



Session 3.2

Integrating Local Governments in Sector/ Budget Support Programmes

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Presentation overview

- ❑ Part I: BS in decentralized environments: Limits and challenges;
- ❑ Part II: Broadening the scope of the debate beyond aid modalities: What do we need to know about the Local Public Sector in order to design effective development interventions that rely on local country systems





Part I: BS in decentralized environments: Limits and challenges





Budget Support in decentralized contexts: Limits & challenges (1)

The Concept of Budget Support: Look at the whole package:

- ☐ **Financial Input**

- ✓ The transfer of funds to the National Treasury (not into Sector or SN budget)

- ☐ **Non Financial Input**

- ✓ Policy Dialogue
- ✓ Capacity Development activities
- ✓ Conditions (e.g. agreed actions and results)

**Conditionalities & Indicators can only be
focused on the responsibility of CG;**

Budget Support in decentralized contexts: Limits & challenges (2)

What happens at grassroots level?

Some limits to the BS modality:

- ❑ BS concentrates **staff** in **capital** → **Little scope** for getting **out** of the **office** and **going** to the **"field"**;
- ❑ **Policy Dialogue:** A **"virtual"** dialogue?
Disconnected from the field?
- ❑ The « missing middle » of Service delivery:
How can we capture the most **problematic downstream questions** relating to service delivery? (e.g.; Front-line human resources issues)





Budget Support in decentralized contexts: Limits & challenges (3)

Different **regional seminars on Budget Support** organised by EU in the last years (**Hanoi 2007, Bangkok 2008, Jakarta 2010 and Bangkok 2012**): have progressively built a consensus among participants around the **need for EU to provide guidance on the following topics**:

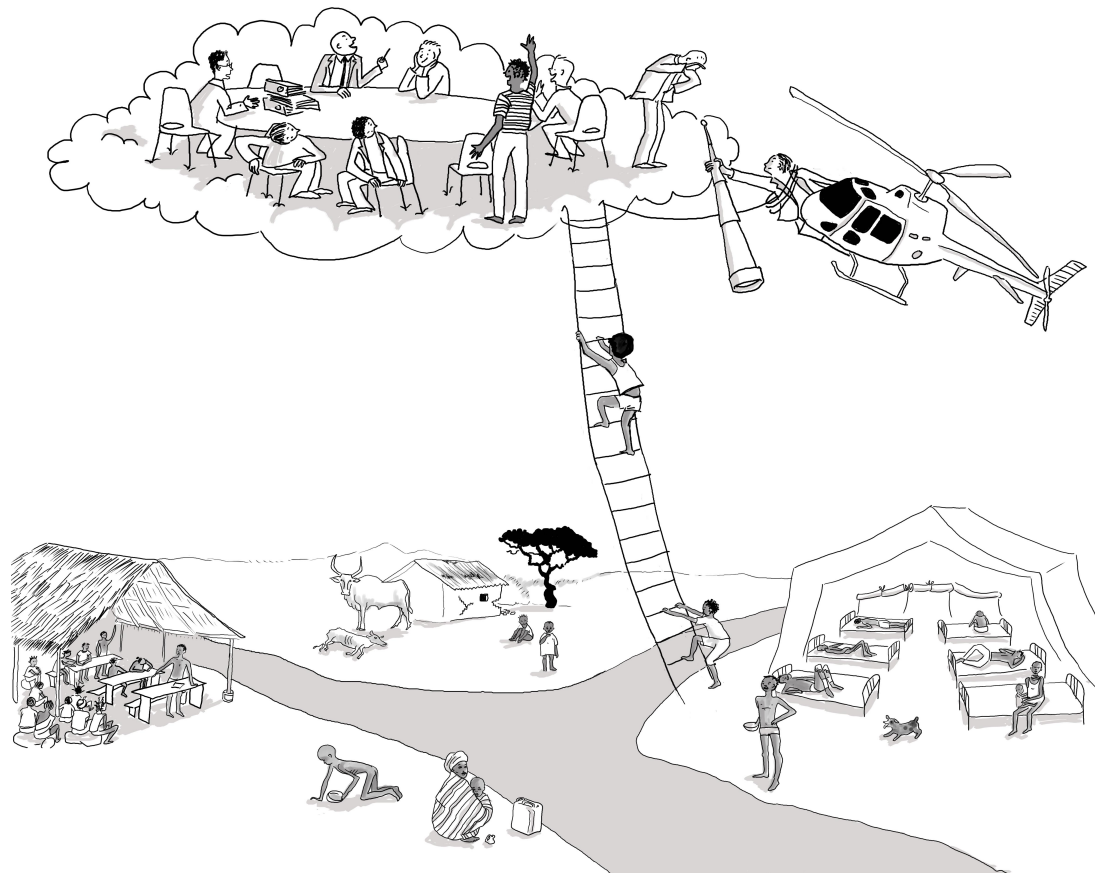
- ☐ Recognize in the **BS guidelines** that **decentralization** is a **complex political process** and “**a system**” with **several dimensions, levels** and **actors** that have to be **factored-in** the **design, implementation** and **evaluation** of **BS** operations;
- ☐ Clarify **at what levels** and **how BS** could be **decentralized**;
- ☐ Focus on **linkages** between **fiscal decentralization** and BS;
- ☐ Ensure **consistency** with **Agenda for Change** by ensuring that **BS** in decentralized environments **contributes** to **enhancing citizen demands** and **domestic accountability** ;
- ☐ Explore practical ways to apply a **mix of modalities** in order to **combine support to national policies** with **specific actions** aiming at **empowering local level**, which, **in turn**, helps to **increase demand for services**, can **feed policy-making** and provide **evidence for PD**

Budget Support in decentralized context: Limits & challenges (5)

Explore the possibilities of a well-balanced, coherent
'mix' of aid modalities

Combining:

- ❑ **Support to national policies;**
- ❑ **Specific actions** aiming at:
 - ✓ **Empowering local level ;**
 - ✓ **Feeding policy-making and;**
 - ✓ **Providing local evidence for Policy Dialogue**





Budget Support in decentralized contexts: Limits & challenges (4)

This opens a rather complex set of issues that touch upon the various dimensions of BS including :

- ☐ type of **interlocutors** to be **involved in PD**;
- ☐ **Accountability lines** for the **indicators**;
- ☐ The possible **avenues** for **decentralizing funding** ;
- ☐ **Capacity development** of **sub national/local governments**;
- ☐ etc





Part II:

Broadening the scope of the debate beyond aid modalities:

What do we need to know about the Local Public Sector in order to design effective development interventions that rely on local country systems?





Shifting the debate: decentralization as a development issue

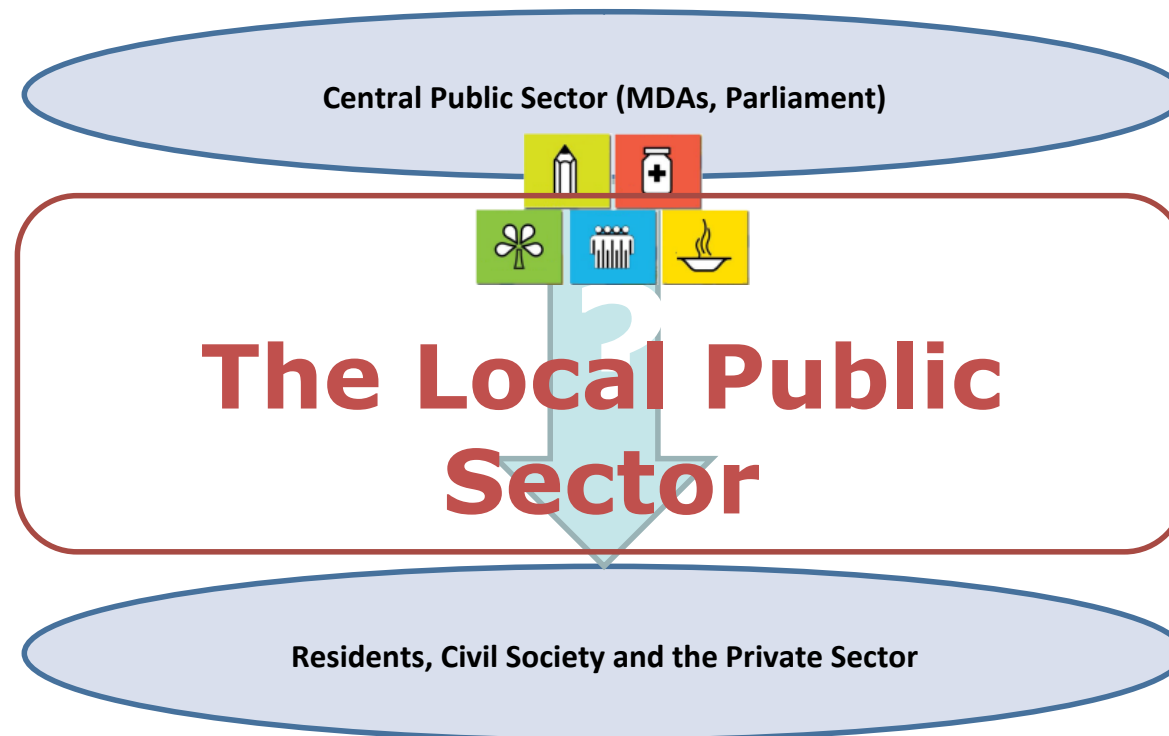
- ❑ In many development agencies, decentralization has been treated as a stand-alone governance topic;
- ❑ **Decentralization** is a **means** to **achieving** certain **development objectives**, not an end in itself;
- ❑ Decentralization Reforms are **playing out everywhere** in Africa, Latin America and Asia;



The key question is not whether a country should decentralize, **but how the local public sector can be best organized and financed to achieve a country's development objectives**

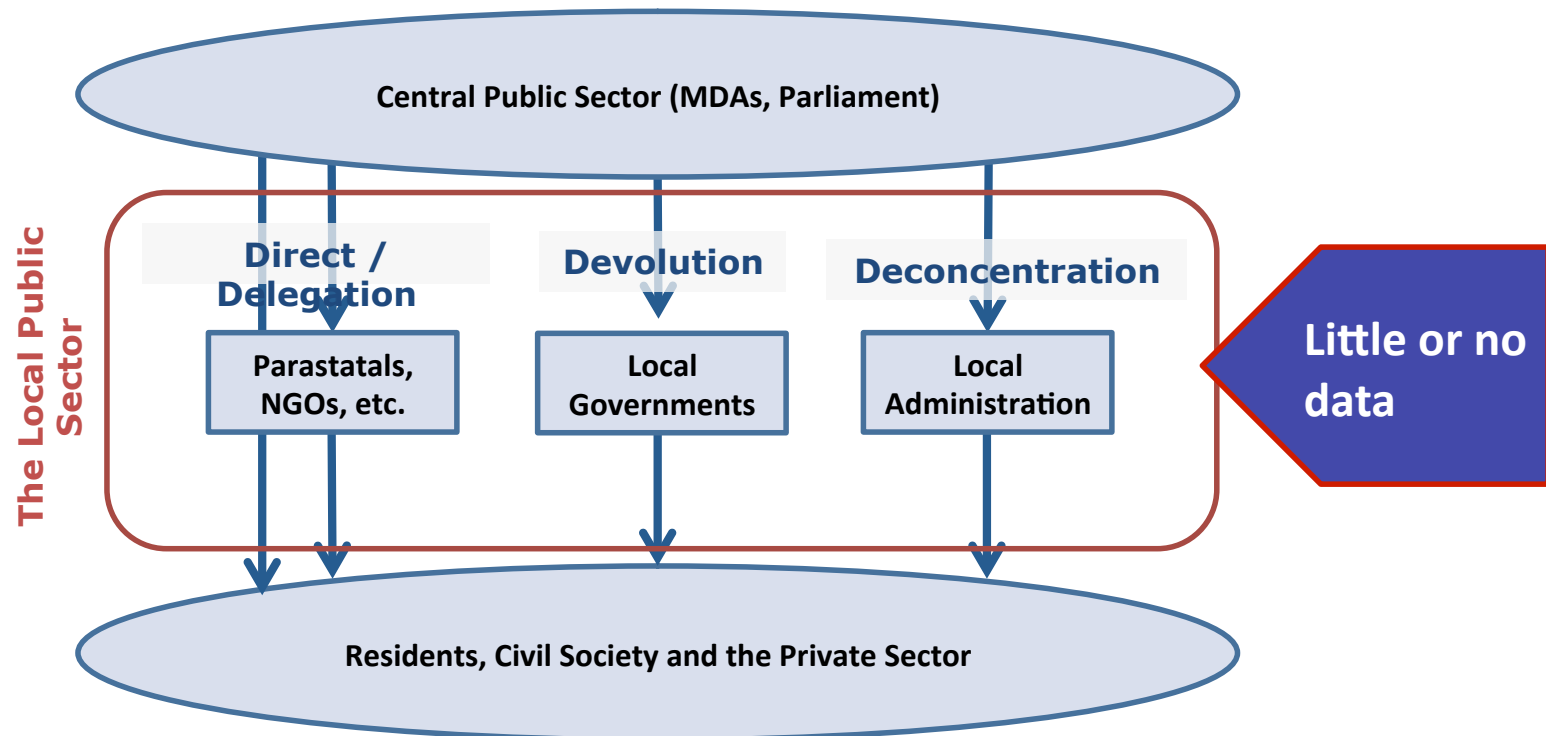


Development does not occur at central government level



The local public sector is the part of the public sector that interacts with residents, civil society and the private sector. It is where residents and businesses receive services from the public sector and where citizens interact in a localized manner with government officials.

We cannot ‘religiously’ focus on decentralized local governments



We need to consider **all the different mechanisms that bring the public sector “close to the people”** and achieve development.



What do we need to know about the local public sector in order to design effective development interventions? (1)

- ❑ What is the (**organizational** and **governance**) structure of the **public sector**?
- ❑ Who (**which level**) is **responsible** for **what functions**?
- ❑ How much is being **spent** at each local level (through each different mechanism)?
- ❑ How are **resources distributed** across the national territory?
- ❑ **How effective** are **local bodies** in **delivering public services and/or** supporting the achievement of **development outcomes**?





What do we need to know about the local public sector in order to design effective development interventions? (2)

How effective are local bodies in delivering public services and/or supporting the achievement of development outcomes?

Determining factors:

- ❑ **Political institutions:** authority, autonomy, capacity, accountability and incentives;
- ❑ **Administrative institutions:** authority, capacity, accountability and incentives;
- ❑ **Fiscal arrangements:** authority, autonomy, capacity, accountability and incentives;
- ❑ Other factors: **local power structures, demand for good governance, civil society capacity, external donor involvement**, and so on



Understanding of the local public sector

The Local Public Sector Initiative *Just one example*

- Launched in December 2010 (USAID, WB, OECD) to advance the understanding of the local public sector;
- Standardized, comparative description of the Local Public Sector institutions and finances in a country
- Components of LPS profile:
 - Organizational / governance structure of the public sector
 - Functional profile of the public sector (public services and regulatory functions)
 - Fiscal profile of the public sector (expenditures and revenues)
 - Institutional profile of the local public sector (political, administrative, fiscal)



The LPS Country Profile is a starting point...

- ❑ What is going on within a country's local public sector?
- ❑ Informs basic comparative questions about the Local Public Sector (e.g., how much does a 'typical' developing country spend at the local level? Has this evolved over time?);
- ❑ Provides a starting point for research: exploring linkages between LPS finances, governance and service delivery outcomes



[illegible]

Local Public Sector Institutional Profile (Sample Screenshot)

| | A | B | C | D | E | F | G | H |
|----|---|-----------|--|---|--------------------|---|-----------------------------|---|
| 1 | | | | | | | | |
| 2 | | | LOCAL PUBLIC SECTOR INSTITUTIONAL PROFILE: POLITICAL ASPECTS OF THE LOCAL PUBLIC SECTOR | | | | | |
| 3 | | | | | | | | |
| 4 | | | | | | | | |
| 5 | | | Tanzania | | LPS Level 1 | | LPS Level 2 | |
| 6 | | | 2009-10 | | Regions | | District/Urban Authc | |
| 7 | | | | | | | | |
| 8 | | | | | | | | |
| 9 | | P1 | Subnational political power structures | | | | | |
| 10 | | P1.1 | Do local jurisdictions have elected local councils ? | | No council | | Yes | |
| 11 | | P1.2 | Do local jurisdictions have elected political executives? | | No | | No | |
| 12 | | P1.3 | Does the local council approve the budget of the local jurisdiction? | | No | | Yes | |
| 13 | | P1.4 | What is the subnational power structure? | | ... | | Strong council | |
| 14 | | P1.5 | Is the local executive also chairman of the council? | | ... | | Yes | |
| 15 | | P1.6 | Does the local executive have veto power over council decisions? | | ... | | No | |
| 16 | | P1.7 | Can council remove local executive by no-confidence vote? | | ... | | No | |
| 17 | | P1.8 | Do local decisions require higher-level (central) confirmation? | | Yes | | Partially | |
| 18 | | P1.9 | Can higher-level remove local executive without judicial intervention? | | Yes | | Yes | |
| 19 | | P1.10 | Can higher-level remove local council without judicial intervention? | | ... | | Yes | |
| 20 | | P1.11 | Can local jurisdictions use legal system against higher-level government? | | ... | | Yes | |
| 21 | | | | | | | | |
| 22 | | P2 | Structure and quality of subnational electoral systems | | | | | |
| 23 | | P2.1 | How are local councilors elected? | | ... | | Direct/FPP (majority) | |
| 24 | | P2.2 | How are local political executives elected? | | ... | | Elected by council | |
| 25 | | P2.3 | Month / year of last local elections | | | | Oct-10 | |
| 26 | | P2.4 | Month / year of next local elections (if known) | | | | Oct-15 | |
| 27 | | P2.5 | Are local council elections party-based? | | ... | | Only party-based candidates | |
| 28 | | P2.6 | Are there electoral quotas at the local level for women candidates? | | ... | | Yes (council only) | |
| 29 | | P2.7 | Are there electoral quotas at the local level for minority candidates? | | ... | | No | |
| 30 | | P2.8 | Do recall provisions exist for local elected officials? | | ... | | No | |
| 31 | | P2.9 | Are there term limits for locally elected officials? | | ... | | No | |

LPS Country Profile Pilot Countries

Predominantly Non-devolved Countries














- Afghanistan
- **Bangladesh**
- Cambodia
- Egypt
- **Mozambique**
- Nepal

Predominantly Devolved Countries

- *Nigeria*
- *South Africa*
- **Tanzania**
- *Uganda*

Note: Data collected for most recent year available (generally: 2009/10)

Structure of the public sector: Governance and functions

| <i>Bangladesh</i> | <i>Mozambique</i> | <i>Tanzania (Mainland)</i> |
|---|--|---|
| Central (1)  | Central (1)  | Central (1)  |
| Zila (64) | Provinces (11)   | Regions (21) |
| Upazila (489)   | Districts (128) | Districts (132)   |
| Union Parishad (4498)  | Municipalities (43)  | Villages/ Mtaa (10,500)  |
| Municipalities & City Corporations (315)  | | |



Elected local governments



Local bodies with advisory councils



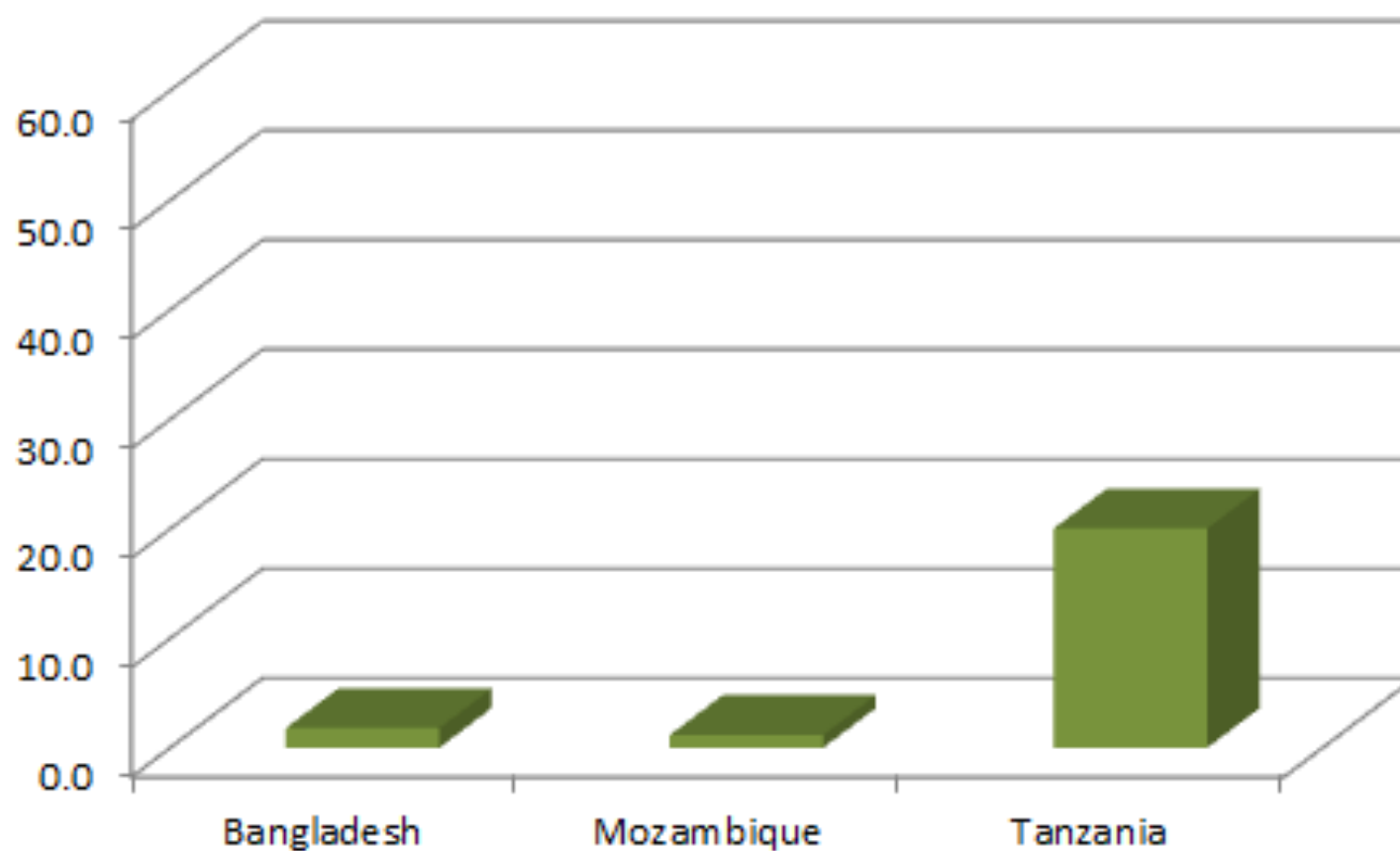
Main public service level



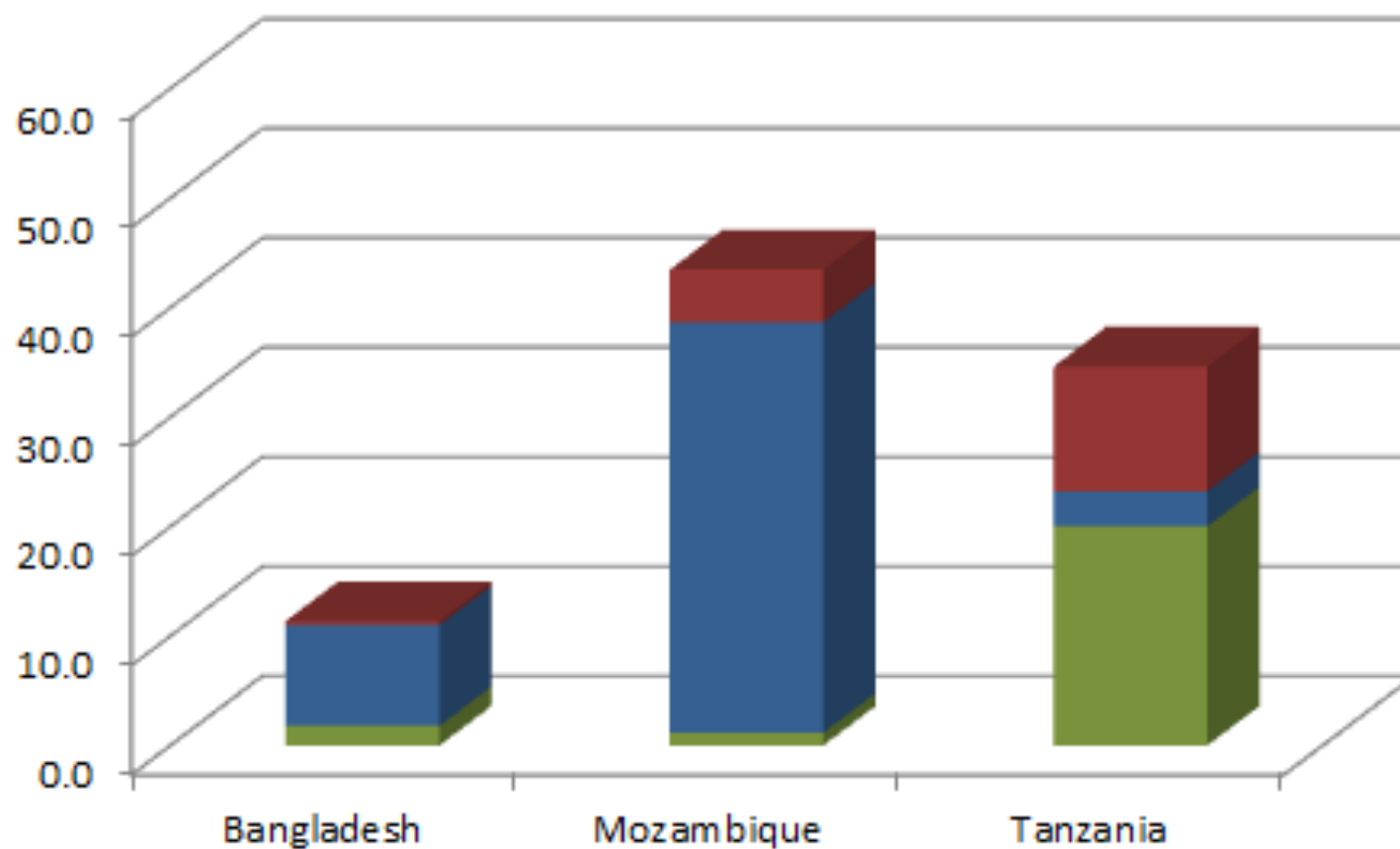
Control local public service



Local public sector expenditures: devolved expenditures only

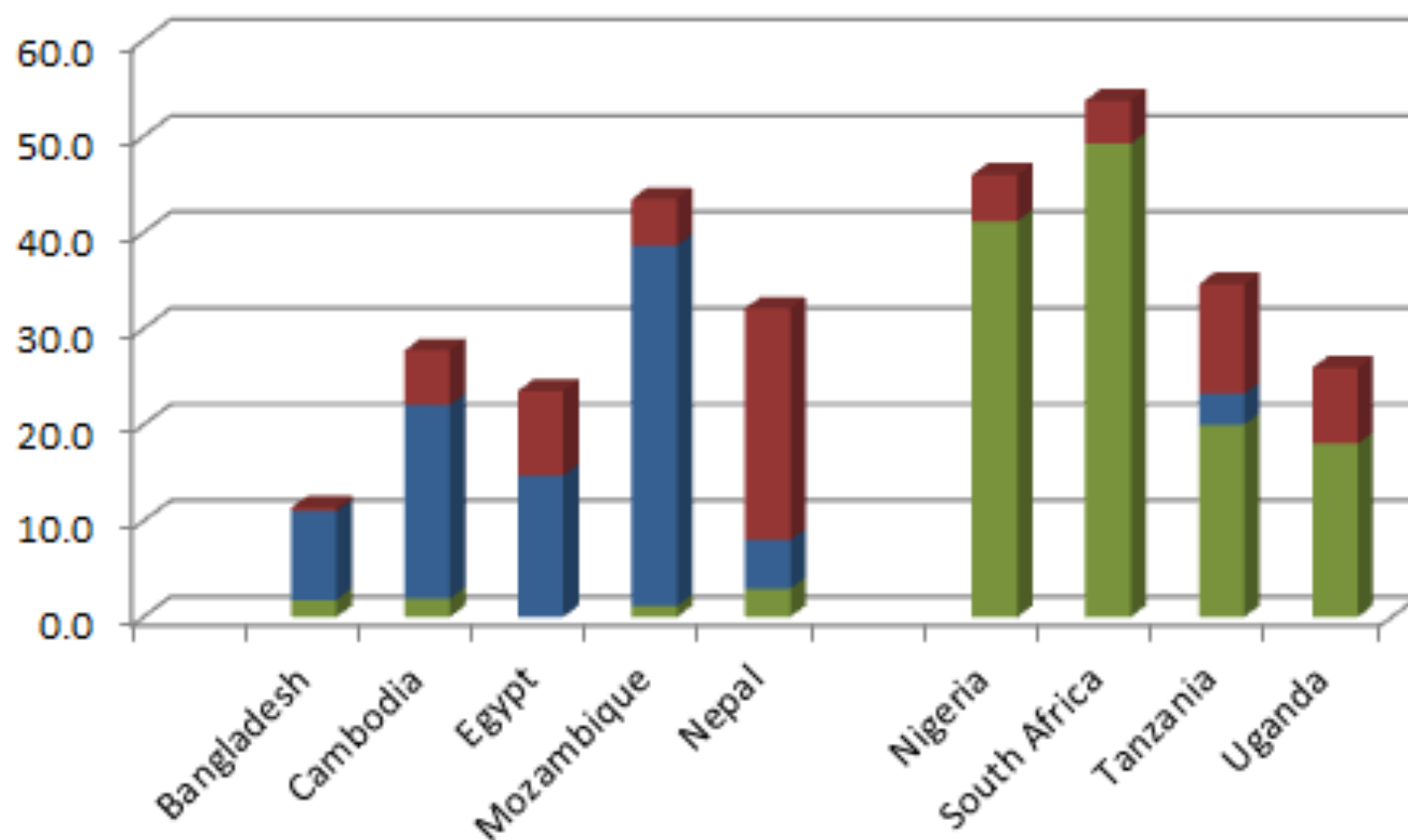


Local public sector expenditures: all LPS expenditures



Green – devolved; Blue – deconcentrated; Red – Other LPS

Local public sector expenditures: all LPS expenditures



Green – devolved; Blue – deconcentrated; Red – Other LPS



Thank you!

