

## "FICHE CONTRADICTOIRE"

# Evaluation of the Commission of the European Union support to decentralisation processes

| Recommendations:  | Responses of Commission Services:  | Follow-up (one year later): |
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| <b>POLICY FRAMEWORK</b>   |  |                             |
| <p><b>1) The EU should strengthen the strategic framework for support to decentralisation processes.</b></p> <p>a) Consider decentralisation as a central element of public sector management,</p> <p>b) clearly anchoring EU support within the agenda of partner countries' public sector reforms,</p> <p>c) consider the establishment in HQ of a technical unit with expertise in public sector reforms,</p> <p>d) enhance EU analytical and technical capacities in support of decentralisation and local governance,</p> <p>e) enhance informal dialogue within DeLog group,</p> <p>f) ensure that future Structured dialogue generates debate on the role of the EU and the role of EU LG.</p> | <p><b>Recommendation agreed</b></p> <p>a) and b) The EU considers decentralisation as part of Public sector reform. Addressing public reforms requires the EU strengthening policy dialogue with a wide range of stakeholder at central and local level, while recognising a) the need to embed support into the political context and b) to develop ex ante capacity of assessment (Political economy analysis) of the national strategies and context variables.</p> <p>c) and d) the Unit in charge of Local Authorities &amp; Civil Society (DEVCO D2) manages actions towards support of decentralisation processes. The "Public sector" dimension is assured through networking with the Governance, Democracy and Human rights Unit (DEVCO D1). Analytical and technical capacities are ensured through seminars, guidance and networking involving UE Delegations;</p> <p>e) This is ensured through regular exchanges by mail and phone (mainly through the DeLoG secretariat);</p> <p>f) This question is addressed in the Policy Forum on Development (PFD), which is a follow-up of the Structured Dialogue process. In 2012, two meetings of the PFD were held, in May and in October.</p> <p>In addition, DEVCO D2 Unit has started to draft a new communication on local authorities in development that should frame the action of the EU in the next 5-10 years, in line with the ongoing negotiations on the new Multiannual Financial Framework 2014-2020.</p> <p>The communication will be nourished with a number of selected themes at stake in the international arena in relation to the roles that Local Authorities and Associations</p> |                             |

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|   | <p>of Local Authorities can play with regard of governance and development. In this framework, DEVCO D2 Unit is organising a series of stakeholder consultations (worldwide over a period of 3 months), in cooperation with EU Delegations, Local authorities from the EU and partner countries, and international donors. The purpose of the consultation events is to gather views and good practices. This information will be compiled in an "Issue paper".</p>   |  |
| <p><b>2) Operationalize and disseminate EU policy framework</b></p>   |   |  |
| <p>a) Develop practical and operational guidelines for support to decentralisation processes, including how and when to use SBS,<br/> b) formulation of guidelines of EU support to Fiscal decentralisation with relevance for GBS and sectoral support (including expenditure allocations, fiscal transfer systems, LG taxes, local government PFM and their inclusion on PEFA assessments),<br/> c) Disseminate existing and new EU guidelines among EU staff through Seminars and e-learning (EUD),<br/> d) ensure specific policies and guidelines are reflected into overall EU programming guidelines,<br/> e) encourage use of the existing "decentralisation programming fiche (2009),<br/> f) Review recent guidelines (i.e. on political economy analysis established by the DeLog group) to adjust to EU requirements and disseminate.</p> | <p><b>Recommendation agreed</b><br/> a) and b) Specific guidance addressed to the staff in Delegations and Headquarters on support to decentralisation processes and integration of the Subnational levels into Sector/budget support operations is foreseen for the period 2012- 2013. Namely:</p> <ul style="list-style-type: none"> <li>▪ Guidance on "project modality" to support DLG;</li> <li>▪ Practical guidance on fiscal decentralisation: addressed to the “non-expert staff” , including experiences from the UE and other donors; It will propose a summarised view of decentralization as a multidimensional State Reform process and explain fiscal aspects; It will content an “assessment grid” allowing EU staff to assess <i>ex ante</i> the “state of play” of fiscal decentralisation in partners countries;</li> <li>▪ A "Discussion note on Budget Support" will be elaborated at the last quarter of 2013 as a first milestone to address the question of how and when to integrate sub-national levels into BS operations;</li> </ul> <p>c) Dissemination of guidance is ensured:</p> <ul style="list-style-type: none"> <li>▪ Seminars on DLG in Brussels and regional seminars;</li> <li>▪ Participation of DEVCO D2 in other seminars (e.g. Regional Budget Support seminars) in order to mainstream decentralisation;</li> <li>▪ Direct quality support to specific countries and programmes through day by day exchanges by phone and email; field missions to support EU delegations during identification/formulation/implementation phases; participation in the Quality support group;</li> <li>▪ Creation of a networking community (through Capacity 4dev platform) among Delegations and UE staff in field</li> </ul> |  |

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|   | <p>of Decentralisation and local governance to share information and capitalise experiences.</p> <p>d) DEVCO D2 is associated in the process of elaboration of PPCM guidance to ensure that specific policies and guidelines are reflected into overall EU programming guidelines.</p> <p>e)The Internal quality support process checks on the effective use of the existing "programming fiche";</p> <p>f) The Capacity 4dev networking platform and seminars will provide inputs on specific guidance needs (e.g. political economy analysis, Policy Dialogue...) to be elaborated in the future, while existing guidance will be updated consequently.</p>  |  |
| <b>RESPONSE TO SPECIFIC COUNTRY CONTEXT</b>   |  |  |
| <p><b>3) The EU should strengthen and broaden country ownership and co-ordination mechanisms for support to decentralisation reforms, retain proactive EU advocacy role and 4) EU should strengthen country specific and comprehensive responses to decentralisation processes</b></p>  |  |  |
| <p>a) Thorough assessment of partner countries' needs and strategies,</p> <p>b) undertake analyses of "Politics of reform"/"Political economy of decentralisation reforms" (to identify, inter alia, potential drivers of reform and areas of likely resistance),</p> <p>c) establish multilayer's' strong dialogue including relevant ministries (min responsible for LG, min of relevant sectors, min of Finance) and Local governments, CSOs representatives...other development partners to encourage partner countries' efforts for comprehensive reform strategies,</p> <p>d) strengthening local actors capacities to analyse and influence reform processes,</p> <p>e) identify relevant local government associations with research and policy advocacy capabilities and provide them support where relevant,</p> <p>f) assess wider institutional hindrances to citizens engagement in local governance (electoral systems, access to information...) and identify ways to address them;</p> <p>g) EUD engagement in relevant policy fora,</p> <p>h) consult with partners countries and other donors on division of labour,</p> <p>i) Identify relevant entry points for EU support (i.e. level of progress in reforms and different options).</p> | <p><b>Recommendation agreed</b></p> <p>a) and b) The EU recognises the highly political nature of decentralisation processes and the need to improve the management of the “politics” of the reform's process.</p> <p>c) and d) The multi actors perspective will be supported through: the use of a mix of aid modalities (e.g., Budget support and project approach, combination of geographical funding and thematic lines etc.. ) in order to i) ensure support to the supply and the demand sides , ii) to enable bringing local evidence and local perspective into the policy dialogue at national level;</p> <p>e) The complementarities between geographic funding and thematic lines will allow support policy reforms and upgrade the role of local actors in order to facilitate their integration in a) the domestic policy dialogue and b) BS operations;</p> <p>d) Citizens engagement in local governance is encouraged in all relevant arenas (quality support, seminars..) by the use of a mix of aid modalities to support to national policies and demand side;</p> <p>g) EUD engagement in relevant policy fora is ensured through DeLoG;</p> <p>h) this is carry out at Headquarters through DeLOg and at field level thorough Delegations;</p> <p>i) Quality support encourages the use of a mix of aid modalities combining support to national policies with specific support at local level;</p> |  |

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| <p><b>5) Strengthening qualitative aspects of service delivery</b></p> <p>a) Support analysis of quality aspects of local service delivery, particularly facilitating the inclusion of local governments perspectives into sectoral analysis,</p> <p>b) Identify areas of local government legislation, procedures and capacities that impact local service delivery (analysis of modalities for financing recurrent services, cost analysis of local operations and maintenance...)</p> <p>c) Emphasise on central fiscal transfers for recurrent aspects of service delivery, the use of local revenue generation and fees contributions aiming at sustainability of local investments, attention to responsibilities for poorest communities,</p> <p>d) Emphasise operation and maintenance by supporting appraisal and development of procedures, local capacities and systems for monitoring towards better identification of constraints and improvements of the quality of service delivery.</p> | <p><b>Recommendation agreed</b></p> <p>EU recognises that there is a need to address quality of service provision.</p> <p>a) Some practices promoted by DEVCO D2 through Quality Support to the Delegations (within the identification &amp; formulation programs) in order to better address the qualitative aspects of service delivery are:</p> <ul style="list-style-type: none"> <li>• SBS operations: focus on non-financial inputs (dialogue, conditionality, and technical assistance/capacity development) downstream and at cross-cutting reforms' levels;</li> <li>• Address through policy dialogue issues that are under the national responsibility: e.g. teachers absenteeism, motivation of health practitioners...; the management and supervision of front-line delivery; accountability to services' users;</li> <li>• Deliver support in a way to improve down streaming incentives;</li> <li>• Systematic integration of sub-national level into support actions (Capacity building, multi actors policy dialogue etc...).</li> </ul> <p>b) and d) Quality support to the Delegations encourages addressing these questions in the framework of the Policy Dialogue with the partner country.</p> <p>c) Quality Support to the Delegations encourages focusing the support on all the elements aiming at providing fiscal autonomy to the Local Governments.</p> |  |
| <b>STRATEGIC FOCUS</b>  |   |  |
| <p><b>6) Prioritise EU support for IGFT and LG fiscal reforms</b></p> <p>a) Develop an overview of good practices, continuously monitor and disseminate experiences,</p> <p>b) Prioritise support for IGFT in country programmes.</p>   | <p><b>Recommendation partially agreed</b></p> <p>a) Overview of good practices and dissemination will be developed through "surveys" and exchanges with Delegations. Dissemination will also be carried out through seminars organised by DEVCO.</p> <p>b) Quality support encourages to take systematically into account support to the fiscal decentralisation (directly by UE or by other donors) in order to increase levels of autonomy of Local Governments. Autonomy should be understood as local authorities' ability to fulfil their 'general mandate', pushing forward their agendas, priorities and programs while at the same time ensuring accountability to their citizens.</p>  |  |

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| <b>7) Strengthen efforts for donor harmonisation</b>   |   |  |
| <p>a) Strengthen country ownership of reforms,<br/> b) Engage actively in DeLog works,<br/> c) Implement agreed actions of the document "Busan and beyond: Localising Paris principles for more effective support of decentralisation and Local governance reforms" (DeLog November 2011),<br/> d) Monitor and disseminate lesson learned.</p>   | <p><b>Recommendation agreed</b><br/> a) EU doesn't not provide support to decentralisation process when not required by the partner country. A specific attention will be provided to Local authorities as actors to fully integrate into UE support and the multi actors policy dialogue at all stages if reforms' processes;<br/> b) and c) The EU will carry on its commitment within DeLoG and the integration of the decentralization and Local Governance in the debate around the post-2015 development framework;<br/> d) Lessons learned are disseminated through training involving all DeLoG members.</p>                                    |  |
| <b>8) Strengthen partner countries' monitoring of decentralisation reforms</b>   |   |  |
| <p>a) Assist assessment of specific country's systems for monitoring decentralisation reforms progresses (progress in terms of policy, legal framework, staff and finances, LG capacities –performance, planning and PFM-),<br/> b) Assist in the development of M&amp;E systems for LG service delivery results (access and quality) and governance outcomes – citizens participation, accountability and transparency-</p> | <p><b>Recommendation agreed</b><br/> DeLoG exchanges have led to the conclusion that a wide range of approaches, frameworks and purposes of M&amp;E systems exists amongst the different development partners that shows a rather heterogeneous picture.<br/> DeLoG will launch in 2013 a first study to map and categorize the existing approaches based on the information provided by development partners.</p>  |  |
| <b>OPERATIONAL MANAGEMENT</b>  |   |  |
| <b>9) Strengthen EU staff expertise</b>  |   |  |
| <p>a) Consider the establishment in HQ of a technical unit with expertise in public sector reforms to advise and support EU staff,<br/> b) Organise training.</p>  | <p><b>Recommendation partially agreed</b><br/> a) Refer also to reply under recommendation 1.<br/> <br/> As a State reform process, decentralisation affects all the sectors (health, education etc..) and outcomes (governance, inclusive grown..). The main challenge in the future is how to mainstream decentralisation in the different sectors supported. In terms of operational management this will be ensured by investing in networking and coordination among DEVCO D2 and the units dealing with sector/budget support. b) DEVCO D2 will be involved in Budget support/sector trainings in order to ensure the mainstreaming approach.</p> |  |
| <b>10) Strengthen EU monitoring and Evaluation tools</b>   |   |  |

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| <p>a) Implement consistent use of DAC coding in CRIS,<br/> b) Monitor and disseminate experiences; increase possibility to learn from other donors experiences;<br/> c) Encourage international and regional systems for decentralisation monitoring, including basic statistical information, governance peer reviews and selected specific issues.</p> | <p>a) Consistence of DAC coding will be followed by DEVCO D2 during check list process.<br/> b) This will be ensured through:</p> <ul style="list-style-type: none"> <li>- Systematic updating of mapping of interventions in support to decentralisation processes and local governance ;</li> <li>- On line discussions through Capacity4Dev platform;</li> <li>- Specific studies, field missions etc...;</li> <li>- Sharing findings of DeLoG studies among Delegations.</li> </ul> <p>c) Refer to reply under recommendation 8</p> |  |