

[1] How to support decentralisation / deconcentration processes

- A reading grid: a bridge between
 - *a complex technical-politic matter*
 - *development partners*
- An aid delivery modality

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[2] How to support decentralisation / deconcentration processes

- The reading grid
 - *facilitates interpretation of processes*
 - *remains transparent*
- An aid delivery modality
 - *supports beneficiaries*
 - *remains neutral*

[3] The meaning of decentralisation, deconcentration

- Rationale: subsidiarity principle
- Multi dimensional process
 - *political decentralisation*
 - *administrative decentralisation*
 - *fiscal decentralisation*
 - *deconcentration*
- A political equilibrium between:
 - *decentralisation supporters*
 - *partisans of a centralised State*

[4] Decentralisation / deconcentration

– is not a sector

– is a reform of the State

- How to go through this complex, multi dimensional world?

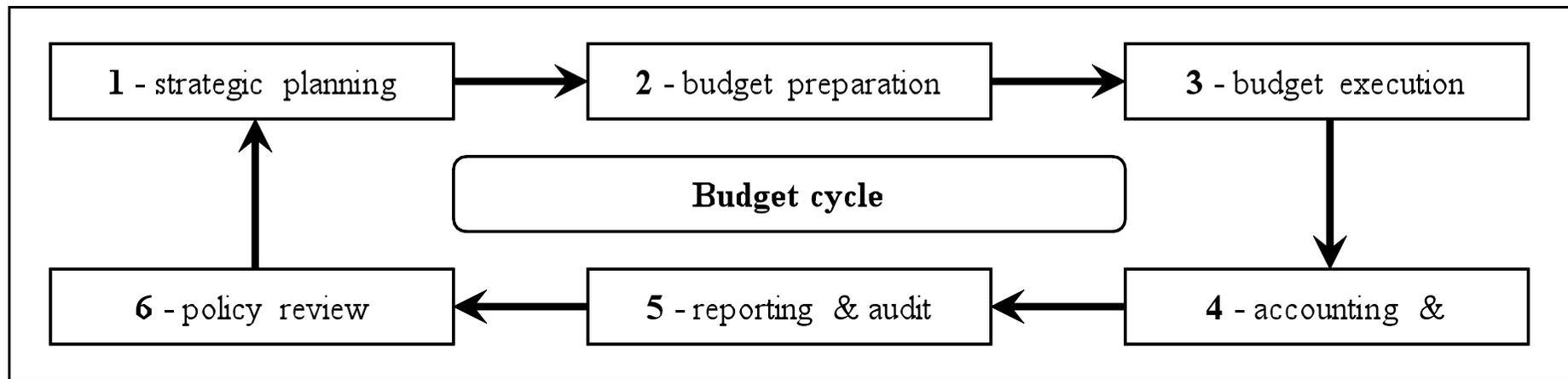
[6] The quality of the path

- The exhaustive path is
 - *often not possible or inadequate,*
 - *costly and risky*
- The shorter path can
 - *provide a good vision of articulation of sub processes (instead of being lost in details) and*
 - *fruitful dialog with the numerous stakeholders*
 - *share cooperation space with others*
 - *be flexible in case of unforeseen events*

[7] A possible reading grid

- Public finance management
 - *offers a good outlook on numerous key decentralisation deconcentration processes*
 - *development actors are familiar with PFM technicalities*
 - *makes easier the management of (sector) budget supports*

[8] The Budget cycle



[9] PFM and DD (1. Strategic Planning)

- Improving DD policies consistency with:
 - *NDP or PRSP, Sector policies*
 - *HR Managt (Statut for central / local public civil service, recruitment / training)*
 - *Local elections system*
- Improving DD policies efficiency:
 - *Perequation caused by transfers*
 - *Limitation of moral hazard caused by transfers*

[10] PFM and DD (2 Budget Preparation)

- MTEF consistent with:
 - *Transfers, fiscal decentralisation*
 - *DD components of sector policies*
- Are budget realistic, sincere
- Are overseeing systems efficient?
 - *Parliament control of draft State budget*
 - *Administrative supervision of local budget*

[11] PFM and DD (3 Budget Execution)

- Transfer execution
 - *for both dd bodies (level / timeliness)*
- Analysis of execution
 - *investment / current expenditure*
 - *transfer / local own resources*
 - *domestic resources / external aid*
- Internal control / Central Gov supervision

[12] PFM and DD (4 Acc & Monitoring)

- Financial reporting from local accountants / deconcentrated bodies
- Financial and economic / analytic accounting at local level
- Accounts centralisation at central level
- Performance reporting

[13] PFM and DD (5 Reporting & Audit)

- External audit
 - *specific role of Central Gov as regards local authorities*
- Parliament control of central and local authorities
- Self assessment of local authorities

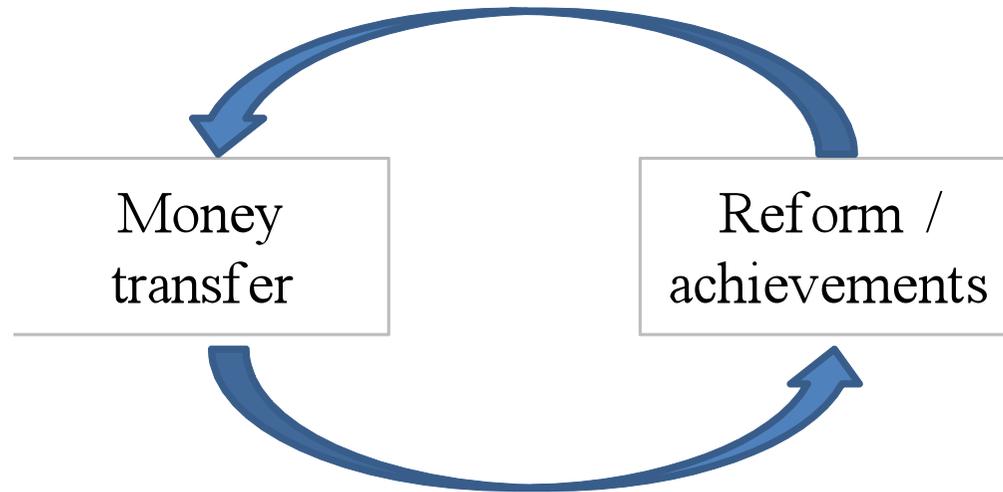
[14] PFM and DD (6 Policy Review)

- Outcome evaluation of the DD policy
- Review and update of the relevant policies (line ministries)

[15] A good aid delivery modality

- In an adequate context (DD policy)
 - *We have a good interface with the object of our cooperation: the PFM reading grid*
- We need now a good aid delivery modality
- If PFM and macro management are satisfactory or offers good prospects
 - *(Sector) Budget Support*

[16] Sector Budget Support



- non targeted money transfer from a donor to a recipient against targeted reforms/measurable achievements through policy/political dialog

[17] Sector Budget Support Quality 1/2

- (S)BS is neutral
 - *supports but not distorts the reform*
 - *inhibits donors to exceed their competence*
 - *consolidation of public choices (national policies design and implementation) is the mandate of national authorities*

[18] Sector Budget Support Quality 2/2

- (S)BS provides coherence
 - *with national vision, policies, ...*
 - *other donors*
- (S)BS is less demanding
 - *reasonable opportunity costs for National authorities and donors*
 - *esp. in case of scaling up*

[19] if no adequate national context, ...

..., it is time to pave the way for
decentralisation and deconcentration.

[20] Operational conclusion

- If no adequate framework, cooperation should envisage to support the reflexion on decentralisation
 - *Political / Policy dialogue*
- If there is an environment conducive to decentralisation
 - *A possible reading grid: **PFM***
 - *A possible aid delivery modality: **SBS***