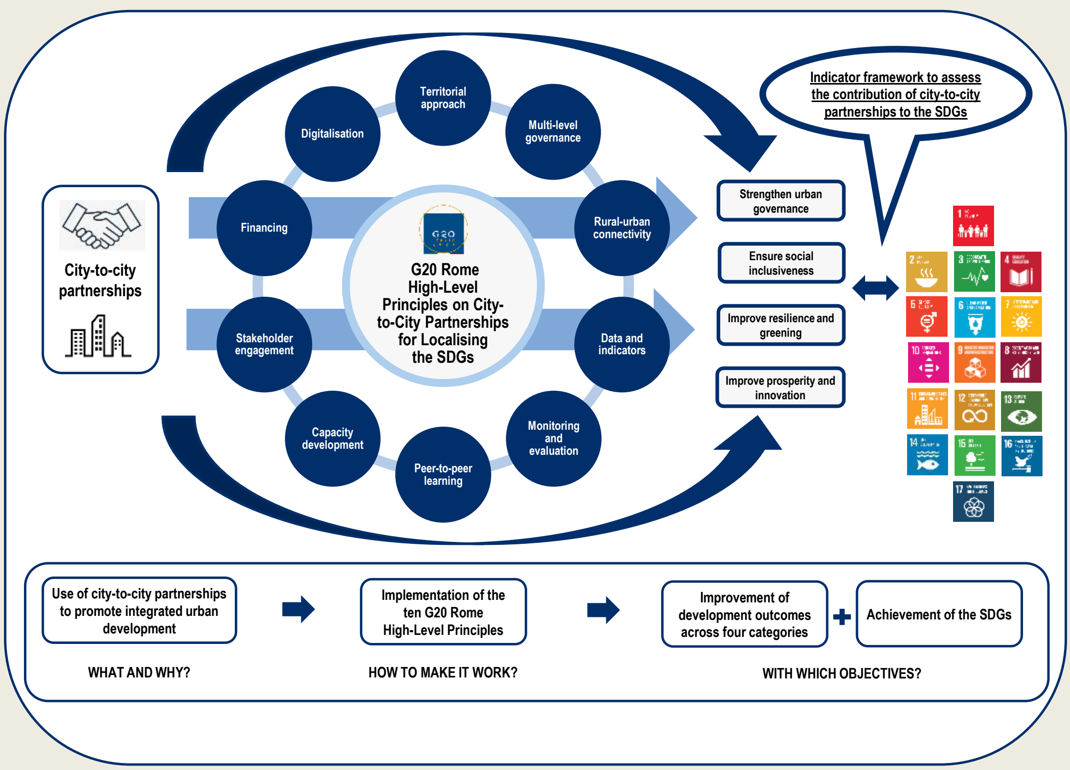
Building on the evidence gathered through the DDC impact surveys, the case studies and literature review, this section develops an analytical framework to assess the impact of DDC. The framework examines how DDC inputs, both financial and non-financial, relate to improvements in local governance and SDG outcomes, and the ways in which specific conditions and territorial characteristics, such as institutional capacities and local assets, interact with DDC to shape these outcomes. The proposed analytical framework provides a conceptual basis for assessing the impact of DDC across cities and regions in DAC and partner countries. It also helps identify the main impact pathways, expected outcomes and enabling conditions that guide the analysis and structure the evidence presented in the chapter.

The analytical framework to assess the impact of DDC on local governance and SDG outcomes builds on and expands existing monitoring and evaluation (M&E) tools. It takes as a starting point the OECD-European Commission (EC) M&E framework for city-to-city partnerships to localise the SDGs (Box 4.1), and integrates elements from national and local frameworks, including information collected through the DDC impact surveys and interviews conducted as part of the case studies. These provide valuable conceptual inputs, particularly for identifying enabling conditions, partnership mechanisms and expected areas of impact. National and local M&E tools are often more granular and context-specific, but they typically lack the harmonisation needed for international comparison. Conversely, international frameworks enable comparability but must be adapted to reflect diverse territorial and institutional contexts. To support a robust assessment of DDC, these tools must be expanded and operationalised across both sides of the impact model: inputs (i.e. financial and non-financial DDC) and outcomes (i.e. changes in local governance capacity and SDG performance). This requires careful attention to indicator selection, territorial alignment and methodological consistency to enable meaningful cross-country analysis at the subnational level.

Box 4.1. The OECD-EC M&E framework for city-to-city partnerships to localise the SDGs

The OECD and the European Commission have developed an M&E framework to assess how city-to-city partnerships contribute to localising the SDGs. The framework builds on the ten Group of Twenty (G20) High-Level Principles on city-to-city partnerships for localising the SDGs and the four objectives of the EC Partnerships for Sustainable Cities programme: i) strengthen urban governance; ii) ensure social inclusiveness of cities; iii) improve resilience and greening of cities; and iv) promote prosperity and innovation in cities (Figure 4.1).

Figure 4.1. Diagram of the OECD-EC M&E framework



Source: OECD (2023[1]), *City-to-City Partnerships to Localise the Sustainable Development Goals*, https://doi.org/10.1787/d2fe7530-en.

The framework combines two complementary components:

- A self-assessment framework: A checklist for local governments and territorial stakeholders to assess their alignment with the ten G20 principles. Inspired by other OECD governance checklists (e.g. on water governance, circular economy and policy coherence), it aims to identify framework conditions for effective partnerships and stimulate dialogue on what works, what should be improved and who is responsible. The tool includes three stages (preparation, diagnosis and action) and uses a five-scale evaluation (plus "not applicable") to capture the level of implementation.

- An indicator framework: A set of 59 indicators to measure progress of cities engaged in partnerships towards achieving the SDGs and the EC objectives. Indicators are structured around the 4 objectives of the EC programme and cover all 17 SDGs. The framework draws on existing tools such as the OECD localised SDG indicator framework, the EC Joint Research Centre (JRC) European Handbook for Voluntary Local Reviews, the United Nations Human Settlements Programme (UN-Habitat) Global Urban Monitoring Framework and the European Environment Agency indicators for European cities. Indicators were mapped against the EC Global Europe Results Framework to ensure consistency.

The analytical framework is also informed by primary evidence from the DDC impact surveys and case-study interviews. These sources provide insights into the mechanisms through which DDC generates outcomes and shape the framework in two key ways. First, as highlighted in Chapter 3, responses from cities and regions in DAC countries and in partner countries highlight the central role of non-financial components, including technical assistance, knowledge exchange and peer learning, alongside financial flows, underscoring the need to account for both types of input. Second, the evidence points to positive impacts across partners, with LRGs in DAC countries reporting improvements in local governance, international engagement and policy innovation linked to their participation in DDC. These insights inform the bilateral structure of the framework, which considers outcomes on both sides of the partnership and distinguishes between direct and indirect pathways linking DDC inputs to changes in local governance and SDG performance.

Understanding the direct and indirect pathways through which DDC influences local governance and SDG outcomes is essential for designing a sound empirical strategy to assess impact. The analytical framework should identify both direct and indirect linkages connecting DDC inputs, including financial and non-financial resources, to measurable changes in local governance performance and SDG progress at the subnational level in both DAC and partner regions and cities. These pathways may operate through various mechanisms, such as conducive institutional frameworks, improved administrative capacity, enhanced local leadership and stakeholder participation, or better access to finance, among others. In turn, improvements in local governance or development outcomes may also reinforce the effectiveness of future DDC efforts. Mapping these relationships provides a more nuanced understanding of how DDC functions as a driver of institutional change, and helps define the assumptions and variables needed for to assess the impact of DDC. A structured framework of these linkages forms the basis for the assessment presented in this chapter, guiding the formulation of the quantitative analysis and the interpretation of quantitative and qualitative evidence.

The framework should also recognise that impact pathways are expected to differ across sides of the partnership. Recipient territories are more likely to experience direct effects on local governance and SDG outcomes through financial and technical support. For provider territories, the expected benefits of DDC engagement relate primarily to governance performance, through peer learning, knowledge exchange and multi-stakeholder engagement, with any broader SDG effects likely to materialise indirectly and subsequently as a result of these governance improvements.

Beyond direct pathways between DDC inputs and outcomes, the framework should also consider how improvements in one outcome can enable progress in another, and how broader framework conditions shape these interactions. While some DDC projects are designed to produce direct outcomes, such as improving access to services and opportunities (SDG 11 on sustainable cities and SDG 10 on reduced inequalities), for instance through capacity building and investment in public transport, other indirect benefits, such as reduced emissions (SDG 13 on climate action), may emerge through interlinkages between governance improvements and SDG outcomes, as well as across the SDGs themselves. Figure 4.2 illustrates these dynamics, showing how financial and non-financial DDC inputs can generate direct benefits that can also evolve into indirect, self-reinforcing improvements between governance and

SDG outcomes. The analytical framework also underscores the influence of national, regional and local conditions, which mediate how DDC is practised and determine both the extent of its impact and the degree to which synergies between governance and SDG outcomes are achieved. It also recognises that the principles and approaches embedded in DDC partnerships (e.g. feminist development policy, human-rights-based frameworks, local democracy or peacebuilding) constitute a qualitative dimension of DDC mechanisms that might explain differentiated impacts.

Operationalising the analytical framework: methodological considerations

Operationalising the analytical framework requires combining different sources of evidence to capture perceived impacts in DAC-and-partner-country LRGs, underlying mechanisms and measurable territorial outcomes. While the framework is built on the DDC impact surveys, case studies and the literature, its application in this chapter draws on a broader evidence base. Surveys and case-study evidence is used to document perceived benefits and the mechanisms through which DDC generates positive benefits, while localised CRS data and subnational outcome indicators are used to examine whether DDC ODA is associated with measurable outcomes across provider and partner territories. This approach makes it possible to connect the perceived impact reported through the surveys, observed territorial patterns and statistical associations, while recognising that not all DDC impacts can be captured through comparable indicators.

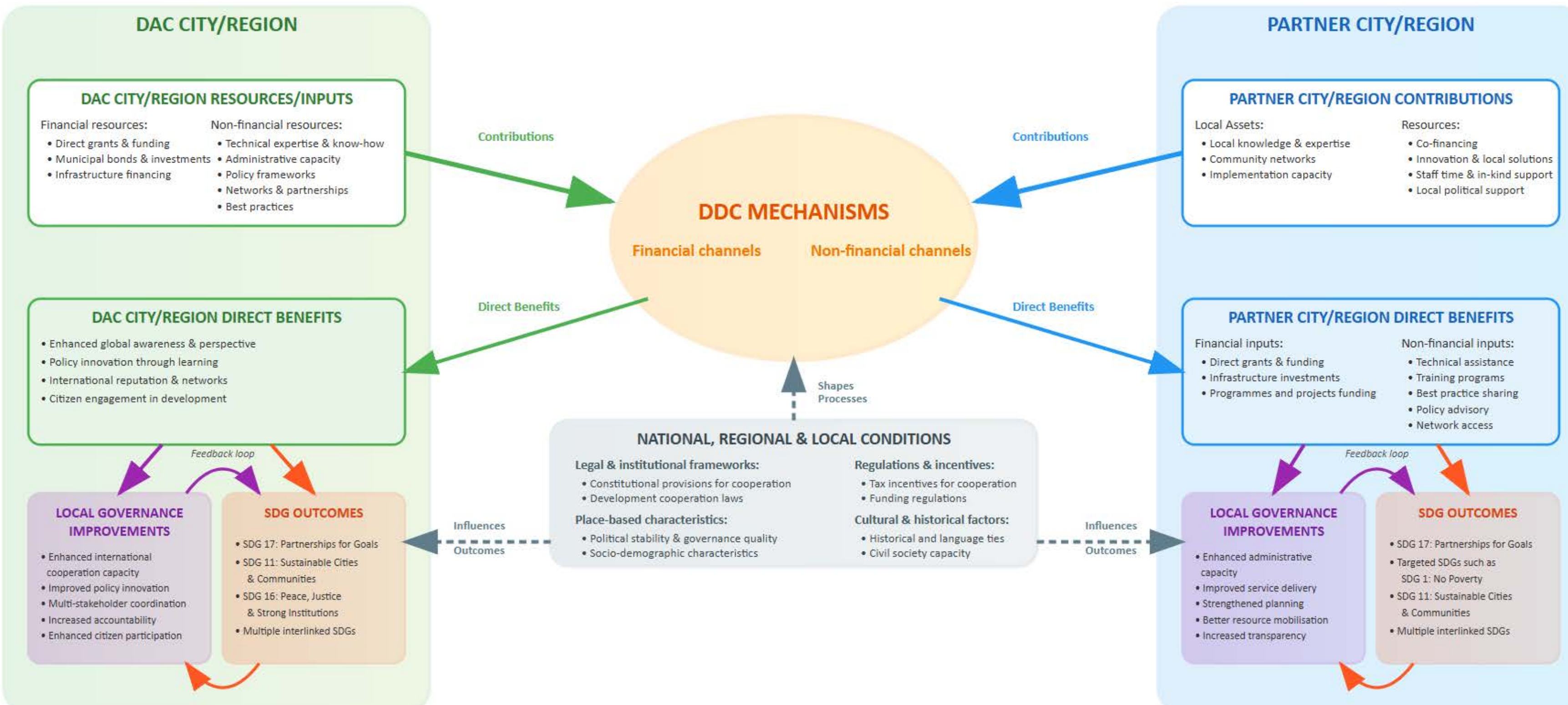
Indicators and data sources

Assessing the measurable territorial impacts of DDC needs robust and comparable territorial indicators. These include measures of inputs, i.e. the DDC activities themselves; outcomes, including on local governance and SDG performance; and enabling conditions such as institutional frameworks and local characteristics. While several OECD databases, such as the OECD CRS and the OECD Measuring Distance to the SDGs in Regions and Cities, provided significant support to initiate this work, additional sources will need to be leveraged to fill existing data gaps.

The OECD CRS provides a solid basis to measure the financial component of DDC, but greater efforts are needed to capture its non-financial dimensions. Capturing DDC is particularly complex, as it comprises both financial and non-financial components. The financial dimension can be analysed using the OECD CRS, which offers structured project-level data for DDC ODA flows (OECD, 2025[2]). However, substantial data gaps remain, especially for the non-financial elements of DDC, such as technical assistance, knowledge exchange and peer learning, which are often under-reported and/or poorly documented (OECD, 2023[3]). Targeted self-reported information, including through dedicated OECD surveys such as the DDC impact surveys (see Box 1.3), can help close some of these gaps and generate a more complete picture of DDC activities. As total official support for sustainable development (TOSSD) reporting continues to develop, it could further expand the evidence base on DDC through its broader coverage of providers, non-concessional instruments and support addressing macro regional and global challenges with substantial benefits for developing countries (International Forum on TOSSD, 2026[4]).

Measuring SDG outcomes in regions and cities in ODA-eligible countries remains challenging, although existing international frameworks and databases provide useful initial proxies. The OECD has developed a comprehensive indicator framework for measuring the distance to achieving SDGs in regions and cities, which includes some governance and civic engagement indicators (OECD, 2025[5]). Nonetheless, this framework must be extended to include non-OECD countries, as the majority of partner cities and regions lie outside the OECD area. Complementary sources with global coverage can support this extension, such as the EC-JRC Stats in the City database (Mari Rivero et al., 2025[6]), the Global Data Lab SDG Dashboard (2025[7]) and the ongoing OECD-UN-Habitat Global Stocktake on SDG Localisation, whose first objective is to measure SDG progress in a harmonised manner across cities and regions worldwide (OECD, 2025[8]).

Figure 4.2. Analytical framework of DDC mechanisms and potential outcomes



For DAC regions and cities, assessing the domestic benefits of DDC engagement requires complementary sources that capture institutional quality, administrative practices and public trust. These dimensions are only partially covered by the Measuring Distance to SDGs in Regions and Cities and other OECD databases. The European Quality of Government Index, produced by the Quality of Government Institute at the University of Gothenburg, Sweden (Charron, Lapuente and Bauhr, 2024[9]), provides a complementary source by drawing on large-scale citizen surveys to assess perceptions of public sector performance across three pillars: i) quality of public services; ii) impartiality; and iii) corruption. These dimensions align closely with the governance improvements identified in the analytical framework and reported in the OECD DDC impact surveys as key domestic benefits of DDC engagement.

Existing OECD and global databases provide baseline information on territorial characteristics, but dedicated data collection is needed to capture the institutional conditions that shape DDC impact. The impact of DDC efforts depends on a range of national, regional and local factors that determine how inputs translate into governance improvements and SDG outcomes. Standard variables such as population size, urban-rural classification and economic composition can be integrated into quantitative analysis using existing OECD and global datasets, such as the OECD database on regions, cities and local areas (2025[10]) and JRC Global Human Settlement Layer data (Pesaresi et al., 2024[11]). More specific factors, however, require tailored approaches. These factors include national legal frameworks regulating DDC, the degree of political leadership and institutional support for international engagement, the availability of human and technical resources at the regional and local levels, and the quality of multi-level governance frameworks. No harmonised international source currently captures these conditions in a consistent and comparable manner. To remediate this gap, the OECD is using the aforementioned surveys to map these enabling conditions and collect targeted data from a sample of cities and regions engaged in DDC (see Box 1.3).

Selecting the right indicators is a crucial step in assessing the impact of DDC on local governance and SDG outcomes. An overly broad selection of indicators risks overlap and reduces the clarity of the analysis. For DDC, it is essential that outcome indicators are carefully linked to the thematic focus of DDC projects. For example, poverty reduction-related partnerships should be tracked against relevant SDG 1 “No poverty” indicators, while climate-focused initiatives should be connected to indicators for SDG 13 “Climate action”. Streamlining indicators in this way ensures that the framework captures broad progress on governance and sustainable development and also reflects the specific contribution of DDC activities.

Geographical definitions

Measuring the impact of DDC requires identifying the appropriate geographical scale. This is particularly important given the multiplicity of subnational governments involved, each with different responsibilities, capacities and characteristics that shape both how DDC is provided and how it generates outcomes. For cities and regions in DAC countries, the starting point is the administrative boundaries of the subnational government engaged in DDC, typically at the regional or municipal level. For partner cities and regions, the situation can be more complex. Support may target specific neighbourhoods within a city or, conversely, generate spillovers that affect surrounding non-targeted municipalities, which points to the need for a functional approach. Ideally, impact should be measured at the geographic scale corresponding to the DDC commitment itself. That is, the territory where activities are implemented. However, the assessment should also account for potential spillovers, whether positive or negative, in surrounding areas. In practice, however, the absence of systematic data on the precise geographic scope of DDC activities means that analysis must rely on administrative boundaries as a first pragmatic approximation (see Box 4.2 for more details on OECD geographical definitions). Even this represents a significant improvement compared to country-level information, which is too aggregated to yield meaningful insights into the local impacts of DDC.

Box 4.2. OECD work on comparable definitions of regions, cities and local areas

International comparisons of subnational indicators require consistent definitions. The OECD has developed several territorial classifications and typologies for international comparisons.

Regions and territorial levels

Regions within the 38 OECD countries are classified on 2 territorial levels reflecting the administrative organisation of countries. The 433 OECD large (TL2) regions represent the first administrative tier of subnational government, for example, the province of Ontario in Canada. The 2 414 OECD small (TL3) regions correspond to administrative regions, except for four countries. All of the regions are defined within national borders. This classification – which, for European countries, is largely consistent with the Eurostat NUTS 2021 hierarchical system – facilitates greater comparability of geographic units at the same territorial level.

Functional urban areas and city definitions

The OECD, in co-operation with the European Union, has developed a harmonised definition of functional urban areas (FUAs). Being composed of a city and its commuting zone, FUAs encompass the economic and functional extent of cities based on people's daily movements. Using this methodology, the OECD has delineated around 1 300 FUAs in 37 OECD countries.

Municipalities and Local areas

The OECD is also maintaining a database and territorial grid of municipalities and local areas for all OECD countries. These geographical levels are chosen based on the following principles:

- administrative units corresponding to local governments (lowest administrative level)
- units for which data are made available by national statistical offices
- units used as building blocks for FUAs and cities
- units appropriate for the implementation of the degree of urbanisation classification
- subdivisions of other OECD territorial levels (TL2 and TL3 regions).

Sources: OECD (2025[10]), *OECD Database on regions, cities and local areas*, http://oe.cd/geostats. OECD (2025[12]), *OECD Geographical Definitions*, https://www.oecd.org/en/data/datasets/oecd-geographical-definitions.html.

Developing an empirical model provides a first step towards quantitatively assessing the relationship between DDC and both local governance and SDG outcomes. In this framework, territorial indicators on local governance (e.g. civic engagement or trust in government) and on the SDGs (e.g. air quality, educational attainment or gender equality) serve as dependent variables. The main explanatory variable is the intensity of DDC ODA (e.g. DDC ODA per capita) flows received or provided by subnational units, which can be measured in total, per capita or by sector. Control variables capture structural and contextual characteristics, including population size, socio-economic composition, institutional frameworks and territorial typologies, to account for differences across places. Such a model should allow for the measurement of the magnitude and direction of associations between DDC inputs and local outcomes as well as for the assessment of mediating factors (interaction effects) that shape how DDC translates into benefits. Where feasible, the framework should move beyond identifying correlations to apply strategies that strengthen causal inference.

The quantitative component provides an exploratory assessment of whether DDC ODA is associated with measurable territorial outcomes. In practice, the analysis links localised DDC ODA flows to subnational indicators of local governance and SDG outcomes, while accounting for structural and contextual characteristics such as population size, socio-economic conditions, institutional frameworks and territorial typologies. The objective is not to establish causal effects, but to assess whether the relationships suggested by the analytical framework can be observed across a wider set of territories on both sides of the partnerships. The detailed empirical specifications, variable definitions and regression outputs are presented in Annex D.

A quantitative approach to assess the contribution of DDC

Guided by the analytical framework developed in the previous section, this section presents a quantitative approach to assess the associations between DDC ODA and both local governance and SDG outcomes. It begins by describing the data underpinning the analysis, including the localisation of the CRS to identify subnational providers and recipients and the compilation of indicators on local governance and SDG outcomes for cities and regions in both DAC and partner countries. The chapter then outlines the empirical specifications used to estimate the relationship between DDC ODA and development outcomes.

Localising CRS data: identifying subnational providers and recipients

A robust empirical strategy for analysing DDC impacts requires going beyond country-level averages. National aggregates are too coarse to capture where aid is delivered and the local outcomes it generates. This calls for the localisation of both DDC variables and outcome indicators related to SDGs and local governance. This section outlines the ongoing effort to localise the CRS, identifying OECD and partner cities and regions in the 15 DAC countries for which DDC ODA data are available.

For most countries, the OECD CRS database does not provide structured data on the LRGs engaged in DDC. Provider subnational-level information is available in a standardised format for only three countries: Germany (16 TL2 regions), Spain (17) and Belgium (3). For the United Kingdom, disaggregated data are available only for 2 out of the 12 TL2 regions. While disaggregated data for Belgium and the United Kingdom are available from the beginning of the study period in 2013, the series start in 2014 for Germany and in 2017 for Spain. For other providers, DDC data are reported only at the national level, without identifying the specific subnational entities involved. On the ODA-eligible side, no DAC country systematically reports the cities or regions that benefit from DDC. This limits the ability to assess the contribution of individual actors and the geographic distribution of support.

Recent efforts have begun to improve the localisation of DDC ODA providers in the CRS, though important gaps remain. Initiatives led by the Basque Agency for Development Cooperation and consulting team ECOPER (2024[13]), through a network of offices responsible for CRS reporting, have gathered information on the specific regions and cities providing DDC ODA flows for 2022 and 2023. This represents a significant step towards improving the visibility of subnational providers and strengthening the territorial granularity of DDC data. However, these efforts remain limited in temporal coverage and do not yet extend to longer time series, constraining the ability to conduct longitudinal analysis. In addition, further work is needed to systematically localise cities and regions in partner countries, which continues to represent a key limitation for fully assessing the spatial distribution and benefits of DDC.

To address remaining gaps in the localisation of recipient regions and cities, the OECD has developed a methodology to identify the localisation of CRS project-level data. While recent initiatives, such as those mentioned above, have helped improve explicit references to subnational providers in CRS reporting, systematic information on recipient territories remains largely unavailable. In order to provide these data, the OECD has developed an approach to identify recipient regions and cities using text analysis and artificial intelligence (AI) techniques applied to CRS project descriptions; referred to as “localisation” in the remainder of this report. By identifying the specific LRGs involved, the methodology strengthens the analytical basis for assessing associations between DDC and outcomes at the subnational level, both in DAC and partner countries. The methodology can be described in five main steps (for more details on the methodology, see Annex B):

1. Build a global dictionary: Compile a reference list of city and region names from global geographic sources (e.g. Natural Earth, GeoNames and Database of Global Administrative Areas, see Box A B.1), including variants and alternate spellings. All three sources use Latin-script place names and cover a range of spellings found in CRS project descriptions, which are primarily reported in English, French, German and Spanish. The use of three complementary sources reduces the risk of missing names due to linguistic variation. For instance, “Bombay” is captured by GeoNames, whereas Natural Earth includes only “Mumbai”, helping to identify alternative spellings used across provider languages. However, coverage of minority- and regional-language names remains a limitation.
2. Preprocess CRS descriptions: Clean and standardise project descriptions to remove formatting inconsistencies and harmonise linguistic inputs. This step addresses common issues in the raw CRS data, including inconsistent use of accented characters, mixed-language descriptions, extraneous punctuation and encoding artefacts, which could otherwise hinder accurate string matching against the geographic dictionary.
3. Match names using country filters: Perform string matching between project descriptions and the global dictionary using a combination of exact and fuzzy matching to capture minor spelling variations. Matching is constrained by a country filter, ensuring that place names are matched only against territories plausibly associated with each project. This is particularly important for common place names that occur in multiple countries, as an unconstrained search would generate a high number of false positives.
4. Validate the results using AI: Use AI-assisted review (OpenAI API, GPT 5.2) to confirm identified matches and minimise false positives. For each candidate match, the model is provided with the original project description and the proposed location and asked to assess whether the place name genuinely refers to that territory in context, distinguishing, for instance, between a geographic reference and an organisation or personal name sharing the same string. Where a candidate is confirmed as a subnational place, the model is also asked to infer whether it refers to a city, a region or an unknown territorial type, based on the information available in the project description and independently of the territorial type inherited from the underlying geographic dictionary.
5. Assess the performance of the localisation approach. Conduct independent human verification of both the dictionary-based matching and the AI-assisted validation. For the dictionary step, manually review a random sample of projects for which no candidate location was identified to assess whether recipient cities or regions were nevertheless mentioned in the project description. For the AI step, manually review a random sample of projects with dictionary-generated candidates and compare the human and AI classifications to assess the accuracy with which the model identifies genuine recipient locations and their territorial type. The review also assesses localisation at project level, accounting for cases in which several candidate names or territorial references may correspond to the same recipient location. Together, these verification exercises provide an assessment of the reliability of the overall localisation process and help identify remaining sources of error and areas for further improvement.

Overview of the localised provider regions and cities

The localisation of DDC ODA providers builds on the CRS database and complementary information from DAC countries. To complement the CRS database, and through their Decentralised Co-operation Reports, the Basque Agency for Development Co-operation and ECOPER have collected disaggregated data on provider regions and cities in DAC countries (eLankidetza, 2026[14]; ECOPER, 2025[15]; ECOPER, 2024[13]). Combining these sources allows the identification of LRGs providing DDC ODA in 13 DAC countries. Among them, 11 countries report contributions from regions (TL2 or TL3) and/or cities, while in 2 countries reporting is limited to cities only. Coverage varies significantly across countries and levels of government. Austria, Germany and Spain show the highest reporting rates at the TL2 level, with more than 80% of regions reporting DDC ODA. Switzerland stands out for its strong coverage at the TL3 level, with around 94% of TL3 regions reporting. France presents a more balanced pattern, with 74% of TL2 regions and 31% of TL3 entities included. By contrast, Latvia and Portugal report only at the city level, with relatively low coverage across municipalities. Belgium records the highest share of municipalities reporting DDC ODA, with slightly more than one-quarter of local governments included (Table 4.1). Differences in reporting coverage across levels of government and provider countries should be taken into account when making cross-country comparisons of DDC ODA contributions.

Table 4.1. Coverage of DDC ODA providers by country and level of government, 2022-2023

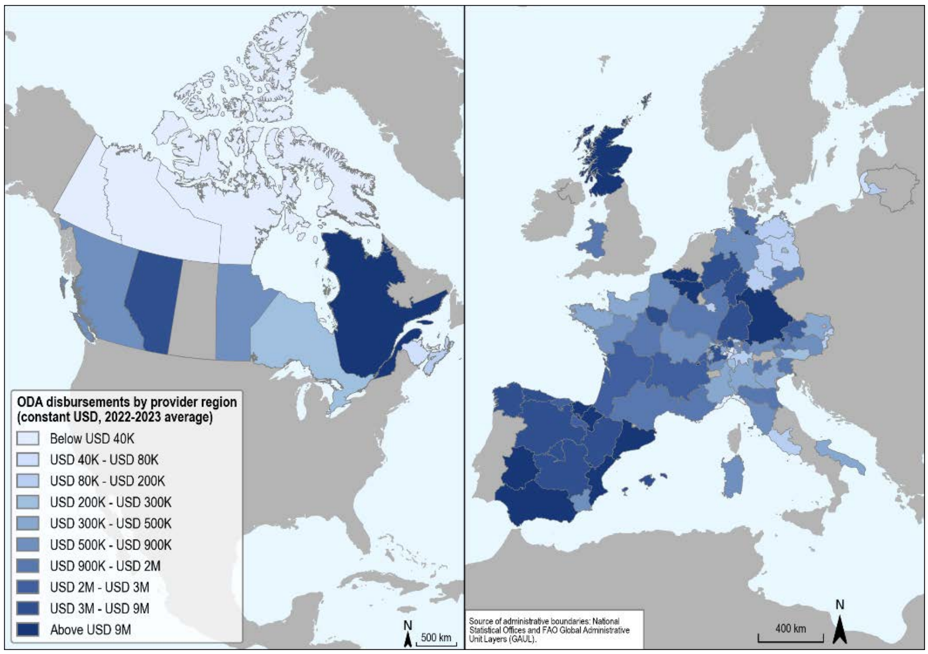
Country	Localised TL2 regions	Total TL2 regions	% of localised TL2 regions	Localised TL3 regions	Total TL3 regions	% of localised TL3 regions	Localised cities or municipalities	Total cities or municipalities	% of localised cities or municipalities
Austria	8	10	80	5	36	13.9	7	2 115	0.3
Belgium	3	4	75	0	45	0	152	581	26.2
Canada	11	14	78.6	0	294	0	0	5 161	0
France	14	19	73.7	32	102	31.4	147	34 980	0.4
Germany	16	17	94.1	0	401	0	0	10 993	0
Italy	11	22	50	1	108	0.9	15	7 904	0.2
Japan	0	11	0	1	48	2.1	0	1 896	0
Latvia	0	2	0	0	6	0	1	43	2.3
Lithuania	0	3	0	2	11	18.2	47	60	78.3
Portugal	0	10	0	0	27	0	14	3 400	0.4
Spain	17	20	85	0	60	0	217	8 215	2.6
Switzerland	0	8	0	26	27	96.3	205	2 172	9.4
United Kingdom	2	13	15.4	0	183	0	0	374	0
Total	**82**	**153**	**53.6**	**67**	**1 348**	**5**	**805**	**77 894**	**1**

Sources: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; ECOPER (2024[13]), *Decentralised Cooperation Report: Mapping Donor Cities*, https://www.elankidetza.euskadi.eus/contenidos/documentacion/publicaciones_descentralizada/es_def/INFORME-2024-ENG-.pdf.

Cross-border DDC ODA contributions vary widely across regions in DAC countries even within the same country. Across DAC countries, regional contributions range from less than USD 40 000 to more than USD 9 million in average annual disbursements. The largest contributions come from Comunidad Valenciana (USD 66 million), Catalonia (USD 53 million) and the Basque Country (USD 49 million) in Spain, Flanders in Belgium (USD 54 million), Geneva in Switzerland (USD 44 million) and Scotland in the United Kingdom (USD 21 million). Across regions in DAC countries, cross-border DDC ODA is highly associated with population size. However, within the same country, the scale of DDC engagement at the regional level is not only driven by population size, as the largest region or the capital region of the country is often not the main donor. Similarly, variation is not only explained by country differences, as several countries display substantial disparities across their regions. This is notably the case in Canada, Germany and Switzerland (Figure 4.3,

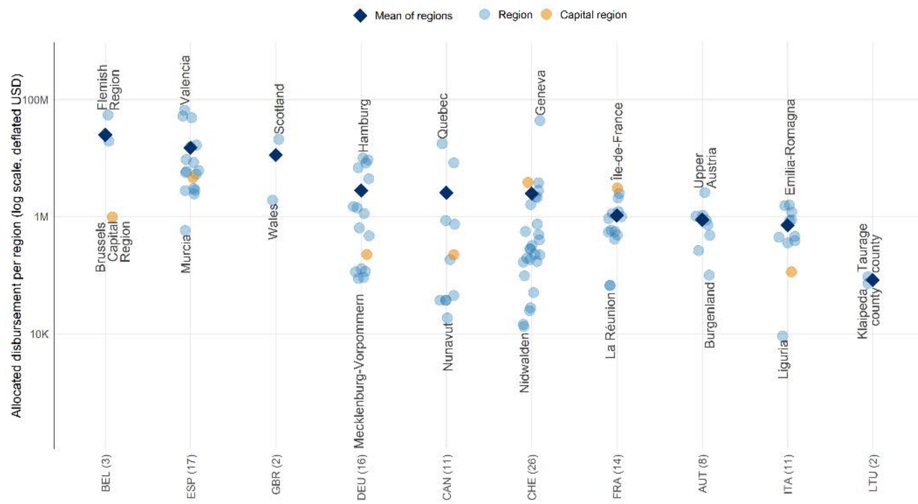
Figure 4.4, Figure 4.5).

Figure 4.3. Cross-border DDC ODA contribution by region, 2022-2023



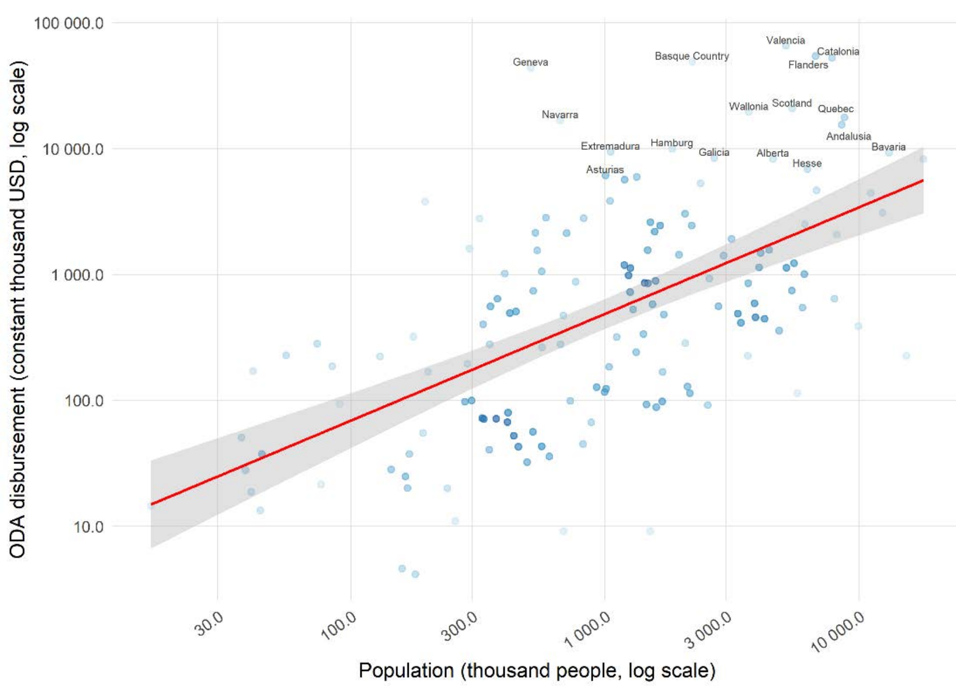
Note: Based on 11 DAC countries with available data at the regional level.
Sources: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; ECOPER (2024[13]), *Decentralised Cooperation Report: Mapping Donor Cities*, https://www.elankidetza.euskadi.eus/contenidos/documentacion/publicaciones_descentralizada/es_def/INFORME-2024-ENG-.pdf.

Figure 4.4. Regional differences in cross-border DDC ODA contributions, average 2022-2023



Note: The capital region refers to the region containing the country's capital city.
Sources: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; ECOPER (2024[13]), *Decentralised Cooperation Report: Mapping Donor Cities*, https://www.elankidetza.euskadi.eus/contenidos/documentacion/publicaciones_descentralizada/es_def/INFORME-2024-ENG-.pdf.

Figure 4.5. Regional population and cross-border DDC ODA contributions, 2022-2023

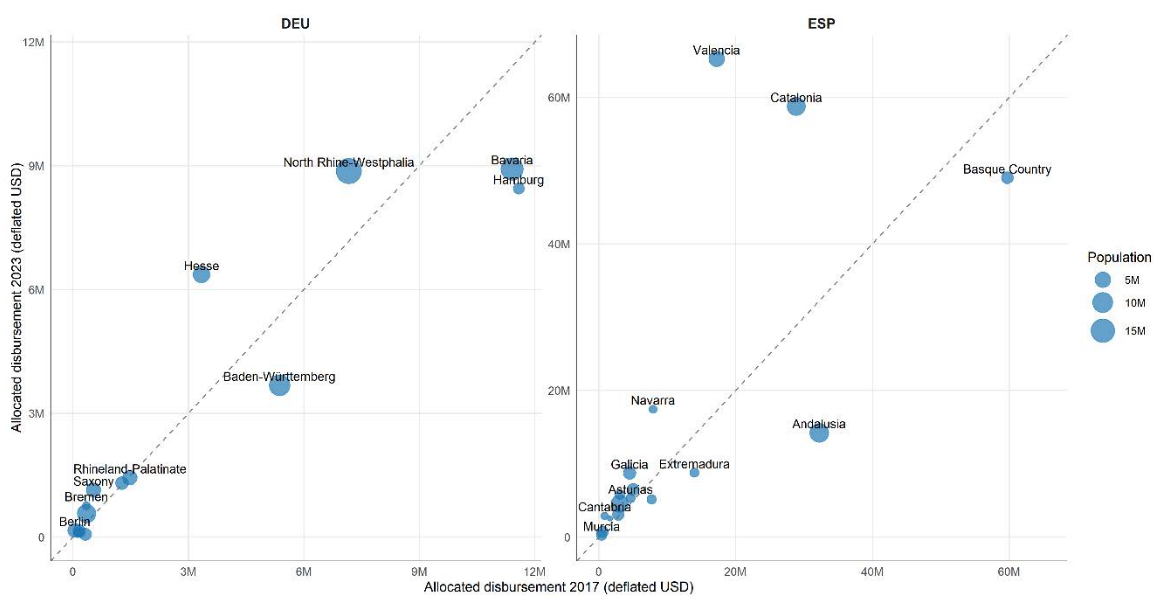


Note: Darker blue points indicate higher observations density.
Sources: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; ECOPER (2024[13]), *Decentralised Cooperation Report: Mapping Donor Cities*, https://www.elankidetza.euskadi.eus/contenidos/documentacion/publicaciones_descentralizada/es_def/INFORME-2024-ENG-.pdf; OECD (2025[10]), *OECD Database on regions, cities and local areas*, http://oe.cd/geostats.

The evolution of cross-border DDC ODA over time also varies considerably across regions within the same country. In countries with consistent regional data availability over time, such as Germany and Spain, contributions have not increased systematically. In Germany, some regions have increased their engagement. This is notably the case for Bavaria and North Rhine-Westphalia, while others, such as Hamburg and Hesse, show declining contributions over the same period. Spain shows a similar pattern. On the one hand, Catalonia and Comunidad Valenciana (Valencia) have significantly increased their disbursements despite already high levels in 2017. On the other, Andalusia and the Basque Country have reduced their contributions since 2017, yet they remain among the top contributors in Spain (Figure 4.6).

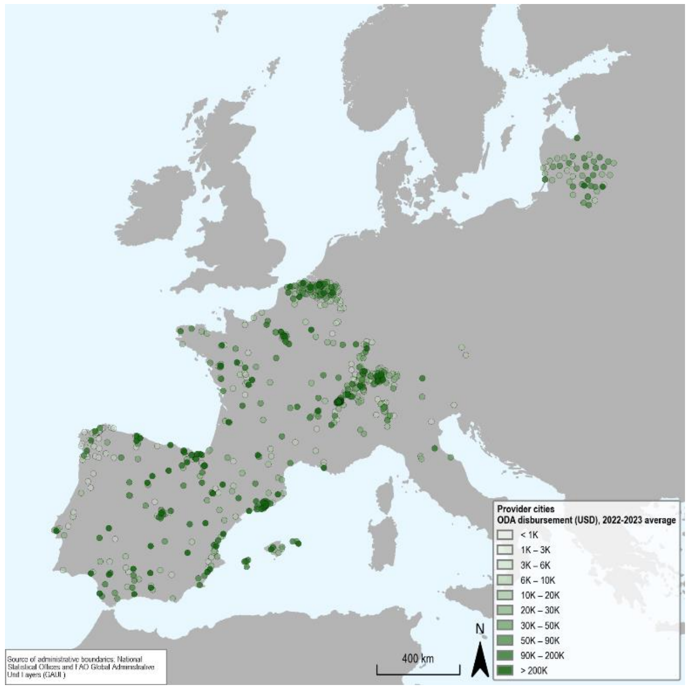
Among the sample of reporting cities, cross-border DDC ODA contributions are highly concentrated in a small number of leading cities, with variation both across and within countries. Among cities with available provider-level data for 2022-2023, the largest contributions come from and Spain (Bilbao with USD 11.3 million, Barcelona with USD 8.4 million and Madrid with USD 8.4 million) and Switzerland (Geneva with USD 9.7 million and Zurich with USD 7.1 million), as well as Paris in France (USD 5.9 million). This distribution reflects patterns observed at the regional level, while also highlighting the prominence of specific cities as key actors in DDC. Around one-third of cities (220 out of 640) report relatively small ODA volumes, often below USD 10 000 annually (Figure 4.7, Figure 4.8).

Figure 4.6. Regional changes in cross-border DDC ODA contributions, 2017-2023



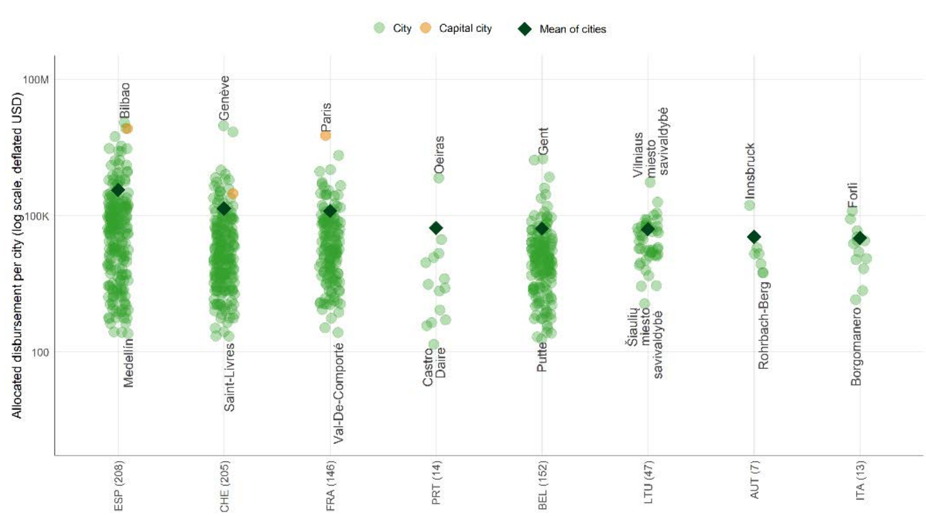
Sources: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; ECOPER (2024[13]), *Decentralised Cooperation Report: Mapping Donor Cities*, https://www.elankidetza.euskadi.eus/contenidos/documentacion/publicaciones_des centralizada/es_def/INFORME-2024-ENG-.pdf.

Figure 4.7. Cross-border DDC ODA contribution by city, 2022-2023



Note: Based on nine DAC countries with available data at the city level.
Sources: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; ECOPER (2024[13]), *Decentralised Cooperation Report: Mapping Donor Cities*, https://www.elankidetza.euskadi.eus/contenidos/documentacion/publicaciones_descentralizada/es_def/INFORME-2024-ENG-.pdf.

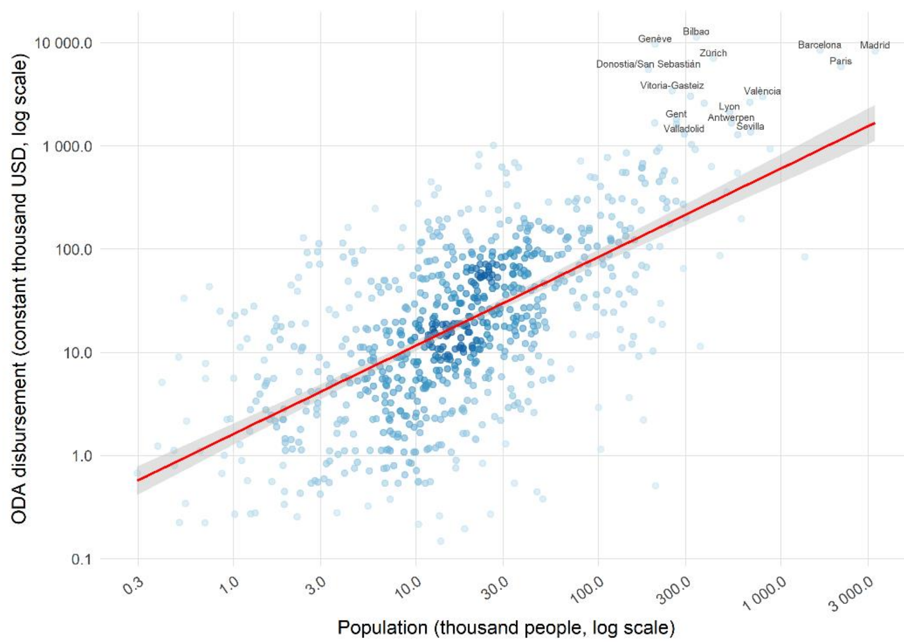
Figure 4.8. City differences in cross-border DDC ODA contributions, average 2022-2023



Sources: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; ECOPER (2024[13]), *Decentralised Cooperation Report: Mapping Donor Cities*, https://www.elankidetza.euskadi.eus/contenidos/documentacion/publicaciones_descentralizada/es_def/INFORME-2024-ENG-.pdf.

While larger cities tend to provide more cross-border DDC ODA, population size alone does not explain the level of engagement. Across 793 provider city observations, there is a clear positive relationship between population and cross-border DDC ODA disbursements, indicating that more populated municipalities generally contribute higher volumes of cross-border DDC ODA. However, there is considerable variation. Some cities, such as Bilbao and Donostia/San Sebastián in Spain and Geneva in Switzerland, contribute substantially more than would be expected based on their population size, pointing to factors such as institutional capacity, political commitment and established co-operation practices. In contrast, several large cities, including Madrid in Spain and Paris in France, contribute amounts that are more closely aligned with what their population size would suggest (Figure 4.9).

Figure 4.9. City population and cross-border DDC ODA contributions, 2022-2023

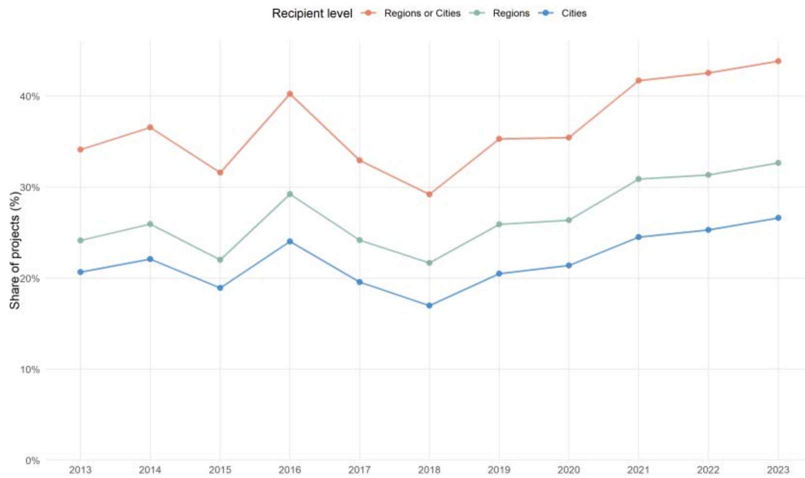


Note: Darker blue points indicate higher observations density.
Sources: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; ECOPER (2024[13]), *Decentralised Cooperation Report: Mapping Donor Cities*, https://www.elankidetza.euskadi.eus/contenidos/documentacion/publicaciones_descentralizada/es_def/INFORME-2024-ENG-.pdf; OECD (2025[10]), *OECD Database on regions, cities and local areas*, http://oe.cd/geostats.

Overview of the localised recipient regions and cities

A substantial share of DDC projects can be geographically localised at the level of recipient regions and cities, and this share has increased over time. Around 36 000 of the nearly 98 000 cross-border DDC ODA projects recorded in the OECD CRS from 2013 to 2023 contain sufficient geographic information to identify recipient regions or cities. The share of projects that can be localised has increased steadily over the past decade, rising from 34% in 2013 to 44% in 2023, possibly reflecting gradual improvements in reporting practices and the growing inclusion of geographic references in project descriptions. Localisation occurs both at the regional and city levels, expanding the analytical potential to examine how DDC flows relate to local governance and SDG outcomes (Figure 4.10).

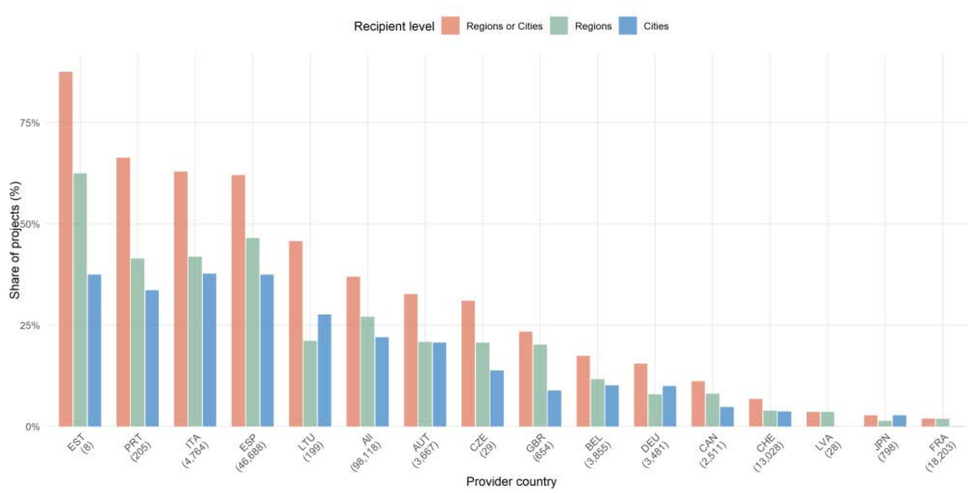
Figure 4.10. Share of localised cross-border DDC ODA projects over time, 2013-2023



Source: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

The share of DDC projects in the OECD CRS for which the localisation methodology identifies recipient regions and cities varies significantly across DAC countries. Among countries reporting a large number of projects to the CRS, Italy and Spain display relatively high localisation rates, with the localisation methodology identifying recipient regions or cities for more than two-thirds of projects. By contrast, France and Switzerland show much lower localisation rates, with fewer than 5% of projects containing geographically identifiable recipient territories. These differences reflect a considerable variation in how provider countries report geographic information in project descriptions submitted to the CRS. This variation affects the ability to systematically localise DDC flows across territories and the comparability of results across donor countries. However, they may also reflect particular challenges that the identification mechanism has for some languages, and further work will be needed to examine this (Figure 4.11).

Figure 4.11. Share of cross-border DDC ODA projects whose subnational recipient was able to be identified (localised), by provider country, 2013-2023



Note: Number of total cross-border DDC ODA projects in parentheses.
Source: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

The localisation of recipient regions and cities provides partial but analytically useful coverage of DDC projects in the CRS. The localised dataset does not capture the full set of projects, primarily because many project descriptions do not include references to specific subnational locations. The results should therefore be interpreted with caution. This missing geographic information may introduce selection bias if projects that mention specific places differ systematically from those that do not, for example by project size, sector, SDG focus or type of recipient territory. As such, the localised dataset is not intended for reporting official statistics on localised DDC ODA flows. Nevertheless, it represents a significant step in improving the territorial granularity of DDC data and enables some exploratory analysis of how cross-border DDC ODA (for simplicity, cross-border DDC ODA flows localised in the territories of recipient regions and cities can also be referred to as DDC ODA) relates to development outcomes across the available sample.

The localisation process identified close to 6 000 recipient regions and cities across more than 100 countries worldwide. In total, the dataset covers 3 028 cities in 113 countries and 2 873 regions in 107 countries,[1] based on 2 605 projects involving cities and 3 295 projects involving regions. More than one-fifth of the projects involve multiple partner regions or cities. On average, regions received slightly higher amounts than cities, with mean DDC ODA disbursements of approximately USD 39 000 per region during the period, about 18% higher than the average amount received by cities. Disbursement amounts are highly skewed in both the regional and city samples, with the mean around four times higher than the median, indicating that a small number of territories receive large volumes of aid while most receive relatively modest amounts (Table 4.2).

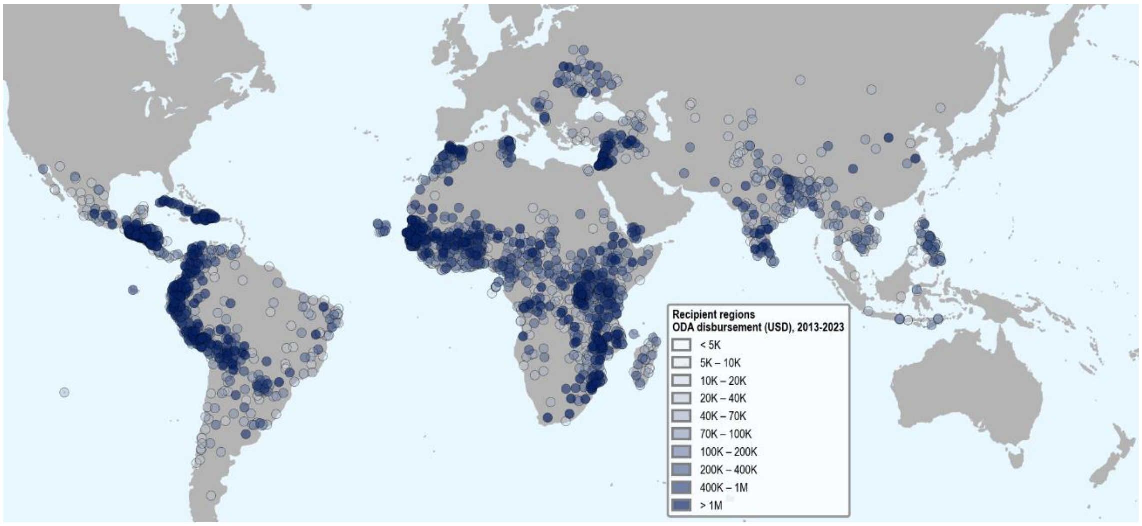
Table 4.2. Descriptive statistics on localised DDC ODA in recipient regions and cities, 2013-2023

Location type	Total project-locations	Total unique projects	Unique locations	Median disbursement/ location (USD)	Mean disbursement/ location (USD)
Regions	36 246	26 538	2 873 regions from 107 countries	9 305	39 482
Cities	28 657	21 631	3 028 cities from 113 countries	8 002	33 600

Notes: Regions include the first and second administrative level of subnational governments. A project-location corresponds to one project matched to one recipient location; the same project may therefore appear multiple times when it covers several locations. When a project covers multiple places, the amount of aid is split equally across the identified locations.
Source: Based OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

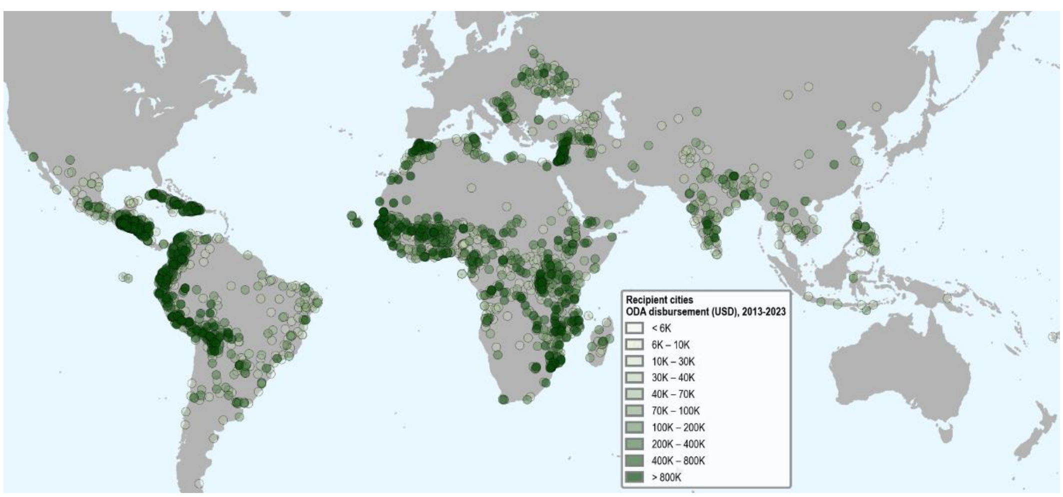
DDC ODA disbursements across recipient regions and cities show a relatively strong geographic concentration within continents. DDC ODA reaches subnational governments across most continents, but localised flows are particularly concentrated in specific areas within Central and South America and the Caribbean, Sub-Saharan Africa, as well as the Middle East (Figure 4.12Figure 4.12-Figure 4.13). This pattern should be interpreted considering provider-country composition (Figure 4.11) and the historical, linguistic and institutional ties that shape many DDC projects. As shown in Chapter 2, Spain accounts for a large share of DDC activities conducted with partners in Latin America and the Caribbean, while Belgium have relatively strong links with Sub-Saharan Africa, contributing to the observed geography of localised flows.

Figure 4.12. Total DDC ODA in recipient regions, 2013-2023



Note: Regions correspond to the first or second administrative level of subnational governments.
Source: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

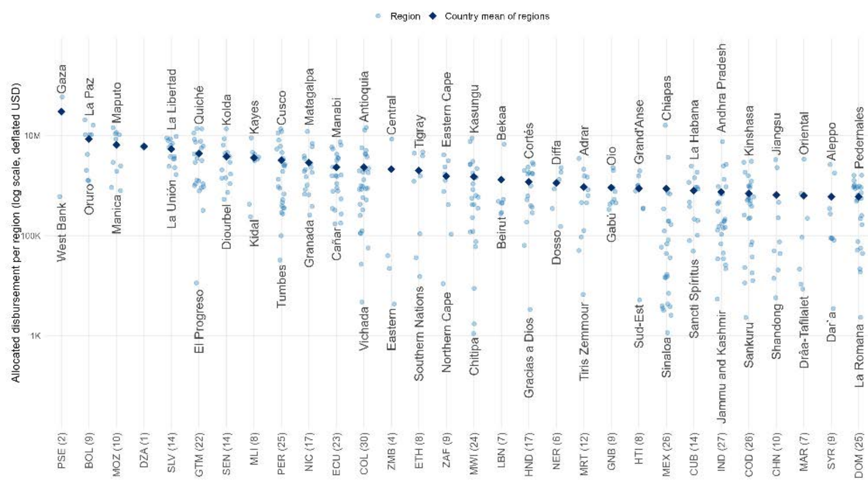
Figure 4.13. Total DDC ODA in recipient cities, 2013-2023



Source: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

DDC ODA disbursements are highly unequal across subnational territories within the same recipient country. The distribution of DDC ODA across partner regions and cities varies considerably. For example, among the 25 localised territories in Peru, Cusco, Huancavelica and Piura received over USD 11 million in the past decade, while one-third of the regions received less than USD 500 000. Similar differences are visible across cities. In El Salvador (188 cities) and Mozambique (79), San Salvador and Maputo received over USD 15 million, while over 80% of the remaining cities received less than USD 1 million in the same period, reflecting in part differences in local needs, population size (as many of the top recipients seem to be among the largest cities), economic context and the type and scope of projects implemented (Figure 4.14-Figure 4.15).

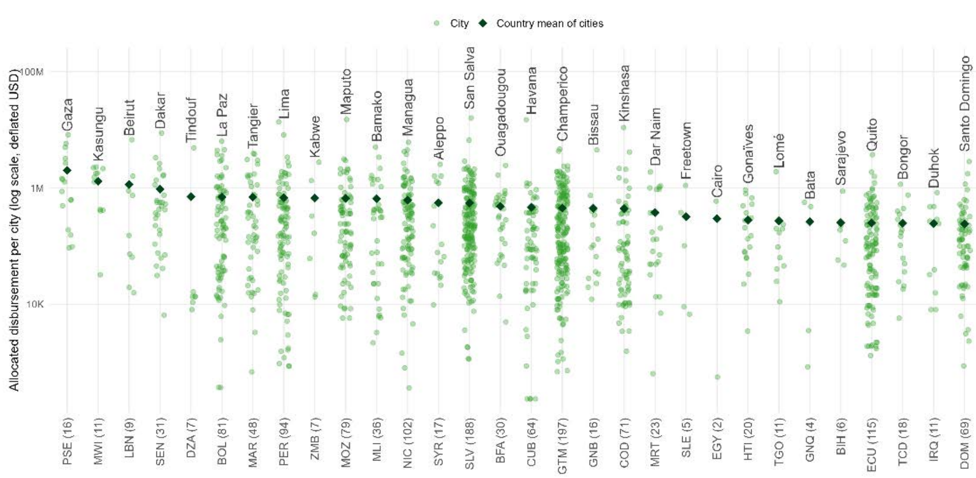
Figure 4.14. Within-country differences in DDC ODA in recipient regions, 2013-2023



Note: Regions correspond to the first administrative level of subnational governments.

Source: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

Figure 4.15. Within-country differences in DDC ODA in recipient cities, 2013-2023



Source: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

Measuring local governance and SDG outcomes in DAC and partner countries

The selection of outcome indicators for recipient and provider regions and cities is guided by analytical relevance and data availability. Evidence from the DDC impact surveys and case studies helps identify the outcome areas most closely linked to DDC activities on both sides of the partnerships. Recipient regions and cities are expected to experience more direct improvements in certain aspects of local governance and certain SDG outcomes. For provider regions and cities, benefits are more likely to materialise first through indirect channels, including peer learning, knowledge exchange, strengthened multi-stakeholder engagement and policy innovation. These channels may primarily affect governance performance in the short to medium term, while broader SDG outcome improvements may emerge over longer time horizons, as discussed in the analytical framework (Figure 4.2). At the same time, important data limitations remain for regions and cities in both DAC and ODA-eligible countries, where the availability of comparable subnational indicators is still limited across local governance and SDGs. The empirical analysis therefore focuses on indicators that are broadly aligned with the expected channels of DDC impact and sufficiently available across territories and over time. The available datasets provide a set of potential indicators, which are assessed according to their thematic relevance, territorial and temporal coverage, quality and suitability for the empirical specifications. In particular, the available governance indicators for DAC LRGs remain broad proxies and do not directly measure the specific administrative, institutional or policy-learning benefits that may result from DDC engagement. The empirical analysis for DAC LRGs should therefore be understood as a first step to examine whether DDC engagement is associated with wider governance outcomes, rather than as a direct or comprehensive measure of the impact generated by DDC for provider territories. Further work would be needed to develop more specific and comparable measures of administrative capacity, institutional learning, international engagement and policy innovation, which could better capture the full benefits of DDC for provider regions and cities.

Two complementary global datasets are used to measure SDG outcomes at the subnational level in ODA-eligible countries.

- At the regional level, the Subnational Human Development Index (SHDI) provides annual indicators of social development outcomes, including income, health and education, across more than 1 800 regions in over 160 countries. By providing harmonised indexes and indicators on regional income over time, for most countries in the world, SHDI data allow for a first exploration of the relationship of targeted cross-border DDC ODA with key SDGs such as poverty reduction (SDG 1) and decent work and economic growth (SDG 8) (see Annex C for more details on the SHDI).
- At the city level, the Global Human Settlement Urban Centre Database (GHS-UCDB) offers harmonised data on environmental and climate-related indicators for over 10 000 urban centres worldwide. It provides harmonised indicators on green space and emissions, which allow to explore whether cities that receive targeted environmental DDC ODA experience measurable improvements in these areas. The data are derived from satellite observations and emissions modelling to ensure consistency and comparability across cities worldwide, including in contexts where ground-based monitoring systems are limited or unavailable. This makes them particularly valuable for the analysis environmental outcomes in partner cities and regions, where data gaps are often significant.

Together, these datasets are among the most comprehensive sources currently available for tracking SDG outcomes (or proxies of them) at the subnational scale in ODA-eligible countries. While they remain subject to limitations, including differences in spatial and temporal coverage and the use of modelled or proxy indicators for some dimensions, they provide a basis for capturing some aspects of both social and environmental dimensions of development and assessing how DDC is associated with outcomes across different territorial levels. However, not all candidate indicators are retained in the main regression analysis, as some outcomes are more constrained by data quality, temporal dynamics or interpretation. The final set of indicators used in the regressions is therefore selected according to both thematic relevance to DDC activities and the suitability of the available data for empirical analysis.

SDGs and local governance outcomes in DAC regions and cities can be measured using indicators from the OECD Measuring Distance to the SDGs in Regions and Cities and the European Quality of Government Index (EQI). The selection of candidate indicators is guided by the analytical framework (Figure 4.2) and evidence from the qualitative analysis (DDC impact surveys and case studies), which suggest that the benefits of DDC for provider regions are most likely to materialise first through governance improvements (before they may translate into broader SDG progress in a later stage), data availability and the extent to which each indicator can be linked to the expected channels through which DDC may generate for provider regions. Given the nature of the available data, these indicators should be interpreted as broad proxies of governance outcomes, rather than direct measures of the institutional benefits generated by DDC engagement. The OECD dataset underpinning the measurement of the distance to achieving the SDGs in regions and cities provides comparable indicators on the SDGs at the subnational level. The EQI dataset, produced by the Quality of Government Institute at the University of Gothenburg, Sweden, draws on large-scale citizen surveys to capture perceptions and experiences of public sector performance (Charron, Lapuente and Bauhr, 2024[9]). Together, these sources provide a broadly relevant but partial set of SDG and governance indicators, combining internationally standardised SDG measures with perception-based insights on the quality of public services, impartiality and corruption at the regional level. Future work would be needed to develop more specific and comparable measures of local governance benefits linked to DDC.

- The indicators from the OECD Measuring Distance to the SDGs in Regions and Cities database cover key dimensions of SDG 16 “Peace, justice and strong institutions” related to governance, institutional quality and public trust. These include measures of corruption in government, trust in public institutions such as the police and government, civic participation through voter turnout, as well as safety-related outcomes such as perceptions of safety when walking at night.
- The EQI enhances the analysis by providing perception-based measures of governance that complement OECD indicators. In addition to the overall EQI score, the dataset includes separate pillars on quality, impartiality and corruption, allowing for a more granular assessment of governance outcomes. These indicators are harmonised with CRS provider-region identifiers through region-name standardisation and manual matching, enabling their integration into the empirical analysis. Combined with OECD territorial SDG indicators, the EQI strengthens the measurement of local governance outcomes and allows for a more comprehensive assessment of how DDC engagement relates to institutional performance at the regional level.

Empirical specifications and regression results

The quantitative analysis assesses whether the relationships suggested by the analytical framework can be observed across a wider set of partner regions and cities. It uses localised CRS data to identify where cross-border DDC ODA is provided from and allocated to, and links these flows to comparable subnational indicators of local governance and SDG outcomes. The analysis focuses on two policy-relevant questions: whether cross-border DDC ODA is targeted towards territories with greater development needs, and whether partner regions and cities engaged in cross-border DDC ODA projects experience measurable changes in relevant and available local governance and SDG outcome indicators. In a final step, correlations between DDC engagement and local governance proxies in DAC LRGs are also explored and documented.

The approach is exploratory and should be interpreted as evidence of statistical associations rather than causality. Differences across territories are taken into account, including population size, socio-economic conditions, territorial characteristics and broader country-level factors, to better isolate the relationship between cross-border DDC ODA and local outcomes. However, the results remain constrained by the partial localisation of CRS projects, uneven territorial coverage across countries, small samples for some indicators and the fact that many DDC impacts – particularly those related to peer learning, institutional capacity and partnership quality – are not fully captured by available quantitative indicators. In particular, reverse causality remains a concern, as places with worse initial conditions, or those affected by crises, may receive more aid, making it difficult to isolate the causal effect of aid on subsequent outcomes. Although some steps have been taken to mitigate this concern – such as excluding projects labelled as emergency response, testing several specifications and applying placebo tests – the quantitative evidence remains non-causal and indicative of plausible associations.

The detailed variable definitions, empirical specifications and full regression outputs are presented in Annex D. The following section reports the findings in policy terms and interprets them alongside the survey and case-study evidence to provide a broader assessment of DDC impacts on local governance and SDG outcomes.

Evidence on the impact of DDC on local governance and SDG outcomes

This section brings together the evidence on the impact of DDC on local governance and SDG outcomes. By combining evidence from the DDC impact surveys and case studies with quantitative analysis based on localised CRS data and subnational indicators, it assesses how the impact pathways identified in the analytical framework are reflected across different sources of evidence, including perceived impacts reported by LRGs, concrete examples from DDC projects and measurable territorial outcomes.

The section is structured around the two sides of DDC partnerships. It first examines impacts in cities and regions in partner countries, where the primary development objective of DDC is expected to materialise. It then discusses benefits in cities and regions in DAC countries, reflecting the role of DDC in supporting mutual learning, exchange of knowledge in strategic sectors for service delivery and institutional innovation. The final parts draw policy implications from the quantitative evidence and identify the main limitations and priorities for future research.

Impacts of DDC in partner regions and cities

Survey evidence indicates that partner LRGs perceive strongest DDC impacts in SDG 11 on sustainable cities and SDG 13 on climate action, while also reporting important effects in gender equality (SDG 5), good health (SDG 3) and clean water (SDG 6). In addition to SDG 17 on partnerships for the goals (which intrinsically includes DDC, Box 4.3), partner LRGs report the strongest SDG impacts in sustainable cities (4.1, on a scale of 1 to 5), climate action (4.0), gender equality (3.8), good health (3.8) and clean water (3.7) (Figure 4.16). Except for SDG 14 “Life below water” (2.8), partner LRGs rated the impact of DDC activities on SDG outcomes in their region or city with a score above 3 (the middle point in the rating scale). Overall, the highest scores among partner LRGs cluster mainly in the environmental dimension, followed closely by parts of the social dimension, while the economic dimension (SDG 8 “Decent work and economic growth” and SDG 9 “Industry, innovation and infrastructure”) tends to score slightly lower.

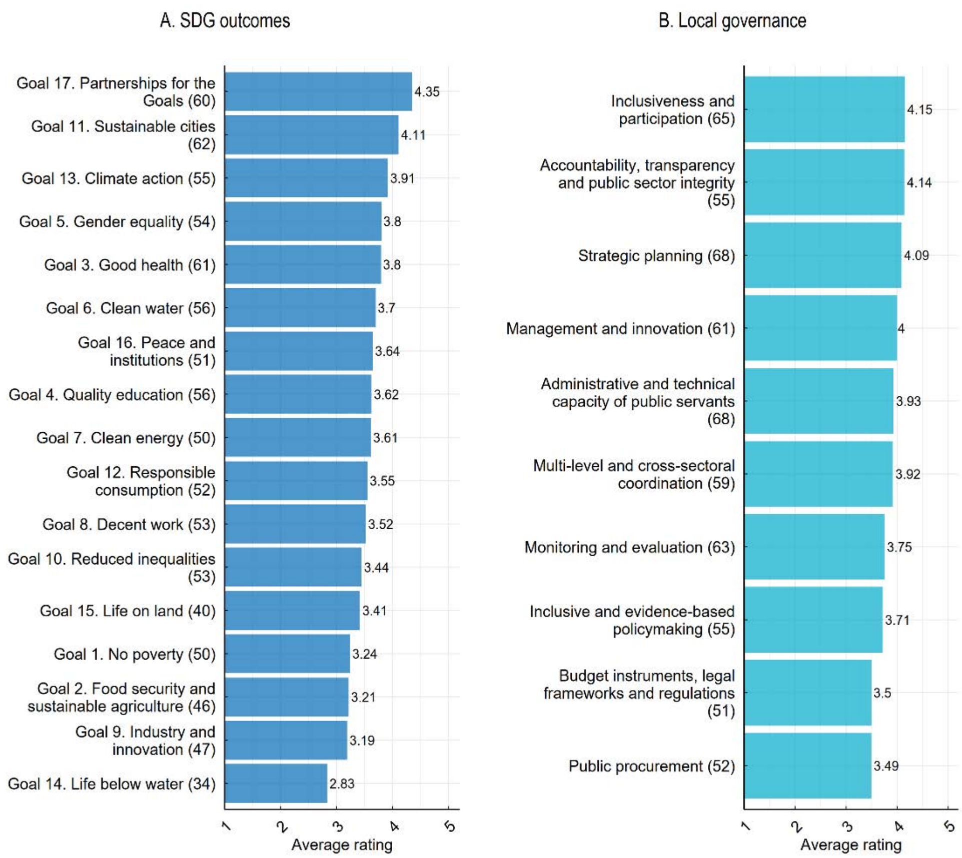
Box 4.3. SDG 17 “Partnerships for the goals” and its local dimension

SDG 17 “Partnerships for the goals” calls for strengthening the means of implementation and revitalising the global partnership for sustainable development. Its 19 targets span finance, technology transfer, capacity building, trade and systemic issues such as policy coherence and multi-stakeholder partnerships. At its core, SDG 17 recognises that achieving the other 16 goals requires co-ordinated action across levels of government, sectors and borders and that no single local or national actor can deliver the UN 2030 Agenda alone.

LRGs have a distinct role to play in the achievement of SDG 17. As the level of government closest to citizens and communities, they are well placed to translate global commitments into locally relevant action, mobilise local resources and engage a wide range of territorial stakeholders including businesses, civil society and knowledge institutions. DDC contributes directly to SDG 17 by building structured partnerships between cities and regions across countries, fostering peer-to-peer knowledge exchange, strengthening the capacity of local governments in partner countries to design and implement sustainable development policies, and connecting local action to broader national and global frameworks. In doing so, DDC operationalises the core of SDG 17 at the subnational level by turning the global partnership for sustainable development into a network of concrete, place-based collaborations.

Partner LRGs report the strongest perceived local governance impacts in inclusiveness and participation, as well as accountability, transparency and public sector integrity. Overall, partner LRGs perceive a strong impact of DDC activities on local governance in their region or city (score of 4.4, on a scale of 1 to 5). The local governance dimensions with the strongest reported impacts are inclusiveness and participation (4.2), accountability, transparency and public sector integrity (4.2), strategic planning (4.1) and management and innovation (4.0). Administrative and technical capacity of public servants as well as multi-level and cross-sectoral co-ordination (3.9) are also among those local governance dimensions that DDC supports the most in partner LRGs (Figure 4.16). The high ratings across inclusiveness, accountability, strategic planning and administrative capacity suggest that DDC partnerships contribute to strengthening core governance functions in partner LRGs. Beyond supporting specific sectoral interventions, DDC appears to enhance institutional performance by improving planning processes, management practices and accountability mechanisms.

Figure 4.16. Perceived impacts of DDC on SDGs and local governance in partner regions and cities



Notes: Number of respondents in parentheses. Rating on a scale of 1 to 5 (where 5 = very high impact).
Source: OECD (2025[16]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Case-study evidence shows how DDC impacts materialise in partner cities and regions through concrete projects and institutional mechanisms across several policy areas. These include waste and water management, for example through improved waste management infrastructure, such as the waste sorting facility established in El Guettar (Tunisia) in partnership with Böblingen (Germany). Other areas of impact include environmental sustainability and climate action, local economic development and job creation, education, gender equality and safety. In Gießen's (Germany) partnership with Mubende (Uganda), for example, the installation of street lighting improved safety, enabled women to work at night and supported local businesses, while solar-powered lamps for schoolchildren helped improve literacy (for more examples, see Box 4.4).

Box 4.4. Impact of DDC activities in partner LRGs across selected case studies

City of Lublin, Poland – City of Chisinau (Moldova)

In Lublin's (Poland) partnership with Chisinau (Moldova), which focuses on the redesign of the local public transport system, the establishment of a traffic monitor centre to provide data-driven analysis on road traffic flows and infrastructure projects, resulted in the identification of pedestrian risk hotspots, especially near schools and kindergartens. It also led to the installation of the first smart traffic sensors at one of the city's busiest intersections, generating real-time data to inform a digital model for traffic optimisation. Furthermore, the partnership resulted in the production of technical analyses for major road rehabilitation projects, running 18 traffic simulation scenarios to guide future investments.

City of Fredericton, Canada – Port St. Johns, South Africa

The city of Fredericton in Canada dispatched specialists from their municipal water utility to support the city of Port St. Johns in South Africa to assess and manage the climate risks of their water system assets. Using local data, they helped to map and visualise the data using geographic information system technology, to better communicate the information with local authorities and politicians to make the case for investments in the city's ailing water infrastructure. Through their engagement with local authorities and the water utility, they also helped to break down silos between different divisions in the municipality. After their intervention, specialists in Port St. Johns were equipped with the capacity to independently manage and visualise their data and maintained an improved working relationship with other parts of the administration to ensure climate resilience of the local water system.

Municipality of Baruth/Mark, Germany – City of Mörön, Mongolia

The partnership between Baruth/Mark (Germany) and Mörön (Mongolia) led to the establishment of a low-energy centre for sustainability education co-created with local partners and built entirely by the local workforce using Mongolian materials to showcase local feasibility and capability. Baruth also supported a community-driven waste management project, developed in close co-operation with schools, civil society and municipal actors. The initiative combined infrastructure with awareness raising: 35 large waste containers were designed and produced locally by the vocational school's metalworking class, providing students with hands-on training and visible results in their community. Households and schools received training on waste separation, including the use of organic waste for composting and the recovery of recyclables. The project also promoted composting to support local food production and conducted public sensitisation campaigns, including the distribution of thousands of reusable bags. One of the tangible outcomes of the waste management project is the emergence of a local women-led enterprise.

Municipality of Lahr/Schwarzwald (Germany) – City of Alajuela, Costa Rica

The partnership between Lahr/Schwarzwald (Germany) with the city of Alajuela (Costa Rica) resulted in the protection of drinking water sources and improved water quality in Alajuela through the rehabilitation of its central wastewater treatment plant, upgrades to two decentralised treatment facilities and the setting-up of physical barriers and public awareness campaigns to safeguard water sources. These measures also triggered an institutional shift with wastewater and drinking water management being reorganised, gaining a stronger position and visibility within the municipal administration. This has attracted greater political attention to water issues.

Sources: OECD (2025[16]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris; bilateral interviews conducted with case-study representatives.

Is higher cross-border DDC ODA associated with improvements in SDG outcomes?

Within the same country, cross-border DDC ODA is targeted towards partner regions and cities with greater development needs in terms of income per capita. Localised CRS data show that, when comparing regions within the same country, poorer regions tend to receive higher levels of cross-border DDC ODA per capita. A 1% higher level of gross national income per capita is associated with around 0.57-0.64% lower cross-border DDC ODA received, indicating that resources are directed towards less developed regions in terms of income per capita within recipient countries. In the available sample, the relationship becomes visible only through subnational analysis, as cross-country comparisons may mask territorial allocation patterns due to differences in provider-country priorities, country contexts, historical ties and country-specific co-operation frameworks.

Quantitative evidence points to positive associations between cross-border DDC ODA and certain social and environmental SDG-related indicators. For recipient regions, cross-border DDC ODA targeting poverty reduction (SDG 1) is associated with modest but positive improvements in regional income growth even when country-level factors are taken into account. For cities, increases in cross-border DDC ODA related to urban sustainability and climate action (SDGs 11 and 13) are associated with increases in urban green areas and reductions in per capita transport carbon dioxide emissions. These indicators were used because they are conceptually aligned with the analytical framework and available at the relevant territorial scale, with sufficient comparability for quantitative analysis. Further details on indicator selection, data sources and empirical specifications are provided in Annex D. These and the following quantitative results of this chapter should be interpreted as indicative associations rather than causal effects, but they suggest that cross-border DDC ODA can be linked to measurable territorial changes in areas connected to the thematic focus of DDC activities.

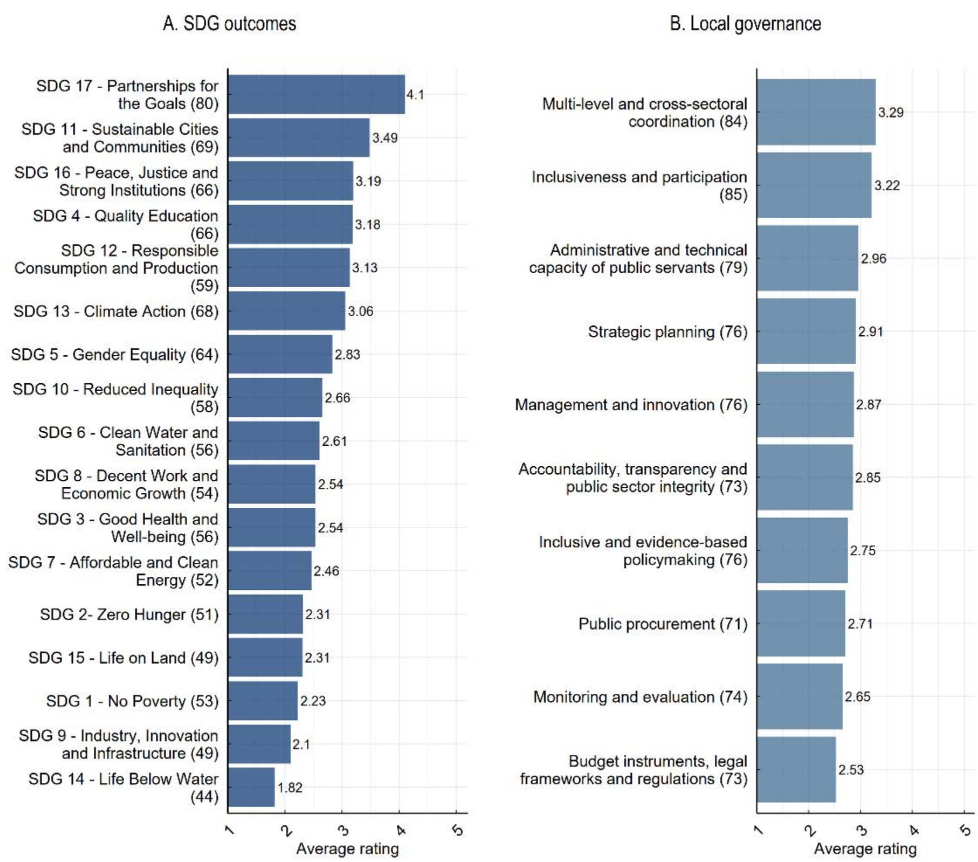
Taken together, the qualitative and quantitative evidence from regions and cities in partner countries suggests that DDC can contribute to both SDG-related outcomes and local governance improvements through a combination of financial support, technical assistance, capacity building and peer-to-peer exchange. Quantitative results point to positive associations with available and policy-relevant subnational indicators, including income, urban greenness and transport emissions, while survey and case-study evidence highlight perceived impacts on a range of environmental and social SDGs, as well as on local governance dimensions such as inclusiveness and participation, accountability, strategic planning and administrative capacity.

Benefits of DDC engagement in DAC regions and cities

Perceived SDG impacts in DAC territories are centred on partnership building, sustainable cities and institutional strengthening, with additional benefits reported in education, responsible consumption and production and climate action. SDG 17 "Partnerships for the goals" stands out with the highest average rating (4.1), reflecting the partnership-based nature of DDC itself. It is followed by SDG 11 on sustainable cities (3.5), reflecting benefits on urban sustainability and local policy learning, while SDG 16 related to peace, justice and strong institutions is also among the highest-rated SDGs (3.2), in line with the governance-related benefits identified in the analytical framework. For most other SDGs, impacts in DAC territories are likely to materialise over longer timeframes and mainly through non-financial components, such as peer learning, knowledge exchange, stakeholder mobilisation and policy innovation. These include perceived positive contributions to SDG 4 for quality education (3.2), SDG 12 on responsible consumption and production (3.1) and SDG 13 on climate action (3.0) (Figure 4.17).

DAC LRG respondents also report positive perceived impacts of DDC on local governance, particularly on multi-level governance and inclusiveness and participation. On a scale of 1 to 5, LRGs in DAC countries rated the impact of their DDC projects on overall local governance in their own region and city at 3. The highest-rated governance dimensions were multi-level and cross-sectoral co-ordination, including co-ordination with national government, other subnational authorities, departments and stakeholders within the same region or city (3.3), inclusiveness and participation, including civic engagement and public participation in decision making (3.3), and administrative and technical capacity of public servants (3.0). Other impacts, although more moderate and around the midpoint of the rating scale, were also reported for strategic planning, management and innovation, and accountability, transparency and public sector integrity. These results suggest that, for DAC cities and regions, DDC is most often perceived as strengthening collaboration, participation and policy learning, rather than directly changing regulatory or legal frameworks (Figure 4.17Figure 4.17).

Figure 4.17. Perceived impacts of DDC on SDGs and local governance in DAC regions and cities



Notes: Number of respondents in parentheses. Rating on a scale of 1 to 5 (where 5 = very high impact).
Source: OECD (2025[16]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Case studies illustrate how these benefits can materialise through institutional learning, stakeholder engagement and policy innovation in DAC cities and regions. In Lahr/Schwarzwald (Germany), an education for sustainable development project with Alajuela (Costa Rica) led to the development of bilingual educational materials in German and Spanish used in both cities, while also increasing the visibility of Lahr's DDC engagement among other German municipalities. In Zurich (Switzerland), engagement in DDC helped foster horizontal co-ordination within the administration and strengthened co-operation with a broad range of national and international stakeholders across multiple areas of expertise, for example with the Federal Institute of Technology Zurich on urban food systems. In Châtellerault (France), knowledge sharing with Kaya (Burkina Faso) supported innovation in education for sustainable development and contributed to raising awareness of the SDGs and international solidarity among municipal staff, elected officials and local stakeholders. Glasgow's (the United Kingdom) participation in the United Nations Environment Programme (UNEP) Generation Restoration project also illustrates how DAC cities can share expertise on nature-based solutions while gaining access to international networks and potential funding opportunities (Box 4.5).

Box 4.5. Impact of DDC activities in DAC LRGs across selected case studies

Municipality of Châtellerault, France

In the municipality of Châtellerault, knowledge sharing on environmental issues with its partner municipality Kaya in Burkina Faso has fostered innovations for both partners, particularly in the area of low-technology solutions in education for sustainable development, for example by adapting waste management education methods for children developed in Burkina Faso, in schools in Châtellerault using an educational game format (contributing to SDG 12" Responsible consumption and production", and SDG 4 "Quality education"). The co-operation has also raised awareness of the SDGs and international solidarity within the municipality, including among staff and elected officials, and led to the establishment of an annual SDG Week with exhibitions and events to showcase local contributions to the 2030 Agenda.

City of Glasgow, the United Kingdom

Glasgow participates as a lighthouse city in the UNEP Generation Restoration project led by UNEP, Local Governments for Sustainability and the World Bank as part of the UN Decade on Ecosystem Restoration. The project connects Glasgow with pilot cities in Africa, India and the Philippines, where Glasgow contributes technical expertise on nature-based solutions for urban development. As such, Glasgow shares knowledge, best practices and real-world experiences on drainage, flooding and soil health, while also gaining access to potential funding streams from partners such as the World Bank to implement and expand its own local restoration and nature-based solutions projects.

City of Fredericton, Canada

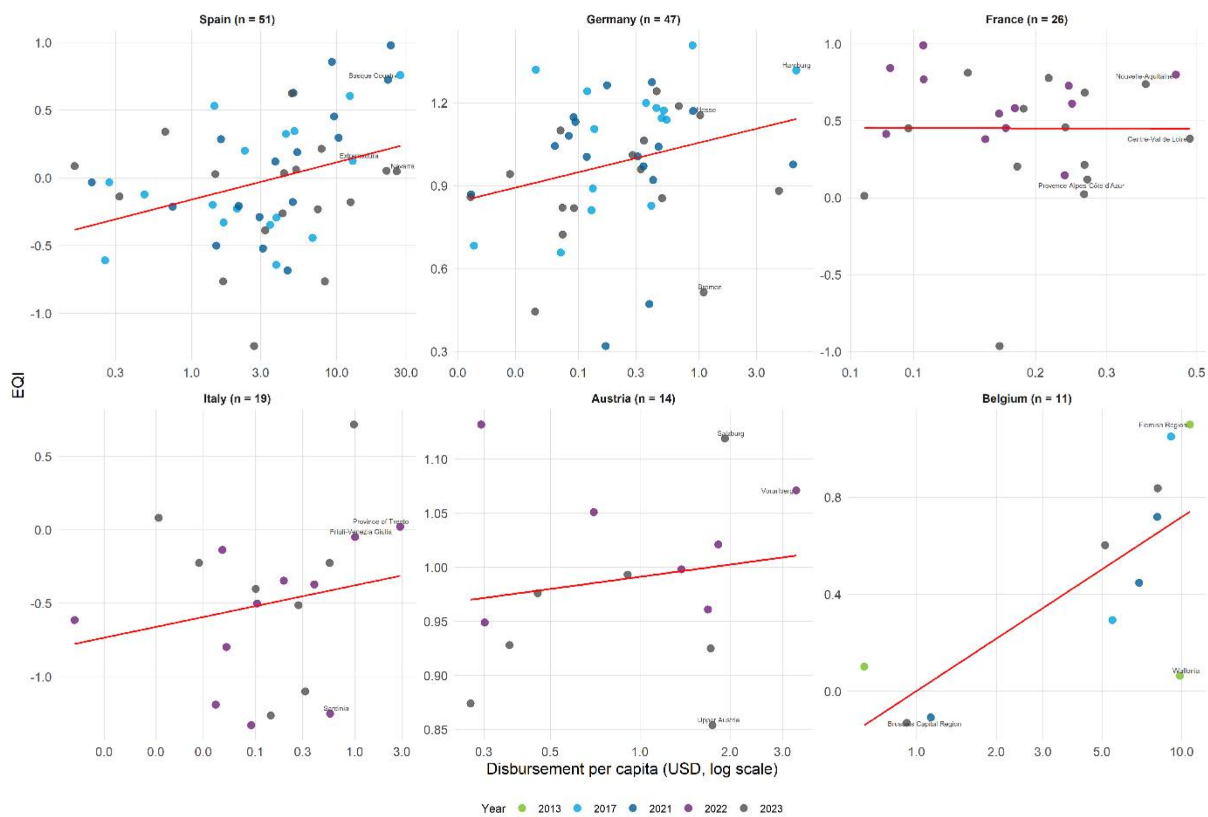
The partnership between Fredericton (Canada) and Port St. Johns (South Africa), presented in the previous box in relation to its impacts in the partner municipality, also generated benefits for government officials and experts from Fredericton. First, they had the opportunity to collaborate closely with colleagues from different agencies and departments, fostering cross-institutional networks. These relationships were maintained even after their assignment on the development project ended, helping to break down silos in their home administration. Second, they developed a broader strategic perspective by observing and analysing climate-related challenges that the cities in Canada have not yet encountered but may need to anticipate in future planning and resilience strategies.

Sources: OECD (2025[16]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris; bilateral interviews conducted with case-study representatives.

Is higher DDC engagement associated with stronger local governance?

Higher DDC engagement, measured as cross-border DDC ODA per capita, is associated with stronger governance performance in DAC regions. This relationship is visible across regions within the same country, although it does not hold for all DAC countries with available data (Figure 4.18, see Annex E for the association with the indicator of trust in local police, a proxy of trust in local institutions). Quantitative analysis shows that higher levels of cross-border DDC ODA per capita are positively and statistically significantly associated with the EQI, after accounting for regional gross domestic product per capita, population and provider-country differences. Positive and statistically significant associations are also observed for the indicators of impartiality, integrity (lower perceived corruption) and quality of services-related dimensions of governance, suggesting that at the regional level, DDC engagement and governance performance tend to move in the same direction (detailed specifications and regression outputs are presented in Annex D).

Figure 4.18. EQI vs cross-border DDC ODA in DAC regions, 2013-2023



Note: n denotes the number of observations.

Sources: Based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; ECOPER (2024[13]), *Decentralised Cooperation Report: Mapping Donor Cities*, https://www.elankidetza.euskadi.eus/contenidos/documentacion/publicaciones_descentralizada/es_def/INFORME-2024-ENG-.pdf; Charron, N., V. Lapuente and M. Bauhr (2024[9]), "The Geography of Quality of Government in Europe: Subnational Variations in the 2024 European Quality of Government Index and Comparisons with Previous Rounds", https://www.gu.se/en/quality-government/qog-data/data-downloads/european-quality-of-government-index.

Overall, the qualitative and quantitative evidence points to a distinct but complementary set of benefits for DAC regions and cities engaged in DDC. While the primary development objective of DDC remains focused on partner territories, provider regions and cities can also derive institutional value from participation in DDC. Survey and case-study evidence highlights perceived benefits related to co-ordination, participation, innovation and new knowledge for service delivery. In addition, the statistical analysis suggests that cross-border DDC ODA per capita and governance performance are positively associated in DAC provider regions. While these associations may primarily reflect underlying factors that are linked to both stronger governance and higher levels of DDC engagement, it is also consistent with evidence from the DDC impact surveys and case studies showing that non-financial DDC activities, including peer learning and technical assistance, can provide DAC regions and cities with access to new knowledge and innovation, while strengthening institutional capacity and co-ordination. These results point to DDC as a mechanism that can generate value on both sides of the partnerships.

Policy implications of the quantitative results

The quantitative evidence presented in this chapter forms part of a mixed-sources approach to assessing the impact of DDC. The empirical results are complemented by the DDC impact surveys, covering over 180 LRGs across 43 DAC and partner countries, and the evidence from the 16 in-depth case studies conducted across 9 DAC countries. Together, these sources provide a more comprehensive understanding of how DDC generates outcomes than any single method alone.

Quantitative results should be interpreted in light of the characteristics of the indicators analysed, as well as the data and methodological constraints. Estimated relationships, whether statistically significant or not, depend on the indicators used, sample sizes and time horizons covered. Some results point to statistically significant associations but, beyond not being causal, they should not be interpreted as universal, as they apply only to the observed sample in a specific timeframe. Conversely, the absence of measurable effects for some SDG dimensions likely reflects the long timeframes over which these outcomes materialise, rather than a lack of impact.

With these considerations in mind, the quantitative evidence presented in this analysis points to three main policy-relevant insights for DDC:

- **Within countries, cross-border DDC ODA appears to be broadly targeted towards regions with greater development needs in terms of income per capita.** The allocation analysis suggests that subnational actors tend to direct resources to less developed regions within countries. This pattern is not observed across countries in the sample, potentially as some middle-income countries receive levels of cross-border DDC ODA similar to those in low-income countries, likely reflecting the role of shared history, sectoral priorities and country-specific co-operation frameworks. This finding also highlights the value of subnational analysis, as national-level comparisons can mask important territorial differences in the allocation of cross-border DDC ODA.
- **Cross-border DDC ODA shows indications of positive local effects in partner regions and cities, although these effects are only partially captured by available quantitative indicators.** The empirical results indicate that cross-border DDC ODA is associated with improvements in available and policy-relevant SDG-related indicators, including income growth in recipient regions and environmental indicators such as urban greenness and transport emissions in cities. While these associations are modest, they are detectable despite the relatively small scale of DDC compared to wider structural drivers of development. At the same time, important dimensions of DDC – such as institutional learning, governance improvements and capacity building – are not fully captured in available DDC data, suggesting that measured impacts may only reflect part of the overall contribution. Survey and case-study evidence complements these quantitative findings by showing that partner LRGs perceive impacts across all SDGs and several dimensions of local governance, including participation, accountability and administrative capacity.
- **DDC engagement and governance performance are associated in provider DAC regions. These are simple associations and should not be interpreted as evidence of causal effects in either direction**. However, they are compatible with the types of non-financial channels through

which DDC engagement may be linked to governance performance, such as peer learning, knowledge exchange, policy innovation and strengthened institutional capacity and co-ordination. Survey responses and case studies show that DAC LRGs perceive benefits from DDC engagement in multi-level and cross-sectoral co-ordination, inclusiveness and participation (including civic engagement and public participation in decision making), and administrative and technical capacity of public servants.

Limitations and future research agenda

The analysis highlights four main areas where further work is needed to strengthen the evidence base on DDC impacts.

- **First, while the localisation of the CRS represents a significant methodological advance, it remains partial and does not yet cover the full universe of DDC projects.** The current approach enables the construction of a sufficiently large sample for empirical analysis, but further efforts are required to systematise localisation across all CRS entries and over longer time periods. The localised sample may also be affected by selection bias if projects with certain characteristics are easier to detect than others. For example, larger or more visible projects may be more likely to include specific geographic references in CRS descriptions and therefore be identified by the localisation tool. Improving the consistency and completeness of geographic information in project reporting would enhance both coverage and comparability.
- **Second, important data gaps remain in the measurement of SDG and local governance outcomes at the subnational level in both DAC and ODA-eligible countries.** Despite recent progress, available indicators are still limited in both spatial and temporal coverage. Expanding time series is especially important to capture long-term effects and to analyse outcomes that evolve slowly, such as education, health or institutional quality. Strengthening the availability of harmonised, longitudinal subnational indicators would allow for more robust and comprehensive impact assessments.
- **Third, future research should develop identification strategies to move from statistical associations towards causal analysis.** The quantitative analysis presented in this chapter controls for observable territorial characteristics and country-level differences, but it cannot fully account for all factors that may shape both DDC allocation and local outcomes, such as historical partnerships, political priorities, local institutional capacity or external shocks. As longer time series and more complete territorial data become available, future work could explore quasi-experimental approaches, event-study designs or other identification strategies suited to the structure of DDC data. This would help assess more precisely whether changes in local governance and SDG outcomes can be attributed to DDC engagement, rather than to broader contextual dynamics.
- **Fourth, the non-financial dimension of DDC remains largely unmeasured in quantitative terms.** While the DDC impact surveys conducted as part of this project provides initial insights, there is currently no systematic set of indicators capturing key channels such as peer learning, capacity building or institutional exchange. These dimensions are central to the value proposition of DDC, particularly for regions and cities from DAC countries, and are likely to shape both governance outcomes and longer-term development trajectories. Developing robust metrics in this area is essential to better understand how, and under what conditions, DDC generates mutual benefits across partners and to inform the design and scaling of future co-operation initiatives.

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Note

[1] Where possible, homonymous regions and cities are disambiguated using the information available in project descriptions. However, as some cases cannot be fully disambiguated, particularly where a region has the same name as its main city, region-level and city-level analyses are always reported separately to avoid double counting.

5 The role of national governments: framework conditions and incentives for DDC to work

This chapter analyses the role of national governments in steering and financing decentralised development co-operation (DDC), examining the rationale for national engagement and the diversity of institutional arrangements. It highlights why national governments engage in DDC, including its role in strengthening local governance and civic engagement, and its function as a complementary source of development financing. The chapter also presents a mapping of national DDC frameworks along two axes: i) the level of subnational authority; and ii) the degree of national steering identifying four models, including centrally steered, co-ordinated pluralism, organic dispersion and case-based approaches. It examines how different countries translate these models into practice through legal and regulatory frameworks, co-financing mechanisms and capacity-building support. A central finding is that financial incentives are the most valued form of national support among local and regional government respondents, while capacity constraints and fragmentation remain significant barriers that national co-ordination frameworks can help address without curtailing local autonomy.

National governments play a pivotal role to steer and finance decentralised development co-operation (DDC). As reported by local and regional governments (LRGs) through the 2 OECD surveys on the impact of DDC (hereafter “DDC impact surveys”) and 16 case studies presented in the previous section, they do so by providing institutional frameworks, regulatory environments, funding mechanisms and technical support. This section provides a more detailed analysis of national frameworks to better understand the range of instruments, policies and institutional arrangements through which governments can effectively support and steer DDC. This section primarily refers to lead development ministries, while also including national development agencies even when they do not strictly form part of government structures.

The analysis is structured in two parts. The first section builds on key project sources, including the DDC impact surveys (Box 1.3) and the 16 case studies (Box 1.4) and establishes the strategic imperative for national engagement, making the case for why central governments should actively invest in DDC. Recognising that no single model fits all contexts, the second section develops a mapping of national DDC frameworks. This analytical work serves as a guide to explore the diverse ways countries organise their DDC architecture, comparing the different approaches to setting legal regulations, designing financial incentives and providing capacity-building support.

The strategic imperative: why national governments should champion DDC

While DDC is often framed in terms of its benefits for local and regional actors, its relevance for national governments is equally significant. The underlying rationale for national engagement lies in a growing recognition of the strategic value proposition that DDC offers within an increasingly complex and multi-level global landscape. By complementing traditional channels of development co-operation, DDC can enhance the reach, effectiveness and legitimacy of national efforts. This section explores how DDC provides national governments with distinct strategic advantages and why more active engagement can strengthen both development outcomes and broader policy objectives.

Achieving the 2030 Agenda through local action

DDC provides a vital bridge between global policy frameworks and the concrete actions required at the territorial level, making it an indispensable tool for achieving national commitments on the global stage. There is an increasing recognition that, in an interconnected world, the most pressing global challenges must be met with local solutions. The United Nations (UN) 2030 Agenda for Sustainable Development has a strong territorial dimension, as 65% of the targets cannot be achieved without the engagement of LRGs (OECD, 2020[1]). The outcome document of the Fourth International Conference on Financing for Development, or Seville Commitment, acknowledges the important role of LRGs in localising the UN Sustainable Development Goals (SDGs) and financing sustainable development (UNDESA, 2025[2]). It includes commitments to strengthen subnational finance and LRG capacities, enabling them to deliver on SDGs. It also urges multilateral development banks to better support local development needs. A dedicated strand of the Sevilla Platform for Action focuses on localising SDG implementation. Titled Localizing Finance to Drive Systemic Impact for the Achievement of the 2030 Agenda, this initiative aims to strengthen capacity among LRGs and build partnerships for systemic change and scale up transformative local financing solutions that can be replicated. The initiative also aims to build a multi-stakeholder community of practice around DDC, aligning finance, policy and partnerships to empower local governments as key drivers of sustainable transformation.

DDC allows for targeted, flexible and rapid responses to global challenges and crises. Local actors increasingly take centre stage in tackling global challenges such as climate change, pandemics and large-scale migration. Cities and regions are often tasked with managing the effects of extreme weather events, providing services to refugee and migrant populations, and responding to public health crises. DDC can provide the flexibility to respond to transboundary challenges and crises in a targeted way. The example of Lublin, Poland, in Box 5.1 showcases how local actors can complement or lead the way for national policies through their agile and flexible decision making in a crisis.

Box 5.1. The municipality of Lublin in Poland led the way in supporting Ukrainian refugees

Russia's war of aggression against Ukraine in February 2022 triggered forced displacement on a scale not seen in Europe since World War II. The city of Lublin in Poland, as the capital of the border region, has become both a destination and transit point for those fleeing, in need of both emergency and long-term assistance. Approximately 1.4 million Ukrainians transited through the city in the first few months after Russia's invasion of Ukraine, and 68 000 refugees stayed in Lublin for an extended term. Lublin's response built on its long-standing partnerships with Ukrainian municipalities, including Lutsk, which provided established channels of communication and trust when the crisis hit.

Immediately after Russia's invasion, a group of citizens and local non-governmental organisations (NGOs) established the Lublin Social Committee for Assistance to Ukraine (LSCAU). The LSCAU became a central actor and pioneer in helping refugees in Lublin. Immediately after the LSCAU was established, efforts were made to mobilise and co-ordinate volunteer resources. The association grew into a social movement with 17 sub-chapters and 4 000 volunteers.

The LSCAU set up an information desk and a 24-hour refugee hotline in several languages. For efficient accommodation of refugees, it created and continuously updated a database of possible private accommodation in Lublin, other cities in Poland (in co-operation with central offices) and abroad. A similar tool taking the form of an online platform was used to connect potential employers with potential refugee workers.

Source: Podgórska, K., et al (2024[3]), "Support for Ukrainian refugees after Russia's invasion of Ukraine: aid structure and resilience factors. Case studies of Lublin and Lutsk", https://doi.org/10.1080/14616696.2023.2206892.

Strengthening local governance and democratic principles

Beyond its direct development impacts, DDC can be a powerful instrument for promoting democratic values and local governance. DDC projects can help to improve local public administration, enhance citizen participation in policymaking or increase the transparency of municipal services. For example, the city-to-city co-operation between Zurich in Switzerland in Mbeya in southern Tanzania, enabled Mbeya officials to develop a strategy for their urban food system and food security. An extensive peer-to-peer exchange in 2023 that covered diverse aspects such as production, transportation, storage and preparation equipped the city administration of Mbeya to develop a cross-departmental strategy, implemented as part of their five-year development plan from 2025.

DDC can equally strengthen local governance and civic engagement in OECD Development Assistance Committee (DAC) member countries. For many citizens, national foreign policy and international development can seem abstract and distant. DDC makes international co-operation more tangible and relatable. When a citizen sees their own city or region partnering with a community in another part of the world to improve access to clean water or hosting cultural events (such as festivals or exhibitions) to learn about other communities, international relations take on a local dimension. This can foster a sense of global citizenship and solidarity, building a stronger domestic constituency for development co-operation and foreign aid. It allows LRGs to demonstrate the direct, two-way benefits of global engagement, as these partnerships also bring back new knowledge, cultural understanding and economic opportunities to the home community.

Another distinctive advantage of DDC lies in its ability to activate networks well beyond the traditional aid architecture. LRGs, due to their proximity to citizens, are uniquely positioned to engage schools, universities, civil society organisations, diaspora groups and community associations in international partnerships. For example, the Italian region of Emilia-Romagna started to engage with Senegal in 2004 to respond to calls from the Senegalese diaspora community to strengthen ties with their country of origin. These diaspora communities continue to actively shape and feed into the region's DDC programmes. Universities in Zurich, Switzerland, including the Swiss Federal Institute of Technology Zurich (*Eidgenössische Technische Hochschule Zürich*, ETH) are key players in the city's development co-operation work, providing customised advice and training to delegations from partner communities. ETH Zurich is also engaged in the development of the monitoring and evaluation (M&E) framework for Zurich's DDC programmes. Multi-actor partnerships of this kind help transform DDC into a whole-of-society approach, broadening constituencies for development co-operation and embedding global solidarity in everyday local life.

Enhancing development effectiveness, efficiency and continuity

One of the most powerful arguments for DDC is its potential to deliver more effective and efficient development outcomes compared to purely centralised approaches. This effectiveness stems from its ability to leverage unique subnational capacities and to tailor solutions to the specific context of the partner community, possibly leading to a more efficient use of resources and greater project ownership and impact. DDC operationalises the four internationally agreed upon development effectiveness principles, namely country ownership, focus on results, inclusive partnerships, and transparency and mutual accountability (GPEDC, 2011[4]). DDC promotes country ownership and inclusive partnerships as projects are embedded directly within the municipal plans of partner communities and are co-designed with a range of local stakeholders. DDC has the potential to sharpen the focus on results by concentrating on tangible improvements in core public services such as water and waste management or primary healthcare, which are largely experienced at the local level. Finally, the more direct, peer-to-peer nature of DDC, which rests on the foundation of shared responsibility, can contribute to strengthening transparency and mutual accountability. Therefore, supporting DDC allows a national government to advance the development effectiveness agenda in a practical, grounded and impactful way.

DDC presents an avenue to promote locally led development when partner-country LRGs and territorial stakeholders have meaningful influence over priorities, design, implementation, learning and accountability. Promoting increased agency of local actors for effective development co-operation is a policy priority for development co-operation partners, as evidenced by the 2025 DAC High-Level Meeting chair's statement (OECD, 2025[5]). The territorial approach of DDC offers favourable conditions for this, as partnerships are formed directly between subnational governments and embedded in local institutions. The OECD DDC impact surveys, analysed in Chapter 3, found that most respondents engaged in city-to-city partnerships (68.9%) with partner municipalities and/or territorial partnerships (38.6%) involving a variety of local actors including civic organisations, civil society, etc. Such partnership formats create the proximity through which a broad range of local actors can be reached, although the degree to which partner LRGs and their stakeholders actually shape decisions varies and is not captured by partnership type alone.

DDC reinforces peer learning and mutual capacity building. This can make it more impactful for sustainable capacity building than the mere transfer of financial resources, by allowing partners to share tested policy solutions. LRGs in developed countries possess a vast reservoir of practical, hands-on expertise in the core functions of public administration and service delivery. They manage water and sanitation systems, organise waste collection, conduct urban planning, run public transport and operate local health and education services. DDC provides a direct channel to exchange this knowledge with their counterparts in developing countries. This direct exchange on technical and managerial skills from those who perform the work daily is a unique and powerful advantage of the DDC modality. For example, France's reciprocity volunteering schemes (VIA de réciprocité), implemented by France Volontaires, illustrate this approach:

volunteers from partner territories carry out missions in French local authorities and civil society organisations, mirroring the deployment of French volunteers abroad, so that skills, experience and intercultural knowledge flow in both directions. The experience of the city-to-city partnership between Fredericton in Canada and Port St. Johns in South Africa illustrates how the transfer of knowledge and expertise can ensure sustainable capacity development with lasting policy results (Box 4.5).

DDC offers a channel to maintain continuity of partnerships that complements national development and foreign policy efforts. By focusing on peer-to-peer learning, technical problem solving and building long-term trust between communities and practitioners, DDC offers a more operational and context-sensitive form of co-operation that complements traditional state-to-state diplomacy. These partnerships can often endure through periods of political tension between national governments, maintaining vital lines of communication and co-operation. The municipality of Châtellerault in France, for example, maintains a long-standing city-to-city partnership with Kaya in Burkina Faso even as French national development co-operation activities have been halted. After a coup in 2022 in Burkina Faso, France suspended development aid and budgetary support in response to the deteriorating bilateral relations with Burkina Faso. However, by obtaining funding from the European Union, Châtellerault has been able to continue its financial and technical support in the areas of water, waste management and energy. Continued co-operation between Châtellerault and Kaya helps to maintain trust between practitioners and local authorities, even when national programmes are paused.

For national governments, supporting DDC can enhance policy coherence for sustainable development. In an era of multiple interconnected crises and challenges, ensuring policy coherence for sustainable development is critical to exploiting synergies and managing trade-offs between policy areas, and to building citizens' trust in government capacities and legitimacy. The OECD's Reinforcing Democracy Initiative calls for national governments to steer action to tackle global challenges, to ensure that national institutions can act globally and harness tools and innovation (OECD, 2024[6]). Subnational partnerships often bring innovation and policy experimentation that can be scaled nationally, while also fostering coherence between external action and internal policy objectives. Robust DDC frameworks can help to better integrate the SDGs into national policy planning and reporting processes, while also mobilising citizen engagement and accountability for development results. Box 5.2 describes how the state of Berlin in Germany uses its development co-operation programme to build synergies between international co-operation and domestic policies. By institutionalising support for DDC, central governments not only increase aid effectiveness but also enhance their own ability to deliver on the 2030 Agenda through coherent, co-ordinated and mutually reinforcing policies.

Box 5.2. Berlin's development co-operation programme creates synergies between international co-operation and domestic policies

The state of Berlin's development co-operation programme exemplifies how DDC can be strategically leveraged to enhance policy coherence for sustainable development in line with the OECD Recommendation on Policy Coherence for Sustainable Development (OECD, 2019, Recommendation of the Council on PCSD). Rather than solely focusing on projects in the Global South, Berlin's policy deliberately creates a feedback loop between its international engagement and its domestic practices. Through its central development agency (*Landesstelle für Entwicklungszusammenarbeit*, LEZ), the state provides significant annual funding to Berlin-based NGOs and civil society initiatives for "development education" (*Inlandsarbeit*). This includes sponsoring partnerships between Berlin schools and those in partner countries, as well as public campaigns that raise local awareness about global issues like fair trade and the SDGs.

In addition, this outward-looking engagement is mirrored by inward-looking policy reform. As part of its development co-operation programme, the state of Berlin has developed and implemented Guidelines for Sustainable Public Procurement (*Verwaltungsvorschrift Beschaffung und Umwelt*). These legally binding rules mandate that public tenders for goods and services – from information technology equipment to textiles – must adhere to strict social and environmental standards, such as the core labour standards of the International Labour Organization. This dual approach embodies policy coherence in action: Berlin uses DDC not just to fund projects abroad, but to educate its own citizens and, critically, to reform its own consumption patterns, ensuring its internal policies reinforce, rather than undermine, the global sustainability goals it champions internationally.

Source: Bilateral interview held with representatives from the state of Berlin, Germany

DDC as a complementary source of financing for development

At a time when national development co-operation policies and aid budgets face increasing constraints, DDC can help address gaps by mobilising additional resources and actors, while also strengthening the legitimacy of development co-operation and fostering greater domestic support for official development assistance (ODA). In 2025, ODA declined by 23.1% over 2024, representing the largest annual contraction on record and a second consecutive year of decline, bringing ODA to where it stood at the start of the 2030 Agenda. The OECD projects a further 5.8% drop in DAC ODA in 2026, not yet accounting for additional strain from the current crisis in the Middle East (OECD, 2026[7]). These choices reflect a tougher political climate marked by fiscal consolidation, competing domestic priorities and politicisation of migration, factors that weigh on public and parliamentary support for international co-operation.

DDC can help raise resources and sustain public support by crowding in financing and linking development projects to citizens’ everyday concerns (e.g. environmental quality, water, health, education). DDC can leverage city and regional budgets, technical services and in-kind contributions that are often insulated from national aid cycles, while showcasing visible, locally owned results that strengthen domestic legitimacy for international engagement (OECD, 2025[8]). DDC can also complement shrinking central budgets by aligning local climate and inclusion strategies with international programmes, tapping domestic green and social investment windows, and forging whole-of-society coalitions, thereby safeguarding development gains even as core ODA lines face short-term consolidation. In a period of tighter public finances and sharper political scrutiny, supporting DDC offers national governments a practical pathway to diversify financing, widen constituencies and de-risk their development co-operation portfolios. Box 5.3 showcases how a referendum in Zurich, Switzerland, secured long-term funding for the global development agenda.

Box 5.3. Zurich voters approve spending framework for international co-operation

In a referendum held on 17 November 2019, voters in the city of Zurich, Switzerland, approved a proposal to establish a formal framework for the city’s spending on international development aid, linking it to a percentage of its tax revenue. The proposal was accepted by a majority of 69.7% of voters.

Under the approved measure, the city of Zurich is committed to to allocating between 0.3% and 1% of its tax revenue to international development cooperation projects. While the minimum contribution was originally estimated at around CHF 5 million per year, the city’s current annual allocation has increased and now amounts to approximately CHF 10 million. The City Council is authorised to adjust the allocation within the approved range, depending on the city’s financial situation.

The successful referendum provides a legal basis for Zurich's long-standing engagement in international co-operation and development. It solidifies the city's commitment to global solidarity and provides a flexible yet reliable source of funding for development projects. The framework allows for adjustments based on the city's economic health, ensuring a sustainable approach to international aid.

Source: News der Reformierten (2019[9]), "Stadt Zürich stockt Entwicklungshilfe auf", www.ref.ch/news/stadt-zuerich-stockt-entwicklungshilfe-auf.

Beyond mobilising complementary resources, DDC has shown strong potential to generate innovative, low-cost solutions that national programmes may struggle to deliver. Regions and cities often act as test beds for policy approaches such as participatory budgeting, digital platforms for citizen feedback, or climate-smart infrastructure planning that can be piloted at small scale, adapted quickly and then replicated or scaled nationally and internationally. As mentioned in Chapter 3, the district of Giessen in Germany and the municipality of Mubende in Uganda worked together to install solar-powered streetlights in Mubende. A relatively small investment of EUR 40 000 transformed the urban landscape of Mubende, animating formerly deserted areas and making the city a safe place for women and children.

Creating the national conditions for effective DDC

Harnessing the potential of DDC requires national governments to address the structural challenges that continue to limit its effectiveness. Box 5.4 summarises survey evidence on legal and institutional frameworks, regulations and incentives for DDC, demonstrating that national governments often steer the foundational legal and financial architecture that shapes subnational engagement. While DDC offers important opportunities to complement national development strategies and strengthen local ownership as explored in the previous chapter, it also presents significant challenges, particularly from the perspective of developing countries that are at the receiving end of multiple actors and initiatives. Policy discourses around development co-operation often cite the proliferation of actors in a country, and the resulting fragmentation of aid, as a significant problem for effective development co-operation (OECD, 2022[10]; World Bank, 2022[11]). This adds to the barriers to DDC impact mentioned in Chapter 3, such as lack of finance and limited personnel.

Box 5.4. OECD survey findings on legal and institutional frameworks, regulations and incentives for DDC

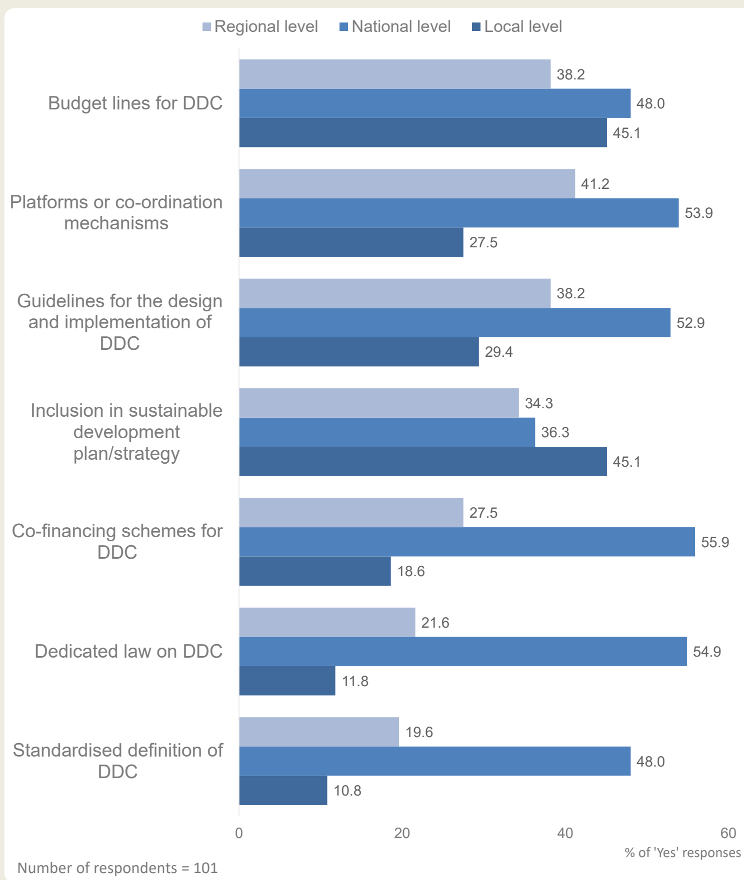
LRGs' DDC activities are often steered by national legal frameworks, with local or regional legal frameworks playing a secondary role. As illustrated in Figure 5.1, around 55% of respondents to the OECD DDC impact surveys reported having a dedicated law on DDC and around 48% have a standardised definition of DDC at the national level. In comparison, regional laws and standardised definitions, at 22% and 20% respectively, are less common. At the local level, they are an exception rather than the norm: only 12% of respondents reported having a dedicated DDC law at the local level and about 11% a standardised definition. The only exception where a local framework is more prevalent than a national one is the inclusion of DDC into sustainable development plans or strategies. Around 45% of responding LRGs reported the inclusion of DDC in their sustainable development plans, compared to 36% at the national and 34% at the regional levels. Similarly, co-ordination mechanisms for DDC are generally more established at the national level: around 54% of survey respondents indicated that there are national co-ordination mechanisms for DDC activities, particularly in respondent LRGs from France, Germany and Italy. They are less prevalent at the regional (41%) and local (28%)

levels. Guidelines for the design and implementation of DDC activities also mostly exist at the national level (53%) compared to the regional (38%) and local (29%) levels.

When it comes to financial support and incentives, a similar pattern emerges, as national governments are more often involved in the funding of DDC activities than subnational entities. Almost half of the respondents (48%) have dedicated budget lines for DDC at the national level, compared to 38% at the regional level and 45% at the local level. Moreover, around 56% of respondents reported the existence of national co-financing schemes. While some of them have been established at the regional (28%) and local (19%) levels, they are less common.

Figure 5.1. Prevailing legal and institutional frameworks, regulations and incentives for DDC

Share of legal and institutional frameworks, regulations and incentives for DDC present at the local, regional and national levels



Source: OECD (2025[5]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Without a stronger role for central government, these challenges risk diluting impact and making it harder to demonstrate the added value of DDC in the broader development co-operation system. The challenges of DDC have been mentioned in previous papers such as the "Decentralised development co-operation: A global policy toolkit and guidance for practitioners" (OECD, 2023[12]) and can be grouped into four inter-related dimensions:

1. **Fragmentation and duplication of efforts**: In many cases, DDC initiatives are designed and implemented independently by local authorities in DAC countries, possibly without sufficient alignment with both national co-operation plans in the donor country and development plans in partner countries. This can create fragmentation, duplication of efforts and, in some instances, competition among local actors (OECD, 2023[12]). For developing countries with limited administrative capacity, managing numerous small, un-co-ordinated projects can become burdensome and risks undermining the coherence of national strategies.
2. **Lack of financial resources**: As explored in Chapter 3, the lack of financial resources is the main barrier preventing LRGs' from achieving intended local governance and SDG outcomes of their DDC activities. This confirms the findings from a previous OECD study focused on DDC in Germany, which highlighted short-term one-year funding arrangements as a major obstacle for the medium- and long-term sustainability of DDC programmes (OECD, 2023[13]). It reflects findings from another recent OECD study on SDG localisation (OECD, 2024[14]), which had found that more than 60% of LRGs indicated the lack of financial resources as the main obstacle for the implementation of the SDGs at large.
3. **Capacity constraints:** Both DAC and partner local authorities often face capacity constraints, including human resources, which limit the quality, sustainability and scalability of their projects. As pointed out in Chapter 3, many municipalities and regions operate without a dedicated DDC or international affairs department, which means that DDC is often an additional task to their daily work. In partner countries, local governments may lack absorptive capacities, such as the expertise to engage effectively with foreign counterparts, manage funds transparently or integrate external support into their long-term planning (Gehring et al., 2017[15]).
4. **Insufficient data, transparency and accountability**: Information about the scope, financing and results of DDC projects is often not systematically reported, either to national authorities in the DAC and partner country or to the wider public (OECD, 2025[8]). Although the OECD Creditor Reporting System (CRS), analysed in Chapter 2, collects relatively comprehensive data on DDC flows, major data gaps exist in DDC reporting from DAC countries (OECD, 2018[16]). This lack of visibility can weaken accountability, both upward to the national government and downward to citizens. For ODA-eligible countries, the absence of consolidated data makes it difficult to track external contributions, monitor progress, assess effectiveness and impact as well as ensure that DDC supports national priorities. Furthermore, the absence of robust M&E frameworks exacerbates the problem of insufficient data, transparency and accountability in DDC. As pointed out in Chapter 3, the OECD DDC impact surveys found that comprehensive assessment of DDC activities is not fully widespread among LRGs, as only 28% of survey respondents reported systematically assessing all or most of their DDC activities.

Taken together, these challenges highlight the importance of a strong co-ordinating role for the national government. National governments are pivotal in creating the conditions under which DDC can flourish as a coherent, accountable and complementary channel of international engagement. By providing strategic guidance, setting reporting requirements and offering capacity-building support, national governments can reduce fragmentation, enhance transparency and ensure that DDC contributes meaningfully to national development and foreign policy objectives. Far from limiting the autonomy of local actors, such co-ordination creates the enabling environment that allows DDC to realise its full potential: helping transform DDC from a collection of scattered initiatives into a strategic pillar of national development policy.

In addition to strengthening top-down co-ordination, there is a clear need to integrate and systematically consider bottom-up approaches in the governance of DDC. Engagement in DDC offers national governments an opportunity to better integrate regional and local perspectives into their own policy frameworks. LRGs are not only implementers but also key sources of contextual knowledge, innovation and citizen engagement, which are essential for ensuring that development co-operation responds to real needs on the ground. Harnessing these contributions requires national governments to create mechanisms that actively capture, align and scale locally driven initiatives, rather than subsuming them under rigid central frameworks. Integrating bottom-up approaches can help mitigate fragmentation by embedding DDC activities within locally identified priorities that are consistent with national strategies, thereby enhancing coherence without stifling local initiative. Ultimately, a balanced approach that combines strong national co-ordination with structured channels for local input and leadership can improve the relevance, sustainability and impact of DDC, ensuring that it remains both strategically aligned and firmly rooted in local realities. National governments can enable more locally led DDC without over-centralising it by favouring devolved arrangements in which LRGs retain the authority to choose partners, define priorities and manage partnerships, while national frameworks provide predictability, funding and co-ordination. Keeping application, reporting and compliance requirements proportionate to the scale of DDC projects is central to this balance, as disproportionate administrative burdens fall hardest on smaller municipalities and can deter participation altogether. It also strengthens accountability and ownership by involving communities and local stakeholders in the design, M&E of projects. By drawing on the experience, priorities and partnerships of subnational actors, governments can articulate strategies that resonate more strongly with domestic constituencies. This can help ensure that development co-operation policies are grounded in territorial realities, while also strengthening domestic ownership and legitimacy. In this way, DDC not only contributes to external objectives but also reinforces the internal coherence and public support of national development efforts.

The next section reviews the diversity of institutional and legal arrangements across DAC countries and the incentives that shape the participation of subnational actors in DDC. Together, these elements illustrate the governance conditions that determine whether DDC takes place and achieves its full impact on local governance and SDGs. Box 5.5 explores how support from national governments can be beneficial to LRGs as well.

Box 5.5. Engaging national governments in DDC can bring benefits for subnational actors

More transparency and accountability as well as better co-ordination of DDC can generate clear advantages for LRGs. Far from reducing their autonomy, effective co-ordination strengthens the role of LRGs as development actors in the following ways.

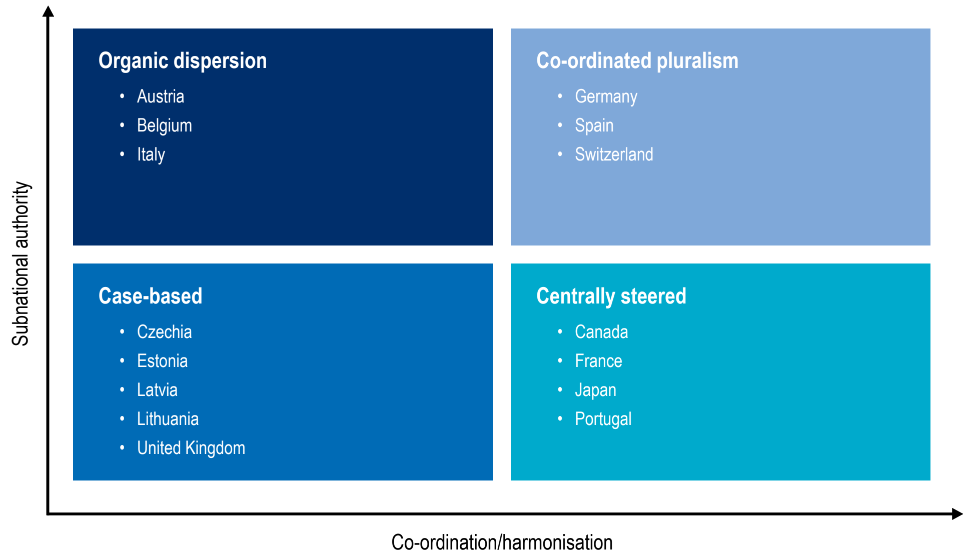
- **Greater visibility and influence**: More rigorous reporting can ensure that DDC activities are more visible at the national and international levels. Combined with efforts to raise public awareness for development, such reporting can help translate technical information into accessible narratives and outreach initiatives that engage citizens more effectively. When citizens have access to clear and accessible information on DDC activities, they are better able to see how resources are allocated and used, which strengthens public confidence in local authorities and can foster greater community participation in development initiatives. Greater visibility of DDC activities can also increase the influence of subnational actors in the shaping of development agendas and international debates (e.g. at the European Union, United Nations or through networks like United Cities and Local Governments).
- **Access to more resources and partnerships**: Co-ordination mechanisms often open the door to co-financing opportunities with national funds. These include dedicated co-financing windows in national development programmes, joint calls for proposals or nationally endorsed thematic platforms. Subnational governments can pool resources with peers or align with national programmes, enabling them to support larger-scale projects than they could fund alone. Co-ordinated DDC is also more attractive to multilateral organisations and partner countries, who prefer dealing with structured initiatives rather than fragmented small projects.

- **Improved effectiveness and impact**: Aligning local and regional projects with national strategies ensures that efforts are complementary rather than duplicative, increasing their overall effectiveness. Subnational actors gain access to shared tools, evaluations and expertise, which helps them design higher-quality, more impactful programmes.
- **Capacity building and learning opportunities**: Co-ordination platforms provide spaces for peer learning and knowledge exchange among regions and municipalities. Smaller municipalities, in particular, benefit from the experience and institutional capacity of larger cities and autonomous communities.

A proposed mapping of national DDC frameworks

Approaches to DDC vary significantly across DAC countries, reflecting diverse governance systems, institutional arrangements and political priorities, which do not permit a single common definition (OECD, 2023[17]). Some countries have established comprehensive legal and institutional frameworks governing the DDC activities in their country, while others rely more on case-based approaches that emerge from the initiatives of individual regions or municipalities. To capture this diversity, the preliminary mapping presented in Figure 5.2 categorises national systems along two critical axes: the level of subnational authority, which measures the legal autonomy of LRGs to act internationally, within the DDC arrangements examined in this report, and the level of national steering, which assesses the extent to which the national government creates a harmonised framework for DDC activities. This includes aspects of co-ordination, such as strategic planning, as well as accountability in the form of coherent M&E frameworks. This mapping refers to the formal DDC funding, programmes and reporting arrangements examined in this report. It does not characterise the constitutional allocation of competences or the broader autonomy of subnational governments which in some federal systems fall under provincial and territorial jurisdiction. The intersection of these axes creates four illustrative types: centrally steered (low level of subnational authority and high degree of national steering), co-ordinated pluralism (strong subnational authority and high degree of national steering), organic dispersion (strong subnational authority and low degree of national steering), and a case-based approach (low level of subnational authority and low degree of national steering). The countries included in the mapping are those that report DDC flows to the OECD CRS. The text following the mapping includes information on the governance systems of additional countries that do not report DDC flows to the OECD CRS where available (including from OECD DAC peer reviews, desk research and survey results).

Figure 5.2. National DDC frameworks can be categorised along the level of subnational authority and the level of centralised co-ordination and harmonisation



Note: Based on 15 DAC countries reporting DDC ODA to the CRS.

The mapping is offered as a starting point for reflection and does not claim to be exhaustive or definitive. Its purpose is to stimulate discussion and should be seen as a tentative framework that can be further developed and modified. This mapping is intended as a simplification to help understand patterns, but, in reality, the distinction between approaches is often blurred, forming more of a continuum. DAC countries reporting their DDC flows to the CRS have been mapped for illustrative reasons, to provide a useful basis for comparing institutional landscapes. However, in many countries including those mapped in this report, different mechanisms coexist and a single country can display overlapping features of this typology. The differences between the models are expounded in more detail below and in the following sections.

- **Centrally steered**: Under this approach, engagement from the national government directs subnational actors with low autonomy. National authorities typically define strategic priorities and policy orientations, control the bulk of budgeting and funding allocations and establish the frameworks for implementation and M&E. While subnational governments act as key implementers, their strategic autonomy is limited, as their activities are largely guided by centrally defined foreign policy and development objectives, often reinforced through financial incentives and co-ordination requirements. A structured M&E and reporting system is another defining feature of this approach. France serves as a classic example of this model: its strongly centralised framework steers local authorities through strategic priority setting and co-financing incentives; All decentralised co-operation activities must align with nationally defined geographic (notably Africa) and thematic (sustainability, human rights, global public goods) priorities, with the national government co-financing up to 70% (or 90% for least developed countries) of projects meeting these criteria. Canada can also be categorised under this approach. Within the flows captured in this report's data, a large share of Canadian subnational DDC is channelled through the Federation of Canadian Municipalities (FCM), using funds from Global Affairs Canada and subject to federal M&E frameworks. Provinces, territories, municipalities and other subnational actors also undertake international activities through other arrangements. Likewise, Japan has a highly centralised system with a central co-ordination function given to the Japan International Cooperation Agency (JICA). While JICA manages the strategic and budgetary oversight, local governments are essential implementers (JICA, n.d.[18]). In Portugal, development co-operation including from subnational entities is primarily steered through the Camões Institute.

- **Co-ordinated pluralism**: Under this approach, highly autonomous actors collaborate within a strong national strategic framework. National governments provide robust co-ordination, funding, support for M&E, etc. to ensure that autonomous local actions contribute to a cohesive national and international development policy. Germany can be categorised as an example of this approach. In Germany, federal states have significant autonomy in international affairs related to their constitutional competencies. However, the country has developed a range of institutional and programmatic tools to co-ordinate DDC activities at the national level, including inter-governmental dialogue platforms, joint funding mechanisms and co-operation frameworks involving federal ministries and implementing agencies, although Germany faces co-ordination challenges in DDC (OECD, 2018[16]). Spain is also representative of this typology, particularly following efforts to significantly strengthen co-ordination with its Law 1/2023 on Co-operation for Sustainable Development and Global Solidarity (OECD, 2025[19]). While under the German approach, the national government plays a role through the various funding mechanisms, the Spanish approach is characterised by a high level of financial autonomy of subnational authorities and strong co-ordination of development co-operation activities and policies. Another country that could be categorised under this approach is Switzerland. The Swiss model reflects a sophisticated synergy between sovereign Cantons and the Swiss Agency for Development and Cooperation.
- **Organic dispersion:** This approach is characterised by a high degree of legal and financial autonomy for subnational governments, often rooted in a federal constitution. However, there are limited or voluntary national mechanisms to align their actions, leading to a diverse but potentially fragmented DDC landscape. Belgium – where regions (i.e. Brussels-Capital, Flanders, Wallonia) run entirely independent DDC programmes with their own laws – is representative of this approach. Similarly, Italian regions have high authority and their own DDC legislation. While the national agency (AICS) facilitates co-financing, the overall landscape remains fragmented. In Austria, provinces (*Bundesländer*) have significant authority to engage in international co-operation, but national co-ordination is non-binding and focused on information sharing rather than strategic steering.
- **Case-based approaches**: Under this approach, both local authority and national steering are relatively low. DDC exists on a small scale, often driven by individual municipalities or regions, without systematic frameworks, resources or recognition in national development policy. Initiatives may depend on OECD-funded pilot programmes or local political will. Poland would be representative of this approach. Since joining the European Union, municipalities have engaged in partnerships (especially with Ukraine and neighbouring countries), but these remain ad hoc with limited central support. In the following sections, there will be no detailed description of ad hoc approaches as they are difficult to depict in a systematic way. In countries that are relatively new members of the DAC, including Estonia, Latvia and Lithuania, municipalities have legal rights to act, but receive little support in the form of dedicated national funding or structured M&E frameworks. In the United Kingdom, most local authorities, especially in England, have only limited financial room to fund development co-operation and operate without a dedicated, nationwide policy and funding framework for DDC. Local authorities in Scotland and Wales benefit from somewhat stronger political recognition and support for international engagement through devolved-government strategies, which explains why they are more prominent providers of DDC.

National action to enhance the effectiveness of DDC

National governments can deploy a range of tools and levers to support the DDC activities of LRGs. These tools are embedded in their institutional, legal and political cultures and traditions, and therefore take diverse forms across countries. Building on the mapping developed in the previous section, the following section dissects the primary instruments at a national governments' disposal – legal and regulatory frameworks, targeted funding arrangements, capacity-building initiatives, national reporting, M&E frameworks – to analyse how they are designed and implemented to promote, enable, incentivise and implement DDC in different national contexts. Figure 5.3 shows how these action areas can help address the barriers to effective DDC, which have been mentioned in the above section.

Figure 5.3. National governments play a strategic role in addressing barriers to DDC impact

Barrier	National government role
Fragmentation and duplication of efforts	Legal and regulatory frameworks
Lack of financial resources	Targeted funding arrangements
Capacity constraints	Institutional capacity building
Insufficient data, transparency and accountability	Reporting, monitoring and evaluation

While these positive impacts are clear, it is important to acknowledge that strengthening co-ordination mechanisms can be costly and time-consuming, particularly given that DDC typically represents only a small share of total ODA. For many countries, the administrative effort required to align actors, establish reporting systems and maintain dialogue across levels of government may appear disproportionate to the financial scale of the activities involved. Moreover, there is no one-size-fits-all approach: countries operate within diverse institutional settings, traditions and levels of decentralisation, which shape how co-ordination can realistically be pursued. In this context, there will be a need to prioritise the areas of co-ordination that are most urgent and feasible within each institutional system, building organically on existing systems, practices and capacities rather than creating entirely new structures.

Enabling and steering DDC through legal and regulatory frameworks

National governments are uniquely positioned to provide strategic direction and coherence to DDC. By creating legal frameworks that enable and steer DDC and by establishing mechanisms that connect and align the efforts of local and regional actors, they ensure that partnerships abroad contribute to overarching national development and foreign policy objectives. This helps to address the problem of fragmentation and duplication of efforts, which was listed above as the primary challenge to effective DDC. In the centrally steered model, the legal framework provides a clear, top-down mandate that empowers a central body to direct DDC. In comparison, the co-ordinated pluralism or the organic dispersion approach often rests on a legal framework designed to create a predictable and supportive environment for highly autonomous actors.

France has a multi-layered and dynamic legal framework that empowers and guides its local authorities. The cornerstone of France's DDC is the Law of 6 February 1992 on the Territorial Administration of the Republic, which recognises the capacity of local authorities to engage in "external action" and to sign co-operation agreements with foreign local authorities (Republic of France, 1992[20]). This law further established the principle that such co-operation must respect France's international commitments and be carried out within the scope of the local authority's competence. Furthermore, there are sector-specific laws, which allow local authorities and public agencies to allocate up to 1% of their specific budgets to international solidarity actions. These include the Oudin-Santini Law for water and sanitation services (Republic of France, 2005[21]) and the Law on Energy for public electricity and gas distribution (Republic of France, 2006[22]). Law No. 2014-773 of 7 July 2014 on the orientation and programming related to development policy and international solidarity extended the possibility of allocating up to 1% of sector budgets to the field of waste management (Article 14) (Republic of France, 2014[23]).

With the evolution of development co-operation laws in France, the institutional framework for DDC became more consolidated. The Law of 7 July 2014 established a comprehensive legal framework, setting out the principles (solidarity, sustainability, human rights) and geographic and thematic priorities (especially Africa and global public goods) of French development co-operation, and introduced mechanisms for transparency, evaluation and multi-actor participation (Republic of France, 2014[23]). This law had the effect of integrating the action of local authorities into the broader national development strategy. This integration was further reinforced through the Programming Law on Development and the Fight Against Global Inequalities of 4 August 2021 (Republic of France, 2021[24]), which significantly reinforced the role of local authorities in development co-operation by explicitly recognising them as full development actors, integrated into both the design and implementation of France's international solidarity policies. The law requires that all decentralised co-operation activities financed by French local authorities be identified, collected, and tracked, with the Delegation for Local Authorities and Civil Society (*Délégation pour les collectivités territoriales et la société civile*, DCTCIV) serving as the central hub for gathering these data, often via calls for reporting from local governments. Therefore, DDC activities are now integrated into France's national ODA accounting, which the French Ministry for Europe and Foreign Affairs submits to the OECD CRS.

Spain enhanced the standing of DDC activities through the Law on Cooperation for Sustainable Development and Global Solidarity (Law 1/2023) in 2023 (Government of Spain, 2023[25]). While the previous legal framework for development co-operation did not clearly define DDC, Law 1/2023 assigns a central place to DDC by formally acknowledging the role of LRGs in development co-operation as an integral part of Spain's official co-operation architecture. LRGs retain autonomy, but the law creates space for enhanced co-ordination, consultation and alignment ensuring that subnational actions fit within national strategies and international commitments. The Master Plan for Sustainable Development and Global Solidarity (*Plan Director de la Co-operación Española 2024-2027*) (Government of Spain, 2024[26]), which aligns with the 2023 Law on Cooperation for Sustainable Development and Global Solidarity, outlines a strategy to enhance collaboration with DDC actors, for example, through regular consultations between the Ministry of Foreign Affairs, European Union and Cooperation, the Spanish Agency for International Development Co-operation (AECID) and DDC actors such as Autonomous Communities and representatives of local governments through the Spanish Federation of Municipalities and Provinces (FEMP) and the Confederation of Co-operation and Solidarity Funds (CONFOCOS), the Sectoral Conference on Sustainable Development Cooperation, chaired by the Minister, and the Sectoral Commission, chaired by the Secretary of State for International Cooperation.[1] Furthermore, the master plan encourages the involvement of autonomous communities and local entities in sharing their specialised knowledge in areas such as public service management, regional development, and social inclusion. The plan also advances the integration of DDC into Spain's national knowledge management and evaluation systems through the systematic collection and analysis of data on the experiences and impact of projects implemented by regional and local actors.

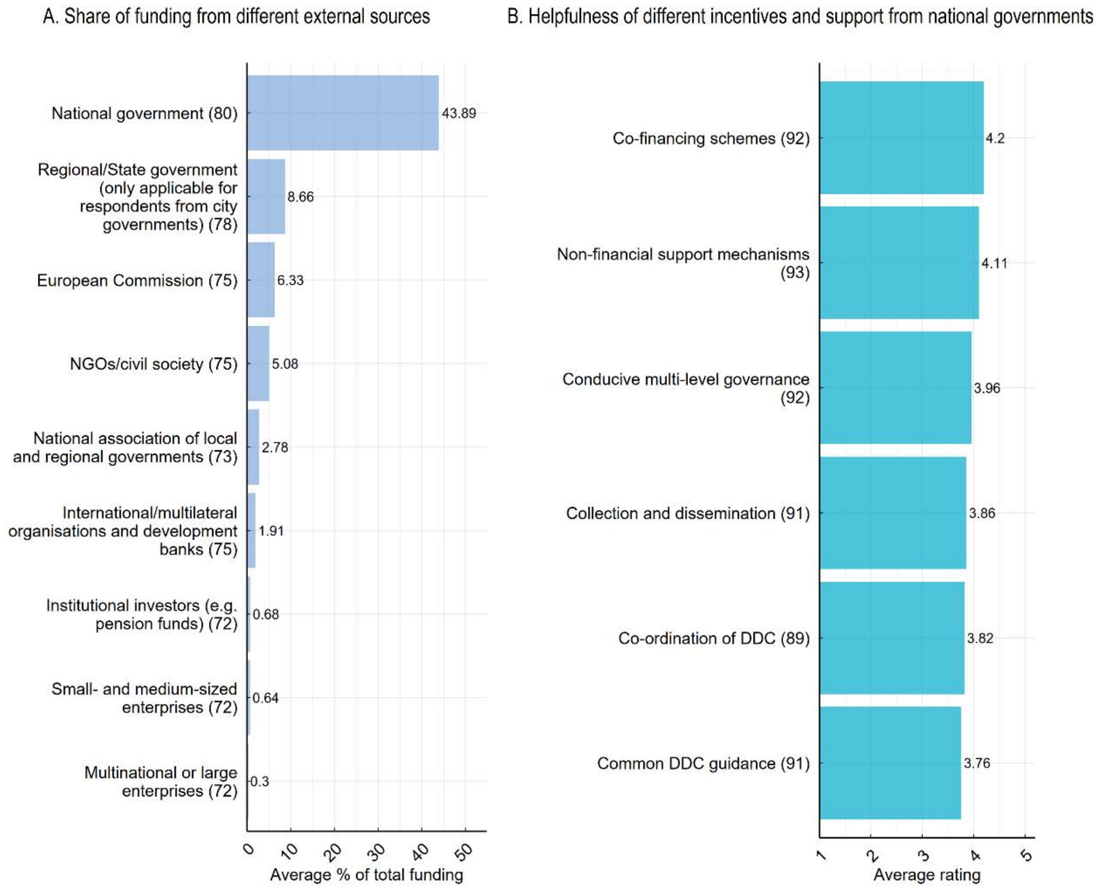
In Germany, there is no unique law that forms the basis for development co-operation but rather a compilation of different laws at the federal and state levels (OECD, 2023[13]). The German constitutional law (Basic Law) does not explicitly refer to the policy area of development co-operation, but it grants the federal states (*Länder*) significant autonomy in international affairs related to their constitutional competencies. Federal states can conclude treaties with foreign countries with the consent of the federal government, as far as they are solely responsible for the legislation in the policy area concerned by the treaty (e.g. in education). This is a powerful enabler of authority, giving states a strong legal footing for their DDC work. Federal states have been involved in development co-operation activities since the 1950s and co-ordinate activities through the Conference of Federal State Prime Ministers (*Ministerpräsidentenkonferenz,* MPK). As part of the MPK, the federal states agree, among other topics, on non-binding policy guidelines for DDC, which provide political support for the states' DDC activities. A series of MPK resolutions on development co-operation have expanded the scope of DDC activities. Within this framework, federal states can take very different approaches and follow different priorities. For example, Bavaria uses its DDC activities amongst others to create a network on the African continent, contributing to strengthening economic ties, promoting economic growth and supporting Bavarian companies. Berlin has the objective to contribute to global justice and therefore works mainly on projects that raise awareness of these issues and contribute to the fight against racial discrimination. Moreover, municipal DDC activities are also permitted. Each state decides within which boundaries municipalities are allowed to frame and implement their local development policies, while international political action outside of the respective core competencies of the municipalities is a prerogative of the federal government (OECD, 2023[13]). However, because there is no single, unified federal DDC law that covers all actors, this same constitutional framework necessitates the creation of separate co-ordination mechanisms. These include entities such as the Service Agency Communities in One World (*Servicestelle Kommunen in der Einen Welt*, SKEW), which acts as a central service and funding hub for German municipalities (cities, towns and districts) to bridge the different levels of government (OECD, 2018[16]). The law enables autonomy but requires the government to use non-legal, programmatic tools to encourage coherence.

As a federal state with a complex division of powers, Belgium's approach represents the organic dispersion model. The regions (Brussels-Capital, Flanders, Wallonia) and linguistic communities have exclusive competencies in many areas, including the power to sign international treaties related to these competencies (CoE, 2026[27]). This means that regions can conduct their own development co-operation policy, often with a distinct strategic focus. The Government of Flanders had concentrated its efforts on a small number of partner countries including Malawi, Mozambique and Morocco, using detailed Country Strategy Papers (CSPs) to guide multi-year interventions in specific sectors. In September 2025, however, due to budgetary constraints, the Government of Flanders announced that development co-operation would no longer be considered an essential task of the regional government, discontinuing its bilateral programmes with immediate effect. From 2026, the remaining budget of EUR 4.7 million is directed to multilateral co-operation and humanitarian aid only. .

Setting incentives through funding arrangements

Financial incentives are arguably the most powerful tool that national governments use to operationalise their DDC model. As pointed out above, a lack of financial resources is perceived to be the main barrier preventing LRGs' from achieving intended local governance and SDG outcomes through their DDC activities. Often, funding from national governments is a critical enabler. As mentioned in Chapter 3, around 68% of respondents to the OECD DDC impact surveys relied on some form of funding from the national government. For LRGs leveraging national government funding, these resources represent about 44% of their overall DDC budget (Figure 5.4, Panel A). LRGs rated financial incentives in the form of co-financing to be the most helpful of all listed forms of government support, which included governance and legal frameworks, guidelines for DDC operations, matching services and technical advice and capacity building. They were rated an average score of 4.2 on a scale of 1 to 5 points in terms of how helpful they are in enhancing the benefits and impacts of their DDC activities on local governance and SDG outcomes (Figure 5.4, Panel B).

Figure 5.4. OECD DDC impact survey respondents reveal a high reliance on national funding



Note: Number of respondents in parentheses.
Source: OECD (2025[5]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

The financial relationship between a central government and its subnational actors is a critical determinant of the scale, scope and strategic alignment of DDC. The specific design of funding mechanisms often corresponds to a country's position within the DDC mapping and reflects whether the primary goal is to strategically steer, collaboratively enable or catalytically support subnational action. The following examples illustrate how these distinct funding philosophies are put into practice across the different quadrants, shaping the DDC landscape in each country.

Germany offers a suite of funding instruments to enable and promote DDC, while ensuring the diversity of programmes. SKEW offers different funding schemes, which are designed to be accessible to local governments of all sizes and to support a wide range of DDC activities, from initial engagement to large-scale projects. For example, under the Partnership Projects for Sustainable Local Development (Nakopa) programme, a German municipality and its partner in the Global South can apply for grants (typically up to EUR 250 000) to fund concrete projects in areas like water supply, waste management, renewable energy or sustainable mobility. The municipality must contribute a portion of the funding (usually at least 10%) (OECD, 2018[16]). SKEW also provides smaller grants for specific, targeted activities. This includes funding for fact-finding missions to identify new partnerships, support for promoting fair trade and sustainable procurement within municipal administrations, and grants for educational and awareness-raising work in the German community. The German Government and Federal States Programme (BLP) acts as a co-financing mechanism designed to foster collaboration and leverage the specific technical expertise of the state-level ministries (OECD, 2018[16]). A German state (*Land*) identifies an area of its specific expertise (e.g. vocational training systems, mining governance) that is relevant to a partner country where the federal development agency (*Deutsche Gesellschaft für Internationale Zusammenarbeit*, GIZ) is already active. The project is then jointly designed and funded. The federal government contributes up to 60% of the project costs, while the participating federal state must provide at least 40%. This state contribution can be financial or in-kind (e.g. the time of expert civil servants from a state ministry). The projects are then implemented by GIZ in co-operation with the state's experts.

In France, co-financing is the primary instrument of strategic steering. The national government runs a system of annual or triennial calls for projects (*appels à projets*) through the Delegation for Local Authorities and Civil Society (DCTCIV). This co-financing mechanism is a powerful enabler that both provides crucial funding and strategically steers LRGs by targeting specific themes and geographic regions. Each year, there is a call for thematic focus areas (e.g. climate adaptation, gender equality, health systems, youth, governance) or regional projects (French Government, 2024[28]). This directs local authorities to align projects with France's global commitments (SDGs, Paris Agreement). Local authorities can submit their DDC project applications. If a project is accepted, the national government usually co-finances up to 50% of the eligible project budget (for ODA recipients), with the remainder covered by the French local authority (and sometimes other partners). By offering higher co-financing rates for projects in least developed countries, this system creates a clear incentive structure. For least developed country projects, the national government can raise its contribution ceiling, up to 70% of eligible costs.

Canada takes a similarly centralised approach to managing and funding municipal DDC projects. Global Affairs Canada (GAC), the department of the Government of Canada that manages Canada's diplomatic and consular relations, enters into master contribution agreements with the Federation of Canadian Municipalities (FCM to deliver international municipal co-operation programmes (FCM, 2026[29]). Major FCM programmes funded by GAC are typically designed and financed over multi-year periods, usually ranging from three to six years. These are envelope programmes, which can fund multiple projects in parallel. The master agreement sets objectives, eligible activities, the total contribution envelope, reporting timetables, audit clauses, performance indicators and procurement rules. The FCM implements the agreements by designing specific programmes. Some projects are directly implemented by the FCM while others are multi-partner municipal partnerships in which municipalities join with their own budgetary or in-kind contributions. Based on specific programme requirements, the FCM then issues calls for partner municipalities or staff, and Canadian municipalities or municipal staff participate by responding to those calls, offering peer expertise, or joining programme consortia.

Italy is moving from a relatively scattered approach towards a more deliberate use of co-funding arrangements. Italy's funding of development co-operation activities was reported to face challenges such as fragmentation of initiatives and a multiplicity of competitive grant procedures (OECD, 2019[30]). However, new initiatives to solidify funding and align it with national development priorities are emerging. In April 2025, the Joint Committee for Development Cooperation under the Ministry of Foreign Affairs and International Cooperation established a EUR 40 million fund specifically for projects implemented by Italian regions in countries receiving Italian development aid (Italian Government, 2025[31]). The objective is to strengthen the role of regions in advancing Italy's foreign policy goals and contributing to the UN 2030 Agenda through territorial partnerships. The fund operationalises the commitment laid out in the triennial programming document (*Documento Triennale di Programmazione e di Indirizzo 2024-2026*) to "use calls for proposals to fund initiatives carried out by LRGs, as a tool to promote their active participation and encourage their contribution to development initiatives" and to explore new forms of "collaboration to encourage a more active role for local authorities in setting priorities, shaping calls for proposals, selecting operational tools to deploy in partner countries, and more broadly in involving other actors of the Italian system" (Government of Italy, 2025[32]). Prior to the establishment of the fund, the Italian Agency for Development Cooperation (AICS) had issued tenders to support DDC. For example, in 2024, the AICS launched a large-scale EUR 180 million tender, of which EUR 60 million was dedicated to territorial entities (Government of Italy, 2024[33]). The fund was established to implement the Mattei Plan for Africa, a flagship initiative of the Italian government to establish a new model of co-operation between Italy and African countries, focusing on energy, agriculture, research, education, healthcare and infrastructure development. The tender prioritised projects in African countries, allocating 85% of funding to realise programmes in these countries and 15% to remaining countries.

Under Belgium's federal structure, development co-operation competences are shared between the federal level (Directorate-General for Development Cooperation and Humanitarian Aid, DGD) and the regions (Brussels-Capital, Flanders, Wallonia), which have their own co-operation budgets (OECD, 2025[34]) Municipal DDC has been supported through distinct channels. In Flanders, municipalities received co-funding (often 50–75% of project costs) for partnerships with Global South municipalities through the Association of Flemish Cities and Municipalities (VVSG) under the Flemish Government's development co-operation programme; this support was discontinued from 1 January 2026, following the Government of Flanders' decision of September 2025 to end its bilateral development co-operation. In Wallonia and Brussels, municipal partnerships are supported through the Programme de Coopération Internationale Communale, implemented by the Union des Villes et Communes de Wallonie and Brulocalis and financed by the federal DGD.

Investing in institutional capacities

Financial support is only effective when LRGs have the skills and institutional capacity to use it properly. National governments provide crucial non-financial support, such as knowledge exchange and capacity building, but the delivery model for this support differs significantly across the mapping, reflecting the specific relationship between the central state and its subnational actors. This support helps overcome capacity constraints, which have been named as another barrier to effective DDC.

In France, the capacity-building component is embedded in the funding and centrally managed. The DCTCIV acts as the primary provider of training for LRG staff, part of which is integrated into the system of calls for projects. Projects that are accepted in the call, qualify for capacity-building support on project cycle management, M&E and thematic issues. This centralised approach ensures that the capacity being built is directly aligned with the standards and priorities required for national co-financing, reinforcing the model’s overall coherence.

In Germany, the national government often provides capacity building to close gaps in DDC implementation capacity of LRGs. SKEW acts as a dedicated competence centre and service hub for German municipalities and their partners. It is funded by the federal government but operates as a dedicated service provider for municipalities. It offers different forms of capacity building – ranging from workshops to personnel support – that municipalities can access voluntarily. This model respects local autonomy while providing the essential support needed to deepen the development expertise at the local level. A key tool in this model is personnel support, where SKEW co-finances DDC officers in municipalities, a transformative measure to institutionalise capacity locally. The previously mentioned BLP programme also promotes networking and the exchange of knowledge between the actors from the federal states to strengthen the competencies of the federal states, e.g. through regular training. A special focus lies on agile methods to find innovative solutions to development challenges (GIZ, 2025[35]).

Spain presents a highly structured system for supporting LRGs that combines federal agency support, strong regional leadership and joint observatories. The Spanish Federation of Municipalities and Provinces (FEMP), with support from the Ministry of Foreign Affairs, European Union and Cooperation), runs training workshops, manuals and technical exchanges for municipalities on how to design, implement and report DDC projects. Fully funded by the Barcelona Provincial Council (*Diputació de Barcelona*) and managed in partnership with the municipal government of Montevideo (*Intendencia de Montevideo*), the Observatory on Decentralised Cooperation (*Observatorio de la Cooperación Descentralizada*) serves as a knowledge hub and capacity-building platform. It produces methodological guides, organises peer-learning events and connects European LRGs with their Latin American and Caribbean counterparts, Spanish LRGs also benefit from regular capacity-building seminars convened by the AECID and regional development co-operation agencies (e.g. Andalusia, Basque Country, Catalonia). These cover project cycle management, policy coherence, SDG localisation and evaluation techniques.

Managing for impact: national approaches to reporting and M&E

National governments can also provide support to address the lack of data, transparency and accountability, which was the last of the barriers to effective DDC. To justify public expenditure, learn from experience and maximise development impact, a systematic approach to reporting and M&E is essential. As explained in Chapter 3, the OECD DDC impact surveys and case study interviews revealed that systematic assessment of DDC activities is not widespread among LRGs. National governments can play a critical role in shaping the M&E landscape for DDC. As with other policies, governments' approaches are shaped by their position within the mapping. The methods used to manage for impact range from top-down mandatory reporting systems designed to ensure strategic alignment, to the collaborative development of shared frameworks and the provision of voluntary tools to build capacity from the ground up.

France provides a clear illustration of a structured M&E approach. The goal is to ensure that all subnational projects align with national priorities and to aggregate data to demonstrate collective, national-level achievements. The DCTCIV, as the central co-ordinating and co-financing body, mandates specific M&E requirements as part of its co-funding arrangement. To access national funds, French LRGs must submit detailed project proposals using standardised formats that include a logical framework, clear indicators and a results-based budget. Throughout the project, they are subject to strict reporting requirements, submitting both narrative and financial reports according to a pre-defined schedule. Data from these reports are collected centrally. All co-financed DDC activities are systematically included in France's national ODA reporting to the OECD DAC. The public Atlas of Decentralised Cooperation serves as a national transparency and monitoring tool, making project data accessible to all. This standardised data collection allows the DCTCIV to monitor its entire portfolio, track progress against its strategic objectives and report on the collective impact of French DDC to parliament and the public. However, DDC activities not co-financed by the national government are not legally required to be reported to central authorities, nor do they have to comply with the M&E requirements.

The Korean[2] M&E system presents another example of a centralised model. Local governments engaging in DDC are recognised as implementing agencies under the oversight of the Committee for International Development Cooperation (CIDC), a national government entity. When LRGs engage in DDC activities, they have the legal obligation to develop an annual evaluation plan of their DDC activities, conduct evaluations *ex ante*, mid-term or *ex post*, depending on the project, and submit the results to the CIDC secretariat (Republic of Korea, 2018[36]). However, challenges exist in practice, as many local governments lack dedicated ODA staff or evaluation expertise. Since 2018, the Ministry of Foreign Affairs and the Korea International Cooperation Agency have hosted annual capacity-building workshops for local ODA officers to improve monitoring and alignment with national strategy.

In Spain, the national government acts as a facilitator, fostering a shared M&E culture that respects the autonomy of subnational governments. The aim is not to impose a single, detailed system, but to co-create a common framework that allows for harmonisation and demonstrates collective results. The national government does not dictate the specific M&E methodologies for autonomous. Instead, the master plan creates a shared strategic framework through common, high-level indicators tied to the SDGs, which all actors report against. This approach allows the national government to aggregate data for its international reporting (e.g. to the OECD DAC) while allowing each region to maintain its own detailed, project-level M&E systems. This fosters a sense of mutual accountability and collaborative learning among actors.

The Dutch M&E approach is one of delegation. The Dutch Ministry of Foreign Affairs is a major strategic partner and funder of the International Cooperation Agency of the Association of Netherlands Municipalities (VNG International), typically through multi-year framework agreements. For ODA reporting purposes, the ministry reports its large, programmatic grant to VNG International (VNG International, 2025[37]). The detailed reporting on the results of individual city-to-city partnerships is managed within the VNG International system and is reported back to the ministry at a high, strategic level against the overall programme goals. This delegation arrangement means the national government does not collect detailed, project-level data from every municipality. Similarly, there is no single, state-mandated M&E framework for DDC. Instead, VNG International has developed its own robust, results-based M&E methodologies and tools tailored specifically to local government co-operation. These tools are used consistently across the projects it manages, creating a high degree of internal coherence. An external evaluation of the programme between the government and VNG International assesses the overall success of the partnership, including its contribution to local governance (VNG International, 2025[38]).

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Notes

[1] FEMP represents the interests of Spanish municipalities and provinces, and CONFOCOS is a network of local and regional funds dedicated to international solidarity.

[2] Korea is not included in the mapping, as it does not separately report DDC flows to the CRS.

6 Policy recommendations

This chapter presents policy recommendations and proposed actions for local, regional and national governments, development agencies and municipal associations on how to enhance the measurable impact of decentralised development co-operation (DDC) on local governance and sustainable development outcomes. They range from promoting a new DDC narrative that better reflects the mutual benefits and value-based foundations of decentralised co-operation and tailoring DDC strategies to territorial and sectoral conditions, to institutionalising DDC within local administrations and building dedicated professional capacity. The recommendations further address how to design longer-term, more flexible and diversified funding arrangements, improve official development assistance reporting, harmonise monitoring and evaluation frameworks, and integrate quantitative data into impact assessment. They also call for a more strategic engagement of private sector actors, civil society organisations, academic institutions and municipal associations as partners in DDC design, implementation and evaluation.

The recommendations detailed in this chapter are grounded in the evidence provided in the analysis, findings and challenges presented throughout the report. They also build and expand on previous OECD guidance on decentralised development co-operation (DDC) presented in various reports since 2018 (Box 6.1) This earlier work provided a range of policy recommendations to unlock the potential of DDC as a tool to implement the United Nations (UN) 2030 Agenda, including for specific regional and national governments such as in Germany. It also shaped a global policy toolkit on DDC, provided overarching guidance for city-to-city partnerships to finance urban development, and proposed a new monitoring and evaluation (M&E) framework jointly developed with the European Commission.

To complement previous policy recommendations, this report draws on the first large-scale qualitative and quantitative assessment of DDC's impact on local governance and UN Sustainable Development Goal (SDG) outcomes based on 2 OECD surveys on the impact of DDC in more than 180 local and regional governments (LRGs), 16 case studies and regression analysis to better identify the main drivers of impactful DDC. The recommendations that follow are organised around five areas: i) DDC policies and strategies; ii) institutional frameworks and co-ordination mechanisms; iii) financing and funding; iv) measurement, reporting and evaluation; and v) multi-stakeholder engagement across all levels of government (Figure 6.1). At the same time, they address trade-offs that practitioners will encounter in implementation. Calls for greater funding flexibility sit alongside stronger accountability requirements; harmonised monitoring frameworks must be applied in ways that preserve space for place-based tailoring. Against that background, the recommendations offer a set of mutually reinforcing actions to be selected and sequenced according to the strategic priorities and institutional realities of different DDC actors.

Box 6.1. Nearly a decade of OECD guidance on DDC

Since 2018, the OECD has developed several papers and reports, including a dedicated global policy toolkit and guidance for practitioners with analysis and policy recommendations on DDC:

- The report *Reshaping Decentralised Development Co-operation: The Key Role of Cities and Regions for the 2030 Agenda* (2018) established the first set of OECD recommendations on DDC, which include: moving beyond a top-down donor-recipient model towards a territorial, bottom-up approach grounded in reciprocity and local ownership; recognising the distinctive roles of regions, cities and smaller municipalities; strengthening multi-level governance and co-ordination including through co-financing mechanisms; and improving official development assistance (ODA) reporting and results-oriented M&E linked to SDG indicators.
- The paper "Decentralised development co-operation: A global policy toolkit and guidance for practitioners" (2023), which builds on more than 30 international good practices, organised its recommendations around 3 building blocks: developing common guidance and promoting long-term, place-based programming focused on LRGs' comparative advantages; strengthening multi-level governance, co-ordinating across levels of government and pooling resources; and improving DDC data, including disaggregated ODA reporting, alongside stronger M&E aligned with the SDGs.
- The *Reshaping Decentralised Development Co-operation in Germany* report (2023) focused its recommendations on the national context in Germany. Its key recommendations included: strengthening the peer-to-peer learning function of DDC and direct co-operation with partner country LRGs; using the SDGs as a framework to define priorities; improving collaboration between German states and municipalities; exploring more flexible co-financing frameworks and simplifying bureaucratic procedures; and developing a harmonised approach to ODA reporting and M&E across states and municipalities.

- The report *City-to-City Partnerships to Localise the Sustainable Development Goals* (2023) centred in particular on DDC M&E with key recommendations to: adopt a harmonised M&E framework aligned with the Group of Twenty (G20) Rome High-Level Principles on City-to-City Partnerships to develop evidence-based territorial policies; expand data collection, including through geospatial sources; strengthen multi-level governance and stakeholder ownership of the M&E process; and improve transparency by making results publicly available to support peer learning.
- The paper "Harnessing city-to-city partnerships to finance urban development" (2025) focused on the role of city-to-city partnerships to mobilise financial resources for urban development. In order to do so, it recommends: building local institutional capacity to mobilise resources through peer learning on financial management; fostering enabling legal and financial frameworks, including co-financing and seed funding; supporting pooled projects to achieve greater scale and bankability; and engaging the private sector through blended finance and public-private partnership frameworks, supported by M&E systems and digital platforms that demonstrate impact and attract investment.

Sources: OECD (2018[1]), *Reshaping Decentralised Development Co-operation: The Key Role of Cities and Regions for the 2030 Agenda*, https://doi.org/10.1787/9789264302914-en; OECD (2023[2]), , "Decentralised development co-operation: A global policy toolkit and guidance for practitioners", https://doi.org/10.1787/3cb22851-en; OECD (2023[3]), *Reshaping Decentralised Development Co-operation in Germany*, https://doi.org/10.1787/afedb776-en; OECD (2023[4]), *City-to-City Partnerships to Localise the Sustainable Development Goals*, https://doi.org/10.1787/d2fe7530-en; OECD (2025[5]), "Harnessing city-to-city partnerships to finance urban development", https://doi.org/10.1787/d782d57d-en.

Figure 6.1. Overview of key recommendations to enhance the impact of DDC

DDC POLICIES AND STRATEGIES

- Promote a renewed DDC narrative
- Leverage the mutual benefits of DDC
- Elevate the strategic recognition of non-financial DDC
- Tailor DDC strategies to territorial conditions and sectoral dynamics
- Use DDC as a tool for policy innovation

INSTITUTIONAL FRAMEWORKS AND CO-ORDINATION

- Establish coherent national strategies for DDC
- Set financial incentives for alignment with national priorities and delivery of results
- Institutionalise local capacity and provide professional career development for subnational co-operation personnel
- Recognise and celebrate elected representatives' leadership in DDC

FINANCING AND FUNDING

- Promote longer-term, more flexible and diversified financing arrangements for DDC
- Support pooled DDC initiatives and improve access to funding opportunities
- Build the institutional capacity to make DDC funding effective

MEASUREMENT, REPORTING AND EVALUATION

- Improve CRS reporting on DDC ODA
- Harmonise M&E frameworks for DDC
- Integrate quantitative data into DDC impact assessment
- Measure the non-financial dimension of DDC

MULTI-STAKEHOLDER ENGAGEMENT

- Encourage a more strategic involvement of the private sector in DDC
- Leverage civil society, and academia as knowledge, implementation and monitoring partners

DDC policies and strategies

Promote a renewed DDC narrative centred on impact and mutual benefits

Challenge

- At a time when multilateralism is under pressure, LRGs are demonstrating that development co-operation is essential with DDC ODA doubling over the past decade and evidence of positive impacts on local governance and SDG outcomes. Yet existing narratives often omit to communicate or misrepresent the key role of LRGs as development co-operation actors, the benefits and impact of DDC on LRGs both in OECD Development Assistance Committee (DAC) member and partner countries, the value-based foundations of DDC rooted in democracy, human rights, equality, non-discrimination and a culture of peace, and its contribution to addressing global challenges and achieving the SDGs.

Recommendation

- **Promote a renewed narrative for DDC centred on impact and mutual benefits**. Position DDC as a strategic response to today's development challenges by highlighting the distinctive role of LRGs in advancing sustainable development. This narrative should reflect the full spectrum of DDC engagement (encompassing both financial and non-financial support such as knowledge sharing, peer learning and technical expertise) and its contribution to addressing shared global challenges, from climate change and widening inequalities to growing threats to democracy, human rights and social cohesion as well as the potential new role of territorial cooperation in addressing humanitarian aid and emergency crises. It should emphasise the political role of city diplomacy,[1] and communicate clearly that place-based, people-centred international co-operation is not a secondary activity but a necessary condition for achieving the SDGs.

Actions

- Use the new DDC narrative to shape DDC programmes and actions, funding decisions and political engagement (e.g. by including local leaders in national political delegations where appropriate), ensuring that the mutual benefits, values, evidence and global challenges framing the narrative are reflected in how partnerships are structured, funded and evaluated.
- Proactively disseminate DDC results to citizens, local politicians and stakeholders, through channels tailored to their audiences (e.g. short notes with non-technical language), including public hearings, local sustainability days, social media and peer-learning platforms, and place particular emphasis on the mutual benefits and value of non-financial DDC activities such as peer learning and technical exchange.
- Consolidate and build on existing networks and communities of practice, including the multi-stakeholder Community of Practice on DDC under the Seville Platform for Action, rather than creating new structures, to share evidence, consolidate lessons learned and influence global development processes, including financing for development and the post-2030 Agenda.

Leverage the mutual benefits of DDC

Challenge

- While DDC is primarily designed to support partner territories, evidence shows that it also generates benefits for LRGs in DAC countries, notably through new knowledge and innovation, stronger multi-level co-ordination and more inclusive governance, including through participatory processes that strengthen public ownership of local development agendas. DDC can also contribute to the strengthening of global public goods, including democratic values, human rights and peace. However, in a context of growing public scrutiny and demands for LRGs to justify their DDC activities and their return on investment, these benefits are not always sufficiently documented and communicated in ways that build public understanding and support.

Recommendation

- **Leverage DDC more systematically to generate mutual benefits in both partner and DAC countries**. DDC actors should systematically capture and communicate how partnerships create value for their own cities, regions and countries, as well as for their partner territories, and design activities accordingly. By making these benefits more visible and tangible, governments can strengthen public support, enhance stakeholder buy-in and ensure the long-term impact of their DDC activities.

Actions

- Integrate mutual benefits objectives into DDC funding programmes set up by national governments and development co-operation agencies. National governments in collaboration with their development co-operation agencies could also develop guidance and tools to help LRGs measure and apply the local benefits of their international partnerships, including for gender equality, minorities and vulnerable populations, such as indigenous communities and people with disabilities.
- Systematically document the positive impacts for both partners to the extent that capacity allows, combining quantitative evidence with case studies and practical examples that illustrate how DDC supports SDG outcomes, governance improvements, innovation and learning. LRGs should also adopt a more deliberate approach to applying this knowledge within their own administrations, for example by integrating lessons learned into sectoral strategies, using DDC to strengthen local SDG implementation and establishing internal mechanisms to share insights across departments and with elected officials.
- Translate DDC results into clear and relatable narratives for citizens and local stakeholders. By doing so, governments across all levels should highlight concrete benefits for local administrations, communities and service delivery, and disseminate them through channels tailored to their audiences, including citizen information events, public hearings, local sustainability days, websites, social media, policy dialogues and peer-learning platforms.

Elevate the strategic recognition of non-financial DDC

Challenge

- The benefits of non-financial DDC are substantial on both sides: LRGs in DAC countries report gains in knowledge and innovation, institutional capacity and more inclusive governance, while partner cities and regions highlight improvements in service delivery, institutional capacity and access to finance for sustainable urban development. Non-financial DDC is also often the primary tool through which partnerships contribute to democratic governance, human rights and the strengthening of civil society. Despite this, non-financial activities remain largely invisible in ODA reporting frameworks, which focus primarily on financial flows, and are rarely treated as a strategic and deliberate modality within local development and international co-operation strategies.

Recommendation

- **Reinforce the strategic acknowledgement and integration of non-financial DDC into sustainable development and international co-operation strategies.** Cities, regions, their associations and national governments should explicitly recognise non-financial forms of DDC as a core and strategic modality of development co-operation, fully integrate them into local development and SDG localisation strategies, and leverage their demonstrated impact to strengthen policy frameworks and reporting systems to maximise their long-term impacts.

Actions

- Explicitly recognise non-financial forms of DDC in national and local development co-operation frameworks, such as peer-to-peer learning, staff exchanges, training, study visits and technical assistance, as a core and strategic modality of DDC. This recognition should frame non-financial DDC as a form of co-operation that generates value on both sides of the partnership, strengthens local governance practices, stakeholder engagement and policy innovation, and supports institutional capacity, democratic governance and human rights in both partner and DAC territories. DDC delivers the strongest results when embedded in a territorial approach that ensures coherence and alignment with the development priorities and processes of partner territories, if possible, which is why continuous dialogue involving LRGs, municipal associations, civil society organisations (CSOs) and national governments is needed to share lessons and engage relevant DDC actors.
- Move towards a more intentional and strategic approach to non-financial DDC by defining clear objectives for mutual learning, institutional innovation, human rights and contributions to SDG outcomes on both sides of partnerships. National governments and LRGs should embed these activities into broader development strategies such as SDG localisation and international co-operation plans. To make this operational within existing capacity constraints, municipalities could further explore on how to integrate non-financial DDC into existing planning and management processes rather than running parallel structures, for example by linking activities to ongoing sectoral priorities and assigning clear focal points within departments.
- Document and communicate the results of non-financial DDC activities through storytelling, case studies and presentations among peers, to make their value visible to political leaders, citizens and potential partners and to build sustained political and public commitment to this form of DDC.

Tailor DDC strategies to territorial conditions and sectoral dynamics

Challenge

- Qualitative and quantitative analyses show that contextual factors, including national frameworks and local conditions, shape how impacts materialise, reinforcing the need to better align strategies with specific territorial needs and capacities. DDC impacts also vary across policy sectors, with more immediate effects in areas where LRGs have strong competences and expertise such as urban planning, water management, public transport and climate adaptation, while impacts in sectors like health and education tend to emerge more gradually. Without accounting for these territorial and sectoral differences, DDC risks misaligning resources with local realities and generating weaker or less sustained results.

Recommendation

- **Enhance the place-based approach to DDC programming that accounts for the specific conditions, capacities and development challenges of individual territories as well as the**

dynamics and expected timelines of different policy sectors. DDC strategies should go beyond broad sectoral or country-level targeting and be grounded in a clearer understanding of local needs, capacities and competencies on both sides of the partnership. Local, regional and national governments that integrate localised approaches to sustainable development in their own territories may be better equipped to apply a similarly systemic and place-based lens in their DDC programmes abroad, strengthening coherence and mutual learning on both sides. This approach also requires clarity on how partnerships are governed, including how objectives are jointly defined, how risks are shared, and how decisions on adapting or continuing activities are taken so both sides of the partnership can shape the direction of their co-operation.

Actions

- National, regional and local governments should adapt DDC programmes to territorial characteristics, local expertise and sectoral dynamics, scaling up effective practices in areas where LRGs have relevant prerogatives, such as urban planning, water management, public transport and climate adaptation. Particular attention should be paid to the specific conditions of the most vulnerable partner countries, including least developed countries, those exposed to external shocks, geographically isolated countries, countries without access to financial markets and conflict affected contexts, where partnership models, risk management and timeframes may need to be adapted.
- Design national, regional or local DDC programmes that combine financial and non-financial support in a way that reflects both territorial needs and sectoral dynamics. In infrastructure and service delivery, financial investment should be systematically paired with the technical expertise and capacity building needed to operate and sustain what is built. In governance and policy reform, sustained peer learning and institutional support should be prioritised over time, even where capital requirements are more limited. Programmes set up by national or regional governments should assess both dimensions at the design stage, ensuring that neither financial transfers nor capacity building efforts are planned in isolation from one another.
- Invest in dedicated partnership facilitation mechanism, including peer-to-peer matchmaking tools through which LRGs can declare their interests, sectoral capacities and development co-operation priorities, enabling the identification of partners in developing countries based on shared place-based challenges and complementary expertise. Development agencies could provide the role of a third-party facilitator to help ensure that partnerships are grounded in strategic fit.
- Align funding cycles and M&E requirements set by national governments with the expected timeframes over which DDC generates impact. In sectors such as health, education and climate action, and in humanitarian and emergency contexts where LRGs are increasingly engaged. Where infrastructure needs may be significant, behavioural change is often gradual and some impacts may take many years to materialise, requiring funding cycles to be longer and evaluation frameworks to incorporate intermediate indicators of progress.

Use DDC as a tool for policy innovation

Challenge

- The potential of DDC as a tool for policy experimentation and mutual learning remains underexploited. Case study evidence shows that partnerships between DAC and partner cities and regions can generate solutions that neither partner would have developed alone, with knowledge and innovation flowing in both directions. These positive impacts are often not systematically captured or scaled, however, as DDC activities tend to be framed primarily around development outputs in partner territories rather than around the mutual policy learning and innovation they generate for both sides.

Recommendation

- **Harness DDC for policy innovation by enabling cities and regions to co-develop, adapt and scale solutions through international partnerships.** LRGs, national governments and municipal associations should more systematically integrate innovation and mutual learning objectives into DDC strategies, and establish the funding, documentation and knowledge-sharing mechanisms needed to translate partnership experience into replicable policy solutions on both sides.

Actions

- Identify and select specific priority policy areas such as such as urban planning, water management, public transport and climate adaptation and structure partnerships explicitly around co-developing, piloting and refining new policy solutions in those areas. For each of the partnerships, define clear objectives for knowledge exchange at the outset and put in place mechanisms to document and apply lessons within local administrations (e.g. debriefing sessions).
- Position DDC explicitly as both a development and a policy innovation instrument in national strategies and co-operation frameworks. This means moving beyond framing DDC primarily around development outputs in partner territories and recognising its contribution to policy learning, institutional innovation and governance improvement on both sides of partnerships, including through synergies with bilateral co-operation and domestic policy agendas. National governments could support this by integrating mutual learning and innovation objectives into calls for proposals and programme design guidelines, and by creating structured opportunities for LRGs to share and apply lessons across partnerships.
- Invest in systematically documenting innovative approaches conducted through DDC partnerships at the local and regional levels, combining case studies, storytelling and peer exchange to capture what works, under what conditions and for whom, as well as what has not worked and why, building an evidence base on which forms of decentralised co-operation deliver the strongest development impact, and are most suited to different partnership contexts in order to generate lessons learned for future projects. Municipal associations and city networks could facilitate peer learning among cities working on similar policy challenges, helping to connect municipalities that have developed promising approaches with others that could adapt and apply them in their own context.
- Scale up locally developed solutions that have demonstrated impact, by presenting innovative DDC approaches in international fora to raise visibility, attract replication partners and connect successful initiatives to international funding streams. City networks in particular can play a catalytic role by identifying promising local solutions, for example in areas such as local energy systems, waste management or climate adaptation.

Institutional frameworks and co-ordination mechanisms for DDC

Establish coherent national strategies for DDC

Challenge

- Despite progress in structuring DDC, the OECD DDC impact survey findings point to room for more coherent and comprehensive national frameworks. Many countries have established some form of institutional framework, particularly in terms of laws, definitions, co-ordination mechanisms and implementation guidelines, but these frameworks remain uneven in coverage and are not always sufficiently integrated into a clear, overarching strategic vision. Insufficient alignment across levels of government can lead to missed opportunities for synergies, duplication of efforts or inconsistencies between subnational initiatives and national efforts.

Recommendation

- **Establish coherent national strategies for DDC that provide clarity, legitimacy and multi-level coherence**. Where DDC activities are carried out or hold potential, national governments should steer clear national strategies and through legislation, policy guidance or master plans that define the objectives, scope and principles of DDC while ensuring alignment with broader development priorities and anchor efforts in development effectiveness principles. A structured, multi-year approach can guide subnational engagement while enabling flexibility for place-based and bottom-up initiatives. National strategies should enable LRG autonomy to choose partners and co-develop shared values which strengthens partnership continuity even during periods of suspended bilateral relations. Such strategies should also aim to incentivise local engagement and broaden the commitment of local and regional governments to be active in DDC. At the same time, local and regional DDC strategies should be coherent with national ones to avoid a fragmentation and incoherence of activities.

Actions

- Develop comprehensive national DDC strategies or frameworks (e.g. master plans, legislation or policy guidelines) that clearly define the scope, objectives and principles of DDC, establish the role of LRGs within national development policy, and provide predictable, multi-year clarity for subnational engagement. These strategies can identify priority regions, sectors and thematic areas where LRGs can contribute based on their policy prerogatives and expertise.
- Strengthen alignment between DDC and national policy cycles by linking DDC frameworks to national/bilateral development strategies, and by ensuring that subnational partnerships complement national efforts.
- Reinforce multi-level governance mechanisms to ensure coherence and subsidiarity, including clear allocation of responsibilities and competencies across levels of government, and co-ordination platforms to facilitate dialogue between national and subnational authorities. A place-based and bottom-up approach should be promoted by LRGs through the integration of DDC initiatives into local development plans, systems and stakeholders in partner territories, while encouraging collaboration with local actors to ensure relevance, ownership and sustainability of interventions.
- Leverage national associations of municipalities more systematically as strategic intermediaries to enhance the effectiveness and scale of DDC, for example by drawing on them to deliver practices such as guidance, training and matchmaking to their members, thereby playing a supporting role for DDC activities.

Set financial incentives for alignment with national priorities and delivery of results

Challenge

- The lack of financial resources emerges as the most significant barrier for DDC to achieve intended governance and SDG outcomes. Short-term funding arrangements can undermine the sustainability and long-term impact of DDC, making it difficult to plan, scale or maintain partnerships over time. Where financial incentives exist to promote alignment with national priorities, overly rigid or tightly earmarked funding can reduce LRG flexibility and constrain their capacity to respond to local partner needs. Strong dependence on priority-driven funding can expose DDC activities to shifts in national agendas, creating uncertainty and affecting continuity.

Recommendation

- **Use financial incentives to promote alignment with national priorities and strengthen results-based delivery, while ensuring a balanced and flexible funding mix.** Where national public finance and budgetary frameworks allow, governments should design co-financing and performance-based mechanisms that encourage LRGs to contribute to strategic national objectives and deliver measurable outcomes. In contexts where such transfers or earmarked incentives are legally or institutionally constrained, governments can pursue alternative approaches such as non-financial incentives, guidance frameworks or indirect funding channels.

Actions

- Where legally and institutionally feasible, national governments should introduce or expand co-financing mechanisms that reward alignment with strategic thematic or geographic priorities and encourage LRGs to design projects contributing to shared national and international objectives (e.g. SDGs, climate action, gender equality). In contexts where direct financial transfers or earmarked incentives are constrained by public finance or budgetary rules, national governments could use indirect funding channels (e.g. through development agencies or intermediaries) or provide non-financial incentives, such as accreditation schemes, visibility or preferential access to partnerships and technical support. For detailed discussion, see the section on financing and funding below.
- Where possible, incorporate performance- and results-based elements in national DDC funding schemes by linking financial or institutional support to the achievement of measurable development outcomes, and by defining clear indicators, monitoring systems and reporting requirements.
- Enhance predictability and continuity of DDC programmes, by supporting multi-year programming at the national level that reduces exposure to short-term shifts in national priorities and by encouraging long-term partnerships and sustained engagement.

Institutionalise local capacity and provide professional career development for subnational co-operation personnel

Challenge

- DDC is often not sufficiently institutionalised. As highlighted in Chapter 3, a key constraint is the lack of dedicated DDC personnel, which limits continuity, strategic planning and the ability to manage partnerships effectively over time. DDC activities frequently rely on ad hoc arrangements or individual initiatives, rather than being embedded as a structured municipal function. This weakens institutional memory, reduces coherence across departments and constrains the long-term sustainability and impact of subnational engagement in development co-operation.

Recommendation

- **Institutionalise DDC within local administrations and support the professional career development of subnational co-operation**. National governments and development partners should support the transition from ad hoc, project-based DDC engagement towards structured, professionalised municipal functions, by strengthening human resources, building institutional capacity and embedding DDC within core public administration systems.

Actions

- Provide capacity-building tools and guidance, including practical toolkits for designing, implementing and evaluating DDC initiatives as well as advisory services or helpdesks for LRGs.
- Embed DDC within local institutional frameworks by establishing dedicated units or focal points responsible for international co-operation in LRGs, and integrate DDC responsibilities across relevant departments (e.g. planning, environment, social services). LRGs should further advance efforts to strengthen institutional memory and continuity by embedding DDC processes, tools and knowledge within administrative systems, as well as documenting and sharing lessons learned from partnerships.
- Promote the professional career development of DDC functions by developing national competency frameworks and job profiles for DDC practitioners and by supporting continuous training and skills development (e.g. project management, partnership building, M&E through national development agencies or associations of municipalities where feasible). They can also facilitate participation in peer-learning networks and communities of practice.
- Strengthen LRGs' capacity to manage risk as part of professionalising DDC functions. This includes national-level guidance, tools and training that help LRGs anticipate and plan for risks linked to different partnership contexts such as political changes in partner countries or implementation delays. Furthermore, this could also involve developing risk-management approaches to mitigate the risks and that are proportionate to the scale of the partnership and the institutional capacity of the LRG involved.

Recognise and celebrate political support and leadership in DDC

Challenge

- Limited political support and leadership is considered a significant barrier to effective DDC especially by LRGs in DAC countries. Political engagement in DDC is often uneven and can be vulnerable to electoral cycles, shifting priorities or limited visibility of results. Without sustained political support, DDC risks becoming an unprotected and discretionary activity during budget cycles or changes in political priorities rather than sustained engagement. In addition, the contributions of local and regional leaders to international development are not always sufficiently recognised or visible, which can limit incentives for engagement and reduce the perceived legitimacy of subnational action in global arenas. This can weaken momentum, peer learning and the diffusion of good practices across jurisdictions.

Recommendation

- **Strengthen political leadership and visibility of DDC by recognising and promoting the role of subnational actors in national and global policy agendas.** National governments should actively support and showcase the role of mayors, local councillors and regional leaders in international co-operation, reinforcing the legitimacy, continuity and ambition of DDC.

Actions

- Acknowledge and promote exemplary DDC initiatives by establishing national awards or competitions highlighting innovative and impactful projects. Curating and disseminating best practices and success stories as well as organising public communication campaigns can also enhance visibility of DDC benefits.

- Create national platforms to elevate political leadership, facilitate the participation of mayors and regional leaders in national delegations to international fora and support their engagement in global policy dialogues and peer-learning networks. Another possible measure is to promote leadership exchanges and ambassador roles for experienced LRG representatives, e.g. co-ordinated by national development agencies or associations of LRGs.

Financing and funding

Promote longer-term, more flexible and diversified financing arrangements for DDC

Challenge

- Short-term, project-based funding cycles and dependence on single funding streams remain structural barriers to effective DDC. DDC impact survey results indicate that a lack of financial resources is the main barrier preventing LRGs from achieving intended local governance and SDG outcomes, with LRGs in DAC countries rating this constraint at 3.5 on a scale of 1 to 5 and their partner LRGs even higher at 4.1. This challenge is compounded by the limited flexibility of existing funding arrangements, which do not always reflect the diversity of partnership models, institutional capacities and local contexts across LRGs.

Recommendation

- **Promote longer-term, more flexible and diversified financing arrangements for DDC that reflect the diversity of local contexts and partnership models.** Move beyond short-term project funding by establishing multi-year financing cycles that allow LRGs to develop sustainable partnerships and invest in institutional capacity. Diversified models drawing on local and regional budgets, national co-financing, international grants and in-kind contributions can enhance resilience at scale. National governments, development agencies and municipal associations could work together to establish more sustainable and adaptable co-financing arrangements that match the varying scales and capacities of LRGs, while remaining anchored in national priorities.

Actions

- Establish multi-year funding cycles at the national and subnational levels that allow LRGs to build more sustainable partnerships, invest in institutional capacity and focus on achieving lasting local governance and SDG outcomes rather than short-term outputs. This could also include targeted financial incentives to launch new DDC partnerships, e.g. seed grants or matching funds for first-time or newly forming partnerships and establish pathways for these to transition into more permanent, recurrent funding as partnerships mature and demonstrate results, with particular attention to partnerships in least developed countries and fragile contexts, where financing constraints are most acute.
- Diversify co-financing sources by combining local and regional budgets, national co-financing, international grants and in-kind contributions such as technical expertise and staff time to reduce overreliance on national budgets. National development agencies could facilitate access to multilateral and European Union (EU) funding instruments, for example by providing guidance on eligibility criteria and application procedures, offering co-financing to help LRGs meet minimum funding thresholds and supporting municipal associations to act as intermediaries that aggregate applications from smaller municipalities. Furthermore, explore the role of philanthropic actors and, where politically feasible, private sector partners as complementary funding sources, including through peer-to-peer platforms connecting municipalities with philanthropic foundations.

- Connect national and subnational DDC funding strategies to international financing frameworks including the EU Global Gateway strategy, in order to access additional financing streams and integrate DDC into broader development finance mechanisms. In doing so, recognise that a systemic territorial approach to DDC contributes directly to building the local enabling environment including fiscal, regulatory and productive capacities that helps de-risk investment and attract longer-term, more stable financing.

Support pooled DDC initiatives and improve access to funding opportunities

Challenge

- Many LRGs face significant financial and human resource constraints that limit their ability to engage in DDC independently or to access larger funding programmes. DDC impact survey findings show that LRGs in DAC countries often rely heavily on external funding, with around 24% of respondents contributing between 0% and 10% of their own resources to their overall DDC budget and 56% coming from external sources overall. Smaller municipalities in particular, which concentrate the highest proportion of purely non-financial partnerships, frequently lack the financial or human capacity to engage in DDC projects on their own.

Recommendation

- **Support pooled DDC initiatives and improve access to funding opportunities, with particular attention to smaller municipalities**. National governments, governments at the state or regional level, where applicable, development agencies and municipal associations should support mechanisms that enable LRGs to pool resources, share administrative burdens and navigate a fragmented funding landscape more effectively, including partnerships that strengthen domestic resource mobilisation and crowd in private actors. Pooled funding mechanisms, such as municipal solidarity funds that aggregate contributions from many small local governments, can lower entry barriers and transaction costs.

Actions

- Support inter-municipal co-operation frameworks and promote pooled funding mechanisms that can help LRGs overcome the limited scale of individual projects, reduce fragmentation and transaction costs and enable larger and more strategic interventions. Pooled funding arrangements could be jointly established by groups of local and/or regional governments and designed to set out the role that each LRG plays and contributes to the co-operation mechanism, including through governance structures that support peer learning and capacity development. Furthermore, leverage city networks as potential intermediary platforms for pooled DDC initiatives and connecting potential partners.
- Provide technical assistance for project design, joint fund management and access to co-financing schemes through national development agencies or municipal associations by supporting the governance of DDC projects. Such support could be particularly valuable for smaller municipalities that may lack the financial or human capacity to engage in DDC projects on their own, and should include dedicated assistance for navigating EU and multilateral funding programmes.
- Strengthen digital DDC knowledge platforms as one-stop shops combining information on national, subnational and international grants, co-financing schemes and technical assistance programmes with practical guidance on application procedures, financial management and project implementation. Such a digital knowledge platform could be set up either at the EU level or by national development agencies and also feature training modules, templates, case studies and replicable good practices. By lowering information barriers and improving municipalities' capacity

to identify suitable support, such tools could help increase the number of LRGs engaged in DDC activities and improve the long-term sustainability of DDC projects.

Build the institutional capacity to make DDC funding effective

Challenge

- Capacity constraints are as significant a barrier as funding availability as resources that cannot be effectively managed, deployed or accounted for do not generate impact. DDC impact survey findings show that human resources are the most significant constraint, with only 19% of partnerships reporting adequate staffing on both sides and many municipalities operate without a dedicated DDC or international affairs department, meaning DDC work is carried out on top of regular responsibilities.

Recommendation

- **Build the institutional capacity that make DDC funding effective, and use DDC to help create the enabling conditions for longer-term investment in partner territories.** National governments, development agencies and municipal associations could work together to strengthen staffing and administrative capacity on both sides of DDC partnerships, and support partner territories in developing the institutional and governance conditions that attract sustained investment.

Actions

- Invest in institutional capacity on both sides of DDC projects through dedicated staffing support, peer-to-peer learning and shared administrative services for fund management, reporting and project governance. Interim funding provided by the national government or development agency to retain key personnel between project cycles can help LRGs maintain continuity and avoid losing staff and expertise, and municipal associations could offer pooled support that smaller municipalities can draw on rather than building these functions individually.
- Leverage DDC projects dedicated to financial capacity building. DDC projects focused on improving tax administration, revenue collection and expenditure management can help DDC partners use financial resources more efficiently. National governments, development agencies and municipal associations should identify, document and disseminate successful examples of DDC contributing to domestic resource mobilisation or to crowding in private capital in partner countries, so that these approaches can be replicated at greater scale. Stronger financial management capacity can in turn also help partner territories develop investment roadmaps and help attract longer-term private and institutional investment alongside public DDC funding.

Measurement, reporting and evaluation

Improve CRS reporting on DDC ODA

Challenge

- DDC ODA reporting in the OECD Creditor Reporting System (CRS) remains partial and insufficiently detailed at the subnational level. Only 15 of the 34 DAC members currently report DDC ODA, and flows are underestimated as many LRGs do not systematically report. Most data are recorded at the country level, with limited information on subnational providers and no systematic reporting on recipient regions or cities, significantly constraining territorial analysis.

Recommendation

- **Improve the coverage, granularity and consistency of DDC reporting in the OECD CRS, and total official support for sustainable development (TOSSD), including the systematic identification of the cities and regions providing and receiving DDC support.** Better CRS reporting would significantly strengthen the evidence base on which territories are engaged in DDC, where DDC ODA is allocated and how these flows contribute to local governance and SDG outcomes. In addition, CRS reporting could include a localisation marker to identify projects with a clear territorial or local development focus. As TOSSD reporting advances under its UN-hosted framework, future analyses should also draw on its broader coverage of providers, non-concessional instruments and expenditures addressing macro-regional and global challenges that generate substantial benefits for developing countries.

Actions

- Strengthen national-level DDC ODA reporting by improving co-ordination between national reporting agencies and subnational governments, ensuring that existing information on subnational providers is transmitted to the DAC, and advancing systematic disaggregation of DDC flows by subnational provider and recipient through structured geographic fields, building on existing practices in countries such as Belgium, Germany and Spain.
- Raise awareness among LRGs on reporting modalities and develop digital platforms that make reporting simpler and more systematic, including for municipalities with more limited resources. National governments could also provide incentives for more consistent reporting, for example by linking reporting compliance to eligibility for DDC funding programmes or technical support.
- Leverage text analysis and artificial intelligence to extract and validate references to recipient cities and regions from project descriptions as a short-term solution while more standardised reporting systems are developed.

Harmonise M&E frameworks for DDC

Challenge

- M&E practices in DDC remain uneven and fragmented across partnerships and among partners involved in the same partnership. While more than 60% of LRGs report assessing their DDC activities to some extent, only 17% of partnerships conduct systematic assessments at both ends of the partnership. This limits comparability, mutual learning and the ability to generate robust evidence on DDC contributions to local governance and SDG outcomes. Evidence on DDC impact also remains limited, in part because evaluation is rarely built into project design from the start, making it difficult to assess what works, for whom and under what conditions. At the same time, M&E requirements need to remain proportionate and adapted to the scale of DDC projects, so that they strengthen learning and accountability without creating excessive burdens for LRGs.

Recommendation

- **Promote the adoption of harmonised and proportionate M&E frameworks across and within DDC partnerships to strengthen comparability, mutual learning and evidence-based decision making.** Monitoring and evaluation should be treated as a core element of DDC projects from the outset, not only as an *ex post* exercise, so that partnerships can generate more credible and policy-relevant evidence on their contributions over time. Shared M&E frameworks should combine a common set of core indicators with enough flexibility to reflect local contexts, institutional capacities and partnership priorities.

Actions

- National governments should support LRGs by providing adaptable M&E templates and indicator menus, building on tools such as the OECD-European Commission M&E framework for city-to-city partnerships to localise the SDGs, while ensuring that reporting requirements remain proportionate to subnational capacities, particularly for smaller municipalities and partner LRGs with more limited resources.
- Implement shared results frameworks for projects carried out within DDC partnerships, where appropriate given the scope and scale of the project. These frameworks should be built around a common set of core indicators linked to the objectives of each project within the partnership (including local governance and SDG indicators where relevant), while allowing flexibility for context-specific metrics. Evaluation should be integrated from the outset, including clear baselines, measurable targets and plans to assess progress and results over time among partners at both ends of the partnership.
- Frame M&E in locally defined notions of success by having partner LRGs and their communities co-define a share of the core indicators, drawing on OECD guidance on locally led development. Complement quantitative indicators with qualitative evidence and structured community feedback, and use these inputs for adaptive management, adjusting activities during implementation rather than only reporting on them afterwards (OECD, 2024[6]; OECD, 2026[7]).
- Support LRGs in designing evaluations and combining different types of evidence from academia, research and governmental organisations, including quantitative and qualitative data to better understand how and under what conditions DDC partnerships generate impact.

Integrate quantitative data into DDC impact assessment

Challenge

- DDC M&E relies predominantly on qualitative and self-reported information. Only around 23% of LRGs in DAC countries and 33% of partner LRGs draw on local or regional databases, while just 9% and 6% respectively use national or international databases. This limits the capacity to track objective outcomes and assess impact comprehensively, with data gaps most pronounced in ODA-eligible countries.

Recommendation

Strengthen the integration of quantitative data into DDC monitoring and impact assessment, and support the development of subnational indicators to fill existing data gaps on local governance and SDG outcomes. Enhancing the availability and use of quantitative data is critical to enable more robust, comparable and policy-relevant assessments of DDC impact that supports the new DDC narrative around tangible benefits and impacts of DDC in both cities and regions in DAC and partner countries.

Actions

Prioritise increasing the temporal frequency and geographic granularity of existing SDG indicators, especially in ODA-eligible countries, while developing new indicators for under-measured dimensions related to local governance such as institutional quality, administrative capacity and service delivery performance. National statistical agencies should invest in and promote the greater use of innovative data sources, including satellite-derived indicators, georeferenced surveys and administrative records, to complement official statistics and improve the timeliness of subnational data.

Invest in local skills to make greater use of existing databases, administrative records, georeferenced surveys and satellite-derived indicators to complement qualitative reporting.

Leverage the role of academic institutions in contributing methodological expertise, supporting data collection and helping strengthen local statistical capacity.

Measure the non-financial dimension of DDC

Challenge

- Non-financial activities are central to DDC partnerships but remain largely under-reported and under-measured. While 71% of DDC projects reported by DAC cities and regions include non-financial activities or are entirely focused on them, these contributions, including in-kind inputs, are not systematically captured in the OECD CRS, creating a significant gap in understanding the full scale and value of DDC engagement.

Recommendation

- **Leverage and expand existing methodologies and measurement tools to better capture the scale and value of non-financial DDC activities, including both the resources mobilised by providers and the outcomes generated, to ensure that the full contribution of DDC is reflected in development statistics and policy analysis.** Improving the measurement of non-financial DDC would strengthen the evidence base on how partnerships generate value beyond financial transfers. It would also enhance the visibility and strategic recognition of these activities in policy discussions, supporting a more comprehensive understanding of DDC contributions to local governance and SDG outcomes.

Actions

- Promote and provide guidance on the use of existing methodologies, such as the reporting directives of the OECD CRS for technical assistance, to systematically capture non-financial DDC inputs including staff time, in-kind contributions and technical expertise in the form of personnel, training and research.
- Enhance efforts to track the volume and characteristics of non-financial DDC activities conducted by LRGs, including exchanges, missions, training sessions and study visits, and collect this information in a structured and harmonised way at the national level to build more comprehensive databases of DDC partnerships covering both financial and non-financial activities. While doing so, national governments should ensure that reporting requirements remain proportionate to the administrative and human resource capacities of LRGs, particularly smaller municipalities.
- Build on and expand existing methodologies to report non-financial DDC across international organisations, governments and research institutions, such as the CRS modality for technical assistance, to better capture the full range of non-financial activities and, especially, their outcomes and value for both recipients and providers.
- Support the testing of newly developed approaches across national governments and municipal associations to capture the outcomes and positive impacts of non-financial DDC through partnership networks, and facilitate their progressive integration into broader M&E and reporting frameworks.

Multi-stakeholder engagement

Encourage a more strategic involvement of the private sector in DDC

Challenge

- While the private sector currently plays only a limited role in most DDC projects, DDC impact survey findings suggest that LRGs see value in better leveraging the comparative advantages of businesses. In particular, small and medium-sized enterprises, chambers of commerce and other business actors can contribute technical expertise, innovation and pilot technical solutions to address local urban development challenges and provide complementary financing.

Recommendation

- **Encourage a more strategic and targeted involvement of private sector actors in DDC**, including local businesses and municipal companies, to leverage technical expertise, generate economic opportunities in both home and partner territories, and support service delivery improvements.

Actions

- Facilitate structured engagement of national and local governments with the private sector through local and national business networks, matchmaking events and calls for contributions to DDC activities, while ensuring that such engagement remains aligned with local development priorities and public governance objectives.
- Create opportunities for private sector engagement in DDC activities, for example through access to new markets or partnerships, and the creation of jobs and economic value in both the home and partner territories. Where relevant, this engagement can be connected to broader internationalisation strategies, supporting partnerships between businesses and local private sector actors across DAC and partner countries.
- Leverage the expertise of municipal companies that can play a particularly important role as providers of essential public services such as waste management, water and sanitation, energy or housing. Their public service mandate and operational and technical expertise can be further leveraged in DDC partnerships by LRGs through dedicated peer-to-peer exchanges with partner LRGs and their utilities as well as through joint projects, e.g. on piloting technical solutions and supporting the improvement of service delivery.

Leverage civil society and academia as knowledge, implementation and monitoring partners

Challenge

- DDC impact survey results identify collaboration with CSOs and LRGs as one of the most effective ways to enhance the local governance impact of DDC, yet CSOs are often treated primarily as implementation or funding channels rather than as territorial partners in the co-design and governance of DDC initiatives. Academic actors are currently strongly involved in less than half of partnerships, despite ranking among the highest priority actions to strengthen DDC impact. The role of national associations of municipalities as strategic intermediaries varies significantly across countries, with strong models in some such as co-financing schemes or training and technical exchanges not yet systematically replicated elsewhere.

Recommendation

- **Strengthen the engagement of CSOs, academic institutions and national associations of municipalities as strategic partners in DDC.** To do so: i) better leverage CSOs as implementing and knowledge partners; ii) further harness the role of national associations of municipalities and city networks as key intermediaries and knowledge providers of DDC activities to strengthen DDC impact; and iii) foster the involvement of academia in DDC as key providers of expertise in M&E and capacity building.

Actions

- Embed CSOs in broader territorial partnerships to strengthen local ownership and widen stakeholder engagement, leveraging knowledge of local needs, thematic expertise and proximity to communities. This can be achieved, for example, if LRGs establish structured multi-stakeholder platforms or DDC project consortia, involving CSOs in the co-design and governance of DDC initiatives, and defining clear roles and responsibilities across partners. However, CSOs should not be the sole delivery channel if DDC projects are to generate mutual benefits through peer-to-peer learning and knowledge exchange contributing to expertise and institutional memory between partner governments.
- Use academic institutions to strengthen capacity building on how to conduct impactful DDC through tailored training programmes for municipal staff and the development of learning materials, e.g. on the use of M&E frameworks as well as SDG and local governance indicators, to address the lack of capacity at the local level. Furthermore, leverage universities to foster the interest of young people in the importance of international co-operation, e.g. through dedicated degrees, awareness raising activities, events, research and teaching to build a future skilled workforce in the field.

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Note

[1] The term city diplomacy in this context should not be limited to cities, but also include smaller municipalities and other subnational governments, e.g. counties.

Annex A. Agencies providing DDC ODA

Table A A.1. List of agencies that provide and report decentralised development co-operation official development assistance (DDC ODA) in the OECD Creditor Reporting System, by country

Country	Agency name
Austria	Provincial governments, local communities
Belgium	Brussels official regional ministries
	Flanders official regional ministries
	German-speaking official regional ministries
	Walloon official regional ministries
	Provinces/municipalities
Canada	Provincial governments and municipalities
Czechia	Regional governments and Municipalities
Estonia	Local authorities
France	COOP DECENTRAL/MAE
Germany	Federal states and local governments
	Free Hanseatic City of Bremen
	Free State of Bavaria
	Free State of Saxony
	Free State of Thuringia
	Free and Hanseatic City of Hamburg
	Land Baden-Württemberg
	Land Berlin
	Land Brandenburg
	Land Hesse
	Land Lower-Saxony
	Land Mecklenburg-Western Pomerania
	Land North Rhine-Westphalia
	Land Rhineland-Palatinate
	Land Saarland
	Land Saxony-Anhalt
	Land Schleswig-Holstein
Italy	Local administration – municipalities and metropolitan cities
	Local administration – regions and autonomous provinces
	Local administration – unspecified
Japan	Ordinance-designed cities
	Prefectures
Latvia	Local and regional governments

Country	Agency name
Lithuania	Local authorities
Portugal	Municipalities
Spain	Autonomous governments
	Comunidad Autónoma de Andalucía
	Comunidad Autónoma de Aragón
	Comunidad Autónoma de Canarias
	Comunidad Autónoma de Cantabria
	Comunidad Autónoma de Castilla-La Mancha
	Comunidad Autónoma de Cataluña
	Comunidad Autónoma de Extremadura
	Comunidad Autónoma de Galicia
	Comunidad Autónoma de La Rioja
	Comunidad Autónoma de la Región de Murcia
	Comunidad Autónoma de las Illes Balears
	Comunidad Autónoma del País Vasco o de Euskadi
	Comunidad Autónoma del Principado de Asturias
	Comunidad Foral de Navarra
	Comunidad Valenciana
	Comunidad de Castilla y León
	Comunidad de Madrid
	Municipalities
	Public universities
Switzerland	Cantons and municipalities
United Kingdom	Scottish Government
	Welsh Assembly Government

Notes: Agency names are presented as they appear in the OECD Creditor Reporting System. COOP DECENTRAL/MAE stands for Coopération décentralisée / Ministère des affaires étrangères.
Source: Based on OECD (2026[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds].

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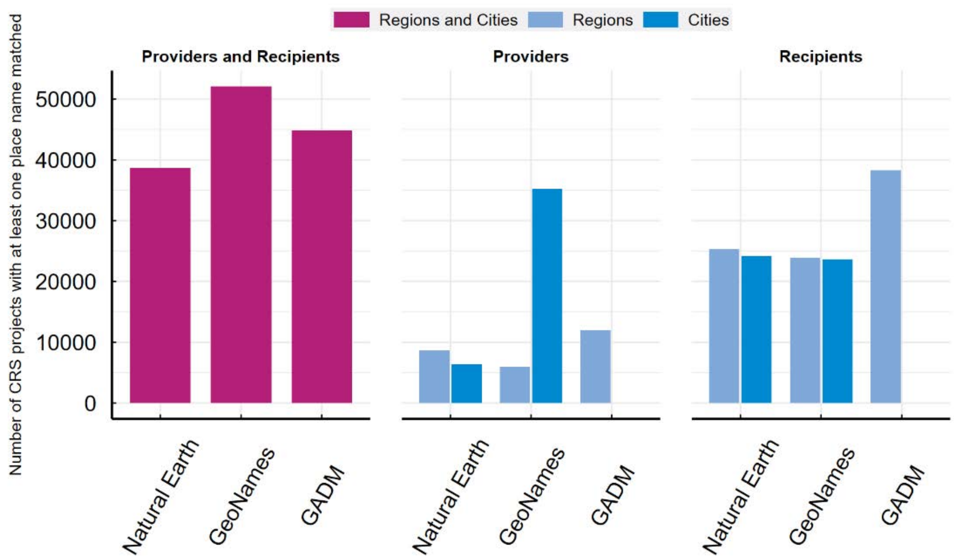
Annex B. Localising the Creditor Reporting System database: Technical details

The localisation pipeline can be divided into two main broad steps. First, using global dictionaries of placenames and text analysis of OECD Creditor Reporting System (CRS) project descriptions,[1] it identifies potential cities and regions (candidate places) mentioned in each project. This step is entirely dictionary-based and does not use artificial intelligence (AI). Second, for each geographic candidate identified by the dictionary, AI is used to determine whether it is indeed a subnational location or a false positive.

Identifying candidate region and city names in CRS projects using geographic dictionaries

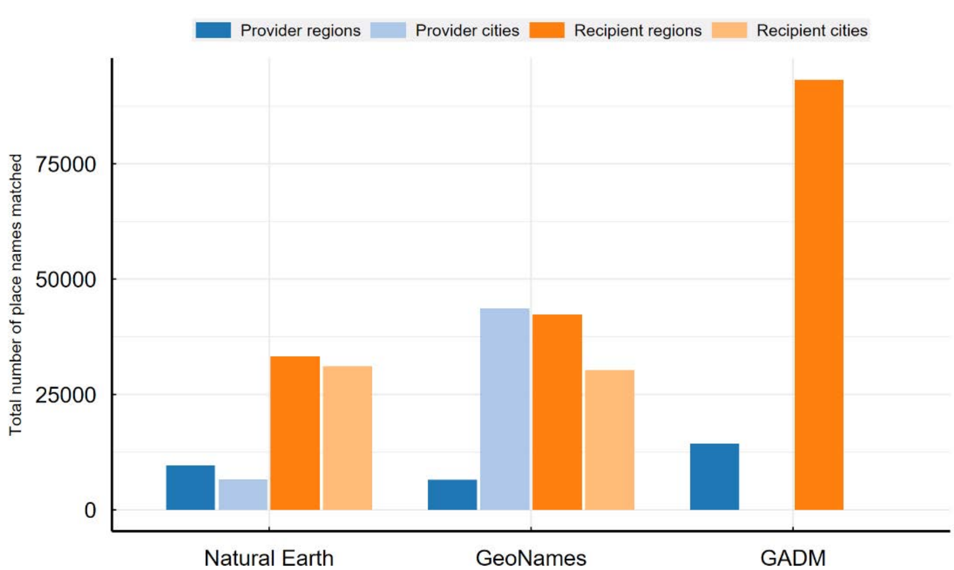
The first broad step of the localisation methodology identified candidate city and region names in 40% to 53% of the 97 811 CRS decentralised development co-operation (DDC) projects analysed, depending on the dictionary of cities and regions used. Project descriptions were unavailable for around 3.5% of projects. Among projects with available descriptions, potential locations were detected in 38 670 projects using Natural Earth, 52 066 using GeoNames and 44 815 using the Database of Global Administrative Areas (GADM) (Figure A B.1). Because some project descriptions mention more than one place, either because projects target multiple locations or involve several providers through multilateral arrangements, the total number of place names matched is higher, reaching 80 633 with Natural Earth, 122 767 with GeoNames and 107 542 with the GADM (Figure A B.2). Project descriptions generally provide more detail on partner cities and regions than on OECD Development Assistance Committee (DAC) members, as they tend to specify where activities are implemented. Natural Earth and the GADM are more effective in identifying regions, while GeoNames captures a larger number of city names. However, the relatively high number of provider city matches when using GeoNames may reflect the presence of false positives. For the identification of partner cities and regions, the three sources appear broadly consistent, suggesting reliable results. Based on this, and given that identifiers for providers regions and cities could be collected for most DAC countries reporting DDC ODA through ad hoc requests to relevant data providers building on ECOPER's work (2024[1]), the final analysis restricts the localisation process based on dictionaries and AI only to recipient regions and cities.

Figure A B.1. CRS projects with at least one match, based on three geographic dictionaries



Sources: Author's elaboration based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; Natural Earth (2025[3]), *Natural Earth: Free vector and raster map data at 1:10m, 1:50m, and 1:110m scales*, https://www.naturalearthdata.com (accessed on 8 September 2025); GeoNames (2025[4]), *GeoNames geographical database*, https://www.geonames.org (accessed on 8 September 2025); GADM (2025[5]), *Database of Global Administrative Areas (GADM) version 4.1*, https://gadm.org (accessed on 8 September 2025).

Figure A B.2. Total number of place names in CRS projects, based on three geographic dictionaries



Sources: Author's elaboration based on OECD (2025[2]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; Natural Earth (2025[3]), *Natural Earth: Free vector and raster map data at 1:10m, 1:50m, and 1:110m scales*, https://www.naturalearthdata.com (accessed on 8 September 2025); GeoNames (2025[4]), *GeoNames geographical database*, https://www.geonames.org (accessed on 8 September 2025); GADM (2025[5]), *Database of Global Administrative Areas (GADM) version 4.1*, https://gadm.org (accessed on 8 September 2025).

Box A B.1. Databases of city and region names used for localising CRS data

To identify subnational cities and regions in CRS data, three complementary geographic databases with worldwide coverage were used:

1. **Natural Earth** provides a balanced set of global locations, including countries, first- and second-level administrative regions, and major cities. It is relatively small, consistent and efficient for large-scale processing. However, it only includes more prominent places and may omit smaller cities.
2. **GeoNames** is an extensive database covering millions of place names, from large cities and regions to small towns and villages. Its breadth makes it valuable for capturing smaller cities but also introduces complexity and a higher risk of false matches. To minimise such errors while still accounting for small and medium-sized urban areas, the analysis was restricted to cities with 50 000 inhabitants or more.
3. The **Database of Global Administrative Areas (GADM)** provides detailed names and official boundaries for administrative regions, with a hierarchical structure (ADM1: provinces or states; ADM2: counties or districts, etc.). It offers precise geographic co-ordinates and broad global coverage, filling gaps where Natural Earth may be incomplete. However, the GADM does not contain city data and is therefore used exclusively for regional localisation.

For all three sources, the localisation of administrative regions focused on the first and second administrative tiers of subnational governments, similar to OECD large (TL2) and small (TL3) regions, to ensure consistency across countries.

By combining the three sources, the analysis balances consistency (Natural Earth), rich city-level coverage (GeoNames) and extensive administrative detail (GADM). This complementary approach strengthens the localisation of CRS data by enabling the identification of both cities and regions, while minimising the limitations of each individual database.

Combining the three geographic sources also allows different names or spelling variants referring to the same location to be retained as separate candidates, increasing the likelihood that at least one candidate matches the wording used in the project description and can subsequently be validated by the AI. When candidates from the different dictionaries are consolidated within a project, duplicate entries referring to the same candidate are removed, while relevant name variants are retained for the AI validation step.

Sources: Natural Earth (2025[3]), *Natural Earth: Free vector and raster map data at 1:10m, 1:50m, and 1:110m scales*, https://www.naturalearthdata.com (accessed on 8 September 2025); GeoNames (2025[4]), *GeoNames geographical database*, https://www.geonames.org (accessed on 8 September 2025); GADM (2025[5]), *Database of Global Administrative Areas (GADM) version 4.1*, https://gadm.org (accessed on 8 September 2025).

Assessing the performance of the geographic dictionaries

To assess the performance of the dictionary-based identification of candidate places, a random sample of 500 projects[2] was drawn from projects with an available project description for which the geographic dictionaries did not identify any candidate city or region. Each project description was manually reviewed to determine whether it nevertheless contained a reference to a recipient city or region. The review found that 93% of these projects did not contain an identifiable subnational recipient in their description, while only 7% contained at least one recipient subnational location that had not been detected by the dictionaries. This indicates that missed locations were relatively uncommon among projects for which no candidate had initially been identified. In most of the remaining cases, the project description did not contain sufficiently specific information to identify a recipient city or region. Recurring reasons included very general reporting, such as references only to “decentralised development co-operation”, as well as mentions of geographic areas that do not correspond to the territorial units covered by the localisation approach, such as valleys, small islands or broad areas described as the northern part of a country. Other cases referred to very small settlements (including refugee camps), villages or neighbourhoods located within municipalities or other local administrative areas, but which do not themselves correspond to a city, municipality or local administrative unit captured by the geographic dictionaries (which cover first- and second-level administrative regions and cities of at least 50 000 inhabitants).

Validating candidate region and city names in CRS projects using AI

In the second broad step, these matches or candidate places are validated by AI to ensure that identified candidate place names genuinely refer to subnational geographic locations mentioned in project descriptions. For this purpose, an automated validation process, which uses the OpenAI API and GPT-5.2 as the underlying model, was developed. The method applies structured prompts and follows a two-step process. First, the model assesses whether each candidate string is used as an actual subnational geographic place in the project description, rather than as a country name, organisation, personal name, acronym, common word or other non-geographic reference. Second, where a candidate is identified as a place, the model classifies it as a city, region or unknown type. The prompts instruct the model to base its assessment on how the candidate is used in the specific project description, including surrounding words, rather than relying solely on general knowledge. The model is also instructed to adopt a conservative approach when the available context is insufficient and to account for multilingual project descriptions. The response is returned in JavaScript Object Notation format and includes the original candidate identifier and name, an indicator of whether the candidate is a subnational place, its place type where applicable and a brief reason for the assigned classification.

Assessing the performance of the AI validation

Does the candidate refer to a subnational place in the project description?

The performance of the AI validation step was assessed separately using a random sample of 500 projects for which at least 1 candidate place had been generated by the geographic dictionaries. As individual projects can contain several candidate places, the sample comprised 1 183 candidate-project pairs. For each pair, the AI had classified whether the dictionary-generated candidate genuinely referred to a recipient subnational place in the CRS project description (TRUE or FALSE). A human reviewer independently assessed the same question. Comparing the AI and human classifications made it possible to construct a confusion matrix and identify true positives (TP), false positives (FP), true negatives (TN) and false negatives (FN).

Across the 1 183 candidate-project pairs, 761 were true positives, 34 false positives, 335 true negatives and 53 false negatives. At the candidate level, the AI achieved a precision of 95.7% $(TP\ /\ (TP\ +\ FP))$, meaning that 95.7% of the candidates classified by the AI as recipient subnational places were confirmed by the human review, and a recall of 93.5% $(TP\ /\ (TP\ +\ FN))$, indicating that the AI correctly retained 93.5% of the candidates identified by the reviewer as genuine recipient places. The resulting F1 score – a measure combining precision and recall, with 100% indicating perfect performance – was 94.6% $(2\ x\ precision\ x\ recall\ /\ (precision\ +\ recall))$, indicating a high and relatively balanced performance in limiting both false positives and false negatives.

Project-level results were similarly positive. Among projects containing at least one true recipient location, the pipeline identified at least one correct recipient subnational location in 94.9% of cases. In 72.5% of projects, all unique city and region references identified by the reviewer were captured, while in 22.3%, some, but not all, were captured. The latter should not necessarily be interpreted as a failure to identify the recipient territory, as project descriptions may refer to the same intervention at different nested territorial levels, for example both a city and the region in which it is located. In such cases, identifying either location may be sufficient to localise the project, while the difference concerns mainly the granularity and completeness of the localisation. On average, the pipeline captured around 84.4% of the unique recipient locations identified within each project.

If so, what type of subnational place is it?

A secondary step assessed the AI's ability to classify identified subnational locations as either a city or a region. Candidate places already carried a territorial type from the underlying geographic dictionaries, as each dictionary entry is classified as a city or region. However, the same or similar place name can sometimes appear more than once in the dictionaries and may refer to different territorial levels within the same country. The AI was therefore asked to infer the territorial type independently, based on the way the candidate was used in the project description and drawing on general definitions of cities and regions provided in the prompt, rather than to validate the type inherited from the geographic dictionary.

This assessment was conducted on the 761 true-positive candidate-project pairs, for which both the AI and the human reviewer had confirmed that the candidate was a genuine recipient location and therefore provided a place type. Overall, the AI-assigned type matched the human classification in 80.7% of cases. This relatively lower agreement partly reflects the conservative approach built into the AI prompt: where the available information was insufficient to distinguish confidently between a city and a region, the model was instructed to classify the type as unknown. In 124 cases (16.3% of true positives), the AI returned an unknown type that the human reviewer was subsequently able to classify, drawing where necessary on additional contextual knowledge and external verification. When considering only cases in which the AI itself classified the location as either a city or a region, the human reviewer agreed with the inferred territorial type in over 96% of cases. For the final classification used in the analysis, the AI-inferred type was retained whenever the model classified a location as a city or region. Where the AI returned an unknown type, the territorial type inherited from the geographic dictionary was used. Where the same place name appeared in the dictionaries as both a city and a region, the location was treated as ambiguous and labelled "region or city" rather than assigned to a single territorial level.

A recurring source of uncertainty was that a city and the region in which it is located can share the same name, particularly where a region takes the name of its principal city. In such cases, distinguishing between the two territorial levels from the project description alone may not always be possible. This ambiguity does not necessarily imply that the geographic target has been incorrectly identified, but rather affects the level of territorial granularity at which the project can be localised. To account for this issue in the quantitative analysis, regional- and city-level results are analysed separately. The regional dataset includes locations identified as regions as well as ambiguous cases that could refer to either a region or a city, while the city dataset similarly includes locations identified as cities together with these ambiguous cases. The two territorial levels are therefore not combined within the same analysis: DDC ODA localised at the regional level is linked to regional outcome indicators, while city-level ODA is analysed against city-level indicators. This approach preserves the available geographic information while avoiding the need to impose an arbitrary territorial classification in genuinely ambiguous cases.

Further development of the localisation approach

The results above indicate that the localisation pipeline performs well in identifying and validating recipient regions and cities, while also highlighting areas where it could be further developed. First, the geographic dictionaries used in the analysis cover first- and second-level administrative regions and cities of at least 50 000 inhabitants. As the coverage and quality of global subnational geographic data improve, the approach could be extended to smaller cities and lower-level subnational administrative units, allowing a larger share of geographically specific projects to be localised.

Further improvements could also strengthen the classification and disambiguation of locations. The current approach deliberately relies primarily on information contained in CRS project descriptions and adopts conservative prompts where the available evidence is insufficient. Future versions could combine project descriptions with other CRS fields and retrieved external geographic information to improve the identification of territorial types and distinguish, for example, between a city and a region sharing the same name. More advanced AI-based pipelines could also increasingly support the initial identification and disambiguation of place names. The current dictionary-first approach was nevertheless chosen to limit the risk of hallucination by asking the AI to validate candidate locations drawn from established geographic sources rather than generate locations directly from unstructured project text.

Ultimately, the most robust solution would be for provider and recipient regions and cities to be reported directly in the CRS using harmonised geographic identifiers and classifications. In the absence of such systematic reporting, the approach developed here provides a first step towards localising CRS development finance data at the subnational level and can be progressively refined as geographic data, reporting practices and AI-based methods improve.

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Notes

[1] Project descriptions combine two variables in the CRS database: “LongDescription” (a long description of project activities) and “Geography” (the geographical target area). While the latter is intended to report the location where the project is implemented, in practice it is not always completed. Moreover, as it does not rely on harmonised lists of regions and cities, and provides limited guidance on how locations should be reported, the quality of the information varies. In some cases, the field reports the provider region or city rather than the recipient location, or simply repeats the recipient country without identifying a subnational place.

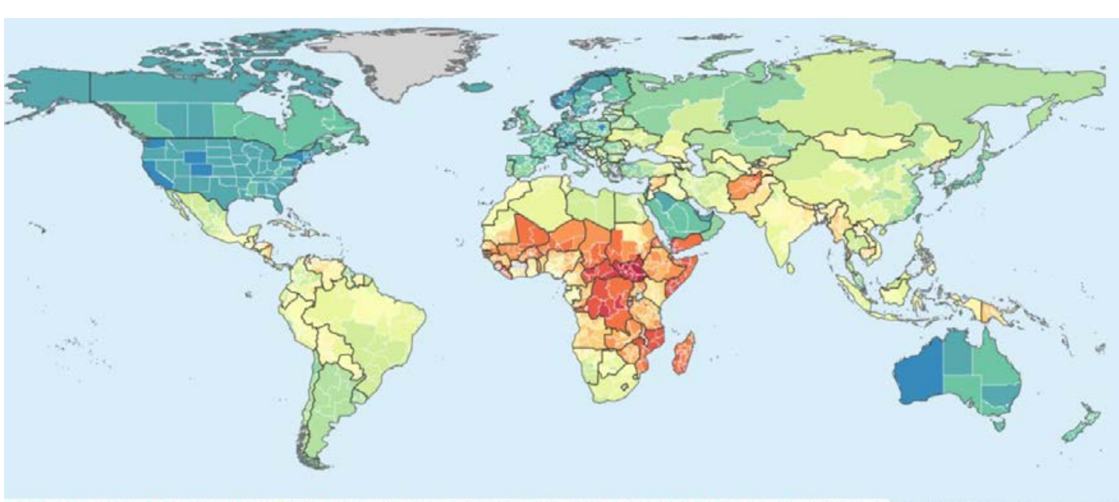
[2] The validation exercises are based on random samples of 500 projects. Under conservative assumptions for simple random sampling, this sample size provides project-level estimates with a maximum margin of error of approximately ±4.4 percentage points at the 95% confidence level.

Annex C. Sources of SDG proxy indicators for subnational regions in ODA-eligible countries

For partner regions in official development assistance (ODA)-eligible countries (mostly non-OECD countries, with the exception of Colombia, Costa Rica and Mexico), the analysis relies on selected indicators from the Global Data Lab Subnational Human Development Index (SHDI) database as proxies for United Nations (UN) Sustainable Development Goal (SDG) outcomes. The SHDI provides harmonised subnational estimates for a broad set of low- and middle-income countries, making it particularly useful where comparable regional statistics remain limited. The analysis does not use the composite SHDI score itself. Instead, it draws on one of its underlying components: estimated income per capita. This indicator is used as a proxy for outcomes related to poverty reduction. Given their estimated nature and the variation in underlying data availability across countries, the indicator is used only for exploratory analysis in ODA-recipient regions and should be interpreted as a proxy rather than as a substitute for official national or subnational statistics.

The SHDI methodology is designed as a subnational adaptation of the United Nations Development Programme (UNDP) Human Development Index framework. To estimate subnational values, the Global Data Lab combines national reference values from the UNDP with subnational variation derived from household surveys, census data and national statistical sources. Where indicators such as life expectancy and gross national income per capita are not directly available at the subnational level, they are estimated using related variables, including under-five mortality and household wealth, with the latter measured through the International Wealth Index. This approach provides a consistent basis for cross-country comparison while remaining aligned with the conceptual structure of the UNDP methodology (Global Data Lab, 2026[1]; Smits and Permanyer, 2019[2]; Permanyer and Smits, 2020[3]).

Figure A C.1. Estimated gross domestic income from the SHDI



Source: Global Data Lab (2026[1]), *Subnational Human Development*, https://globaldatalab.org/shdi/ (accessed on 1 June 2026).

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Annex D. Empirical specifications and regression results

Empirical specifications

Specification for examining cross-border decentralised development co-operation official development assistance (DDC ODA) targeting (Equation 1)

Before estimating the impact of cross-border DDC ODA on development outcomes, the analysis tests whether cross-border DDC ODA is systematically directed towards poorer regions. Because ODA is typically expected to be directed towards poorer places, the empirical approach first explores the strength of this relationship or whether it reflects differences across countries or changes over time. By comparing results across increasingly stringent models – from pooled estimates to specifications with country and year fixed effects[1] – the analysis tests whether targeting holds within countries and over time. Country fixed effects are included to account for national-level factors that may jointly influence both the allocation of cross-border DDC ODA and regional income trajectories. Expressing both variables of interest in logarithms allows the coefficient to be interpreted as an elasticity, capturing the percentage change in ODA associated with differences in regional income.

Empirical specification for cross-border DDC ODA targeting:

$$\underbrace{\log(1+\text{DDC ODA p.c.})_{r,t}}_{\text{ODA received by region}} = \beta_0 + \beta_1 \cdot \underbrace{\ln(\text{GNI p.c.})_{r,t}}_{\text{regional income}} + \underbrace{\delta_{\text{country}}}_{\text{country FE}} + \underbrace{\delta_t}_{\text{year FE}} + \underbrace{\varepsilon_{r,t}}_{\text{error term}} \qquad \textbf{Equation 1}$$

Specification for assessing United Nations (UN) Sustainable Development Goal (SDG) outcomes in recipient regions and cities (Equations 2-4)

Recipient regions

The empirical analysis for regions explores whether places that receive more cross-border DDC ODA show greater improvements in development outcomes in subsequent years, while accounting for initial levels of income per capita as poorer places tend to receive more cross-border DDC ODA. To assess this relationship, the analysis focuses on changes in outcomes over time rather than on their value at any single point, comparing each region to itself over time. This approach removes the influence of fixed territorial characteristics – such as geography or long-standing institutional factors – that do not change much over time but may affect both aid allocation and development outcomes. It does not, however, capture the extent to which such time-invariant characteristics may shape how effectively ODA translates into outcomes. Cross-border DDC ODA (in USD per 100 000 people for the recipient region specifications) is also lagged by one year (set one year prior to the outcome; for example, 2018 disbursements are linked to 2019 outcomes) to account for the fact that development assistance typically requires time before its effects become observable.[2] The model also includes initial income levels, reflecting that poorer regions may both receive more cross-border DDC ODA and experience faster improvements due to conditional convergence dynamics,[3] as well as controlling for population size, given that larger regions may attract and absorb disproportionally higher volumes of DDC ODA and exhibit distinct development trajectories.[4] As in the previous specification, country fixed effects are included to account for the influence of time-invariant national-level factors.

The empirical specification links changes in regional SDG-specific outcomes to SDG-specific cross-border DDC ODA disbursements while controlling for key structural factors. For each SDG outcome tested, the analysis restricts the sample to the most relevant type of cross-border DDC ODA based on the SDG or thematic focus of projects, poverty-related disbursements, for example, when analysing income outcomes (log of estimated income per capita, in USD 2017 purchasing power parity [PPP]). Since OECD Creditor Reporting System (CRS) projects are often tagged with multiple SDG labels and sector codes, the thematic matching captures a degree of cross-sectoral linkage. For example, a project coded under poverty, food security and health would still be included in the specification for income growth. In addition, DDC projects labelled as emergency response are excluded when computing the cross-border DDC ODA variable. This restriction is applied to reduce concerns of reverse causality, as emergency-related ODA may be allocated to territories experiencing crises, shocks or sudden deteriorations in outcomes. Including these projects could therefore make it more difficult to distinguish whether cross-border DDC ODA is associated with improvements in local outcomes or whether higher ODA reflects a response to adverse short-term local conditions. This restriction also applies to the following specifications linking SDG-specific ODA to SDG outcomes.

Empirical specification for SDG outcomes in recipient regions, year-to-year differences:

$$\underbrace{\Delta Y_{r,\,t\to t+1}}_{\text{change in outcome}} = \beta_0 + \beta_1 \cdot \underbrace{\log(\text{DDC ODA p.c.})_{r,t}}_{\text{DDC ODA received}} + \gamma \cdot \underbrace{\ln(\text{GNI p.c.})_{r,0}}_{\text{initial income}} + \delta \cdot \underbrace{\ln(\text{pop})_{r,0}}_{\text{population}} + \mu_{\text{country}} + \varepsilon_{r,t}$$

Equation 2

The analysis focuses on SDG outcomes for which cross-border DDC ODA flows have a plausible thematic link to the indicator being assessed. SDG outcomes can only be meaningfully assessed where the cross-border DDC ODA flows considered have a plausible thematic link with the indicator under analysis. The empirical specifications therefore match cross-border DDC ODA to outcome domains according to the SDG focus of the intervention, for example by linking SDG 1-related disbursements to income indicators. This ensures that the estimated relationships are based on interventions that could reasonably affect the outcome measured, rather than on the full set of DDC projects with heterogeneous objectives and mechanisms.

Beyond the analytical relevance, the selection of outcome indicators for regions is largely determined by data availability constraints. CRS data show that a large share of DDC projects is concentrated in development sectors such as health, education and multi-sector activities, including urban and regional development, while the OECD surveys on the impact of DDC (hereafter “DDC impact surveys”) indicate a strong focus on both social and environmental objectives. At the same time, data availability – particularly for regions in ODA-eligible countries – limits the set of comparable indicators that can be used in the analysis. Building on the Global Data Lab Subnational Human Development Index, the analysis focuses on income indicators, which offer the most consistent spatial and temporal coverage across countries.

A complementary long-difference specification is also tested for income outcomes to reduce sensitivity to short-term volatility in annual ODA disbursements and income measures. In this simplified model, the dependent variable is the change in log estimated gross national income (GNI) per capita over the longest period available for each recipient region within 2013-2023, while the main explanatory variable is the cumulative amount of SDG 1-related DDC ODA per 1 000 inhabitants received over the same period. This approach smoothes year-to-year fluctuations and allows more time for income outcomes to adjust to DDC engagement. The trade-off is that, because the specification measures cumulative DDC ODA and income changes over the same period, it is likely more exposed to reverse causality than specifications using lagged disbursements (Equation 3).

Empirical specification for SDG outcomes in recipient regions, long-differences:

$$\underbrace{\Delta \ln(\text{GNI p.c.})_{r,t_0\to t_1}}_{\text{change in log income}} = \beta_0 + \beta_1 \cdot \underbrace{\log(1+\text{DDC ODA p.c.}_{\text{cum.}})_{r,t_0\to t_1}}_{\text{cumulative DDC ODA received}} + \gamma \cdot \underbrace{\ln(\text{GNI p.c.})_{r,t_0}}_{\text{initial income}} + \delta \cdot \underbrace{\ln(\text{pop})_{r,t_0}}_{\text{population}} + \underbrace{\mu_{\text{country}}}_{\text{country FE}} + \underbrace{\varepsilon_r}_{\text{error term}} \quad \textbf{Equation 3}$$

Recipient cities

The empirical analysis for cities examines whether faster growth in DDC ODA is associated with improvements in environmental and climate-related outcomes. Because city-level indicators are not available every year, the analysis measures the average annual rate of change in outcomes across years where data are available within the 2013-2023 period. This approach allows the estimation to capture changes in environmental and climate-related indicators such as green space availability (share of green area in built-up area, in percentages), and carbon dioxide (CO_2) emissions from transport (in tonnes per ten people). While transport emissions are available only for three years (2015, 2020 and 2022), green areas are available only for two years (2015 and 2020), which limits their samples. As with the regional analysis, DDC ODA (in USD per 10 000 people for the recipient cities specifications) is lagged by one year to reflect the time required for development assistance to translate into observable changes on the ground.

The model relates changes in environmental outcomes to the growth of DDC ODA while accounting for initial conditions and national contexts. As the analysis focuses on indicators related to air quality, green space and emissions, the estimation restricts DDC ODA to projects aligned with SDG 11 “Sustainable cities and communities” and SDG 13 “Climate action”. The specification controls for baseline outcome levels to capture conditional convergence dynamics, as cities with weaker initial conditions may improve faster over time, as well as for population size, given that larger cities may attract disproportionate higher levels of ODA due to greater administrative capacity and project scale, and exhibit distinct environmental dynamics. Country fixed effects are also included to account for national institutional and policy factors that may jointly influence both DDC ODA allocation and environmental performance **(**Equation 4).

Empirical specification for SDG outcomes in recipient cities:

$$\underbrace{\frac{Y_{c,t_1} - Y_{c,t_0}}{t_1 - t_0}}_{\text{outcome change (rescaled)}} = \beta_0 + \beta_1 \cdot \underbrace{\frac{\Delta \log(1+\text{DDC ODA p.c.})_{c,\text{lagged}}}{t_1 - t_0}}_{\text{DDC ODA growth (rescaled)}} + \gamma \cdot \underbrace{Y_{c,t_0}}_{\text{baseline outcome}} + \delta \cdot \underbrace{\ln(\text{pop})_{c,0}}_{\text{population}} + \underbrace{\mu_{\text{country}}}_{\text{country FE}} + \underbrace{\varepsilon_c}_{\text{error term}} \quad \textbf{Equation 4}$$

The focus on environmental and climate-related outcomes at the city level reflects both the thematic orientation of DDC activities and current data availability. DDC and city-to-city partnerships frequently address urban sustainability challenges – including climate adaptation, disaster risk reduction, environmental protection and circular economy – aligned with SDGs 11, 12 and 13, as confirmed by CRS data and the OECD DDC impact surveys. While cities also engage in DDC activities targeting dimensions such as education, social inclusion and gender equality, the availability of harmonised indicators at the city level remains limited for these outcomes. By contrast, the Global Human Settlement Urban Centre Database (GHS-UCDB) provides globally comparable environmental data based on satellite observations and modelling, including for non-OECD contexts. This makes the environmental dimension both analytically feasible and policy-relevant for assessing DDC impacts in urban areas.

Specification for assessing local governance outcomes in provider regions (Equation 5)

The empirical specification assesses whether higher DDC ODA per capita among provider regions and stronger governance are associated. Governance outcomes are measured using indicators from the European Quality of Government Index (EQI), including overall quality, impartiality, corruption and the quality of public services, while DDC engagement is measured as log DDC ODA per capita. The specification controls for income levels and population size in the baseline year, as regions with different economic conditions and scales may both engage differently in DDC ODA (in USD per capita) and display different governance profiles. Country fixed effects are included to account for national institutional and policy environments, ensuring that the estimated relationship reflects within-country variations across regions within the same provider country rather than broad differences between countries. The results provide statistical associations rather than causal effects, as better-governed regions may be more likely to engage in DDC in the first place (Equation 5).

Empirical specification for local governance outcomes in provider regions:

$$\underbrace{Y_{r,t}}_{\text{governance outcome}} = \beta_0 + \beta_1 \cdot \underbrace{\log(1 + \text{DDC ODA p.c.})_{r,t}}_{\text{DDC ODA engagement}} + \gamma \cdot \underbrace{\ln(\text{GDP p.c.})_{r,t}}_{\text{income}} + \delta \cdot \underbrace{\ln(\text{pop})_{r,t}}_{\text{population}} + \underbrace{\mu_{\text{country}}}_{\text{country FE}} + \underbrace{\varepsilon_{r,t}}_{\text{error term}}$$

Equation 5

The focus on governance for provider regions reflects both conceptual considerations and evidence from the DDC impact surveys. Unlike recipient territories, where DDC is expected to directly influence a range of social, environmental and economic outcomes, the benefits for providers are more likely to operate through indirect channels, including peer-to-peer learning, knowledge exchange, public-sector innovation and multi-stakeholder engagement, with effects likely to appear first in local governance outcomes before potentially translating into benefits in other areas. These channels are closely linked to the importance of in-kind contributions in DDC, which are not fully captured by financial flows but are central to the mutual benefits reported by provider territories. Survey evidence supports this distinction, as provider regions consistently report higher benefits in areas such as civic engagement, participation in decision making and multi-level governance, and – on top of SDGs 11 and 17 which are inherent to DDC – on SDG 16 related to strong institutions. The analysis therefore centres on indicators derived from the EQI, which capture key dimensions such as impartiality, corruption and the quality of public services. These indicators serve as proxies for the types of institutional improvements reported by provider regions.

The regression analysis for provider regions uses the EQI and its components as the main governance indicators due to data availability and temporal coverage. Initial explorations using both the EQI and SDG 16 indicators from the OECD territorial SDG framework suggest some associations between DDC engagement and governance outcomes. However, SDG 16 indicators are currently available for only two time points and for a limited set of regions. By contrast, the EQI dataset provides multiple observations over the 2013-2023 period, enabling a more robust analysis of governance performance. For this reason, the regression analysis focuses on EQI indicators, while SDG 16 measures are used as complementary evidence (see Annex E).

Regression results

The results presented in this section are based on the subset of regions and cities for which both localised DDC flows and comparable outcome indicators are available. As data coverage varies across thematic dimensions, side of the partnership and territorial levels, the sample size differs across specifications. Details on the number of units, countries and observations included in each model are reported in the corresponding regression tables. Where sample sizes are small, associations should be interpreted with caution.

Regression results for recipient regions and cities

Does DDC ODA go to poorer regions?

DDC ODA is systematically targeted towards poorer regions within countries. When comparing regions within the same country, a clear relationship emerges, with poorer regions receiving more DDC ODA per capita. Quantitatively, a 1% higher level of GNI per capita is associated with around 0.57-0.64% lower DDC ODA received across regions within the same country, indicating that resources are systematically and strongly directed towards regions with greater development needs. This pattern becomes visible only when comparisons are made within countries, as cross-country differences in allocation practices obscure the relationship between regional income and aid flows in aggregate comparisons (Table A D.1).

Table A D.1. Regression results: do poorer regions receive more aid?

	Dependent variable:			
	log(ODA per 100K people)			
	Pooled OLS	Year FE	Country FE	Country + Year FE
	(1)	(2)	(3)	(4)
Log GNI per capita	-0.078	-0.076	-0.569***	-0.641***
	(0.071)	(0.071)	(0.199)	(0.201)
Year FE	No	Yes	No	Yes
Recipient country FE	No	No	Yes	Yes
N regions	957	957	957	957
N countries	97	97	97	97
Observations	4,411	4,411	4,411	4,411
Adjusted R^2	0.001	0.009	0.436	0.448
Note:			*p<0.1; **p<0.05; ***p<0.01	

Notes: Based on region-years with positive ODA disbursements. Standard errors are clustered at the region level and are robust to heteroskedasticity. This result also holds when excluding ODA targeting emergency response. FE denotes fixed effects; N denotes number.
Sources: OECD based on OECD (2025[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; Global Data Lab (2025[2]), "SDG Dashboard", https://globaldatalab.org/sdgs/.

Is higher DDC ODA associated with improvements in social SDG outcomes?

DDC ODA targeting SDG 1 for poverty reduction is associated with modest but positive improvements in regional income growth. This association also holds when considering country fixed effects. Quantitatively, a one-unit increase in log ODA (per 100 000 people) is associated with a 0.006 increase in the annual change in log GNI per capita (in USD 2017 PPP). This implies that doubling the DDC ODA variable is associated with an additional 0.4 percentage points of annual income growth, pointing to a modest but measurable association (Table A D.2, Columns 1 and 2; see Columns 3 and 4 for regressions based on projects targeting SDGs 1 or 8 on decent work and economic growth).

Table A D.2. Regression results for recipient regions, year-to-year differences model

	Dependent variable:			
	Δ Log GNI p.c.			
	SDG 1	SDG 1	SDG 1/8	SDG 1/8
	(1)	(2)	(3)	(4)
log(ODA, USD per 100K people) (t)	0.008**	0.006**	0.004**	0.002*
	(0.004)	(0.002)	(0.002)	(0.001)
Baseline log GNI per capita	-0.010	-0.038	-0.006**	-0.022**
	(0.007)	(0.024)	(0.003)	(0.010)
Log population (baseline)	0.012**	-0.004	0.002	0.0003
	(0.005)	(0.007)	(0.002)	(0.004)
Baseline controls	Yes	Yes	Yes	Yes
Recipient country FE	No	Yes	No	Yes
N regions	227	227	403	403
N countries	56	56	61	61
Observations	391	391	1,163	1,163
Adjusted R^2	0.029	0.104	0.010	0.109
Note:	*p<0.1; **p<0.05; ***p<0.01			

Notes: Standard errors are clustered at the region level and are robust to heteroskedasticity. FE denotes fixed effects; N denotes number.
Sources: OECD based on OECD (2025[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; Global Data Lab (2025[2]), "SDG Dashboard", https://globaldatalab.org/sdgs/.

The positive and statistically significant association between DDC ODA and income growth is also visible in a simplified long-difference specification that reduces sensitivity to year-to-year volatility. This model regresses the change in log income per capita over the longest period available for each recipient region within 2013-2023 on cumulative DDC ODA per capita over the same period, controlling for baseline income and population. This approach smoothes annual fluctuations in ODA disbursements and income measures and allows more time for outcome variables to adjust (Table A D.3).

Table A D.3. Regression results for recipient regions, long-differences model

	Dependent variable:			
	Change in log of income p.c.			
	SDG1	SDG1	SDG1+SDG8	SDG1+SDG8
	(1)	(2)	(3)	(4)
Log ODA per capita	0.002	0.009*	0.012***	0.012***
	(0.004)	(0.006)	(0.004)	(0.004)
Baseline log income per capita	-0.008	-0.034	-0.010	-0.070***
	(0.008)	(0.022)	(0.007)	(0.021)
Log baseline population	0.009	0.017**	0.007	0.013*
	(0.006)	(0.007)	(0.006)	(0.008)
Recipient country FE	No	Yes	No	Yes
Observations	176	176	327	327
Adjusted R^2	0.003	0.471	0.023	0.538
Note:	*p<0.1; **p<0.05; ***p<0.01			

Notes: Standard errors are clustered at the region level and are robust to heteroskedasticity. ODA per 1 000 people. FE denotes fixed effects.
Sources: OECD based on OECD (2025[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; Global Data Lab (2025[2]), "SDG Dashboard", https://globaldatalab.org/sdgs/.

Are increases in DDC ODA associated with improvements in environmental SDG outcomes?

Faster growth in DDC ODA for urban sustainability and climate is associated with increases in green areas in cities. In the baseline specification, increases in SDGs 11- and 13-related DDC ODA are linked to faster growth in the share of green space within built-up areas, with a one-unit increase in the annualised change in log ODA per capita associated with a 0.04 percentage point greater annual increase in urban greenness. This relationship is statistically significant at the 5% level. The relationship weakens and loses statistical significance once country fixed effects are included (0.036), although the magnitude remains comparable (Table A D.4, Columns 1 and 2).

The estimates indicate that growth in DDC ODA is linked to reductions in per capita transport CO_2 emissions. In the specification including recipient-country fixed effects, a one-unit increase in the annualised change in log DDC ODA per capita is associated with an annual decrease of 6.8 kilograms of transport CO_2 emissions per person. The coefficient is similar in magnitude to the baseline estimate and statistically significant at the 5% level in both specifications, pointing to a consistent within-country relationship. While transport emissions are shaped by a range of national and local factors, including energy and transport policies, vehicle fleet composition, urban form and infrastructure investment, the results are consistent with the possibility that DDC flows may support emissions reductions at the city level, potentially through urban mobility projects, public transport investment or more sustainable urban infrastructure (Table A D.4, Columns 3 and 4).

Table A D.4. Regression results for recipient cities

	Dependent variable:			
	Δ Green share		Δ Transport CO2 p.c.	
	(1)	(2)	(3)	(4)
Ann. chg log(ODA per 10K people, lagged)	0.040^{**}	0.036	-0.054^{**}	-0.068^{**}
	(0.020)	(0.035)	(0.023)	(0.031)
Baseline outcome	-0.023^{***}	-0.038^{**}	0.050^{***}	0.048^{***}
	(0.008)	(0.016)	(0.008)	(0.011)
Log population	0.002	-0.006	-0.009^{*}	-0.015^{**}
	(0.004)	(0.006)	(0.005)	(0.007)
Recipient country FE	No	Yes	No	Yes
N cities	79	79	120	120
N countries	33	33	41	41
Observations	79	79	184	184
Adjusted R^2	0.259	0.299	0.297	0.178
Note:	$^{*}p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$			

Notes: Standard errors are robust to heteroskedasticity. FE denotes fixed effects; N denotes number.
Sources: OECD based on OECD (2025[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; Mari Rivero, I. et al. (2025[3]), *Urban Centre Database (UCDB) R2024A*, https://human-settlement.emergency.copernicus.eu/ucdb2024Overview.php.

A placebo test using DDC ODA commitments rather than disbursements provides additional support that the baseline associations are driven by resources actually received by partner territories. Commitments capture funding that may be implemented and disbursed over several years, and therefore do not necessarily correspond to the timing of observed changes in city-level outcomes. In the placebo specification with recipient-country fixed effects, DDC ODA commitments are not significantly associated with changes in the share of green areas, unlike the baseline specification based on disbursements. For transport-related CO_2 emissions per capita, the placebo coefficients change substantially relative to the baseline results, suggesting that commitments do not reproduce the same empirical pattern observed for disbursed ODA. These results should be interpreted cautiously, but they provide a useful robustness check indicating that the main associations are more closely linked to disbursements than to commitments.

Table A D.5. Regression results for recipient cities, placebo test

	Dependent variable:			
	Δ Green share		Δ Transport CO2 p.c.	
	(1)	(2)	(3)	(4)
Ann. chg log(placebo ODA commitments per 10K people, lagged)	0.009	0.005	0.033^{***}	0.031^{**}
	(0.011)	(0.016)	(0.009)	(0.013)
Baseline outcome	-0.023^{***}	-0.037^{**}	0.051^{***}	0.050^{***}
	(0.009)	(0.015)	(0.008)	(0.012)
Log population	0.0002	-0.006	-0.006	-0.008
	(0.003)	(0.007)	(0.005)	(0.008)
Recipient country FE	No	Yes	No	Yes
N cities	79	79	120	120
N countries	33	33	41	41
Observations	79	79	184	184
Adjusted R^2	0.207	0.246	0.313	0.176
Note:	$^{*}p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$			

Notes: Standard errors are robust to heteroskedasticity. FE denotes fixed effects; N denotes number.
Sources: OECD based on OECD (2025[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; Mari Rivero, I. et al. (2025[3]), *Urban Centre Database (UCDB) R2024A*, https://human-settlement.emergency.copernicus.eu/ucdb2024Overview.php.

Regression results for provider regions

Is higher DDC engagement associated with stronger local governance?

Higher levels of DDC ODA per capita are associated with stronger overall governance performance in OECD Development Assistance Committee (DAC) provider regions. Log ODA per capita is positively and statistically significantly associated with the EQI, controlling for regional gross domestic product (GDP) per capita and population. As the specification includes provider-country fixed effects, this association reflects within-country variation across regions rather than broad differences between countries (Table A D.6, Column 1).

This positive association is also observed for the impartiality, lower corruption and quality of service dimensions of governance. Regions with higher levels of DDC ODA per capita tend to be perceived as having higher impartiality and integrity (lower corruption) in public service provision, and higher perceived quality of services (based on the EQI), with all associations statistically significant (Table A D.6, Columns 2 and 4). While this association may principally result from underlying factors that result in both better governance and more ODA activities, they are also consistent with evidence from the DDC impact surveys, which show that non-financial activities, including peer learning and technical assistance, provide DAC regions and cities with access to new knowledge and innovation while strengthening institutional capacity.

DAC regions and cities also report positive perceived impacts of DDC on local governance, particularly in areas related to multi-level governance, inclusiveness and participation, which is consistent with the positive statistical associations between DDC engagement and governance dimensions related with fairness, equal treatment and integrity in public administration. These results are however simple statistical associations and do not provide any evidence about causal effects in one direction or another. In addition to the above-mentioned possibility of this association being spurious, it is also plausible that better-governed regions are more inclined to engage in DDC in the first place.

Table A D.6. Regression results for provider regions

	Dependent variable:			
	EQI	Impartiality	Corruption	Quality
	(1)	(2)	(3)	(4)
Log(ODA p.c.)	0.210***	0.177**	0.207***	0.222***
	(0.055)	(0.072)	(0.045)	(0.064)
Log GDP per capita	0.146	-0.055	-0.059	0.533***
	(0.157)	(0.184)	(0.148)	(0.184)
Log population	-0.033	-0.082*	-0.028	0.016
	(0.047)	(0.045)	(0.047)	(0.061)
Provider-country FE	Yes	Yes	Yes	Yes
N regions	65	65	65	65
N countries	6	6	6	6
Observations	163	163	163	163
Adjusted R^2	0.685	0.666	0.780	0.412
Note:	*p<0.1; **p<0.05; ***p<0.01			

Notes: Standard errors are robust to heteroskedasticity. FE denotes fixed effects; N denotes number.
Sources: OECD based on OECD (2025[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; ECOPER (2024[4]), *Decentralised Cooperation Report: Mapping Donor Cities*, https://www.elankidetza.euskadi.eus/contenidos/documentacion/publicaciones_descentralizada/es_def/INFORME-2024-ENG-.pdf; Charron, N., V. Lapuente and M. Bauhr (2024[5]), "The Geography of Quality of Government in Europe: Subnational Variations in the 2024 European Quality of Government Index and Comparisons with Previous Rounds", https://www.gu.se/en/quality-government/qog-data/data-downloads/european-quality-of-government-index.

The regression analysis presented in this section is a step forward in quantifying the associations between cross-border DDC ODA and subnational outcome indicators, but the results remain non-causal and should be interpreted with caution. While this represents the first empirical effort to localise provider and recipient CRS data and link it to local governance and SDG outcomes, the analysis is constrained by partial localisation of CRS projects, uneven territorial coverage across countries and levels of government, relatively small samples and unbalanced panels, and limited availability of comparable local governance and SDG outcome indicators. In addition, some estimated relationships are sensitive to the choice of specification and may be influenced by omitted variables and reverse causality.

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Notes

[1] Country fixed effects ensure that each region is compared to other regions within the same country, removing to some extent the influence of persistent national-level differences such as national institutional frameworks, governance systems or overall development levels. Year fixed effects are also included to account for common trends or shocks affecting all countries simultaneously.

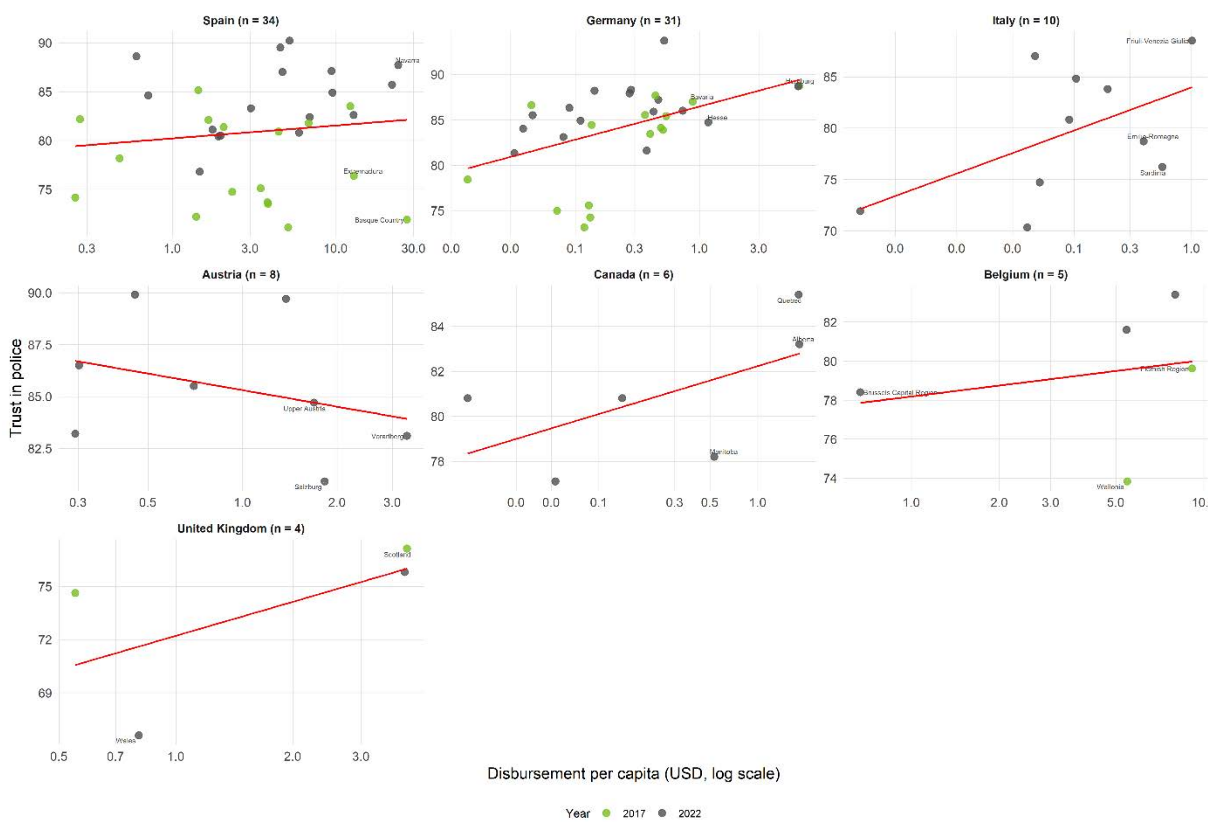
[2] In practice, the relevant lag is likely to vary according to the absorptive capacity of recipient territories and the type of intervention. Infrastructure projects, for example, may take longer to affect outcomes than technical assistance. Given the limited number of observations, alternative lag structures could not be tested systematically. This should be revisited as data coverage improves.

[3] Conditional convergence means that, after accounting for other relevant characteristics, poorer regions tend to grow faster than richer ones over time, gradually reducing income gaps. Controlling for initial income levels helps ensure that the estimated effects reflect the contribution of cross-border DDC ODA, rather than this natural catch-up process.

[4] While the first-difference approach removes the influence of time-invariant characteristics on the level of outcomes, baseline income and population are retained as they may still predict the rate of change of outcomes, through convergence dynamics and scale-related differences in development trajectories respectively.

Annex E. Correlations between cross-border DDC ODA and trust in local police

Figure A E.1. Trust in local police vs cross-border decentralised development co-operation official development assistance (DDC ODA) in OECD Development Assistance Committee (DAC) regions, 2017-2022



Sources: OECD based on OECD (2025[1]), *CRS: Creditor Reporting System (flows)*, https://data-explorer.oecd.org/vis?lc=en&pg=0&snb=18&df[ds]; ECOPER (2024[2]), *Decentralised Cooperation Report: Mapping Donor Cities*, https://www.elankidetza.euskadi.eus/contenidos/documentacion/publicaciones_descentralizada/es_def/INFORME-2024-ENG-.pdf; OECD (2025[3]), *Measuring the distance to the SDGs in regions and cities*, https://www.oecd-local-sdgs.org/ (accessed on 8 September 2025).

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Annex F. Full list of survey respondents

Table A F.1. List of local and regional governments from OECD Development Assistance Committee (DAC) countries responding to the OECD decentralised development co-operation (DDC) impact surveys

Country	City/region/province
Austria	Vienna
Belgium	Bornem
	Bruges
	Essen (Belgium)
	Harelbeke
	Herent
	Kortrijk
	Mol
	Sint-Truiden
	Zoersel
Canada	Fredericton
	Squamish
France	Brittany
	Centre-Val de Loire
	Châtellerault
	Grand Est
	Labège
	Marseille
	Paris
	Provence-Alpes-Côte d'Azur
	Roissy Pays de France
	Sicoval/Savoie
	Strasbourg
Germany	Bad Urach
	Baruth/Mark
	Berlin
	Berlin-Mitte
	Berlin-Pankow
	Böblingen
	Bonn
	Cologne
	Darmstadt
	Dresden
	Düsseldorf
	Enzkreis District
	Erlangen
	Essen
	Eutin

Country	City/region/province
	Fürthürth
	Füurth, Lower Bavaria
	Gersthofen
	Giessen
	Hachenburg
	Kallstadt
	Lahr
	Leipzig
	Lippe District
	Ludwigsburg
	Mainz
	Mannheim
	Mettmann District
	Monheim am Rhein
	Munich
	Münster
	Neumarkt in der Oberpfalz
	Nohfelden
	Nuremberg
	Ottweiler
	Pfungstadt
	Potsdam
	Regen District
	Rhein-Kreis Neuss District
	Rostock
	Saarland
	Tübingen
	Wismar
	Wolfratshausen
	Wolfsburg
	Wuppertal
Italy	Autonomous Province of Trento
	Brescia
	Cremona
	Cuneo
	Emilia-Romagna
	Friuli-Venezia Giulia
	Gualdo Tadino
	Metropolitan City of Turin
	Milan
	Passignano sul Trasimeno
	Reggio Emilia
	San Benedetto del Tronto
	Tricase
	Veneto Region
Poland	Poznań
Spain	Barcelona
	Barcelona Provincial Council
	Basque Country
	Bilbao
	Cadiz

Country	City/region/province
	Catalonia
	Community of Madrid
	Galicia
	Navarre
	Seville
	Valencia
Switzerland	Basel
	Geneva
	Lausanne
	Zurich
United Kingdom	Glasgow
	Truro

Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

Table A F.2. List of local and regional governments from partner countries responding to the OECD DDC impact surveys

Country	City/region/province
Benin	Bohicon
	Copargo
	Cové
	Zou Department
Bolivia	Cochabamba
	Santa Cruz de la Sierra
Bosnia and Herzegovina	Travnik
Brazil	Rio de Janeiro
Burkina Faso	Kaya
Cameroon	Douala
	Ebolowa
Colombia	Cali
	Hatillo de Loba
Congo	Brazzaville
Costa Rica	Alajuela
	San Antonio / Belén
Côte d'Ivoire	Yopougon
Cuba	Havana
Ecuador	Ambato
Ghana	Cape Coast
Guatemala	Cobán
Honduras	NASMAR Inter-Municipal Association
Jordan	Sahab
Kenya	Baringo County
Lebanon	Beirut
	Bkeftine
	Tyre
Mauritania	Kaédi
	Nouakchott
Mexico	Puebla
Morocco	Chefchaouen

Country	City/region/province
	Meknes
	Mohammedia
	Oujda
	Tangier
	Tidili Mesfioua
Mozambique	Inhambane
	Maxixe
	Southern Mozambique
Namibia	Windhoek
Nicaragua	Corinto
	San Carlos
	Santo Tomás
Niger	Dosso
Palestinian Authority	Beit Jala
	Jericho
Senegal	Balingore
	Bignona
	Pikine
	Ziguinchor Interdepartmental Grouping
Tanzania	Karagwe District
Togo	Lomé
	Tchaoudjo 1 Commune
Tunisia	Gafsa
Uganda	Mubende
Ukraine	Bila Tserkva
	Brovary
	Chernihiv
	Chornomorsk
	Dobroslav
	Ichnia
	Kamianske
	Kharkiv
	Kherson
	Koryukivka
	Kyiv
	Lutsk
	Makariv
	Nizhyn
	Novovorontsovka
	Odesa
	Orzhytsia
	Pavlohrad
	Pavlohrad
	Uman
	Uzhhorod
	Vinnytsia

Source: OECD (2025[1]), "OECD Surveys on the Impact of Decentralised Development Co-operation on Local Governance and Sustainable Development Goal Outcomes", Unpublished, OECD, Paris.

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OECD Regional Development Studies

The Impact of Decentralised Development Co-operation

Driving Local Governance and the SDGs

Decentralised development co-operation (DDC), or development co-operation led by cities and regions, is playing an increasingly important role at a time when official development assistance (ODA) is facing its steepest decline on record. In contrast to overall ODA, DDC ODA across the 15 DAC countries with available data doubled between 2013 and 2024, rising from USD 1.8 billion to USD 3.6 billion. Yet robust evidence on the impact of DDC has so far remained limited. This report provides an extensive assessment of how DDC contributes to local governance and SDG outcomes. It draws on localised DDC ODA data, two surveys of more than 180 subnational governments across Development Assistance Committee (DAC) and partner countries, and 16 case studies. The report shows that DDC generates benefits for local and regional governments both in DAC and partner countries. Non-financial activities such as peer-to-peer learning strengthen institutions and improve service delivery in partner cities and regions, while local and regional governments in DAC countries gain new knowledge and more effective multi-level co-ordination. Building on this evidence, and taking into account the diversity of DDC approaches, the report offers guidance for national and subnational governments on how to strengthen the impact of DDC.

PRINT ISBN 978-92-64-60859-7
PDF ISBN 978-92-64-46709-5

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