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Commission



Session 3.2

Using different strategies and aid modalities to support decentralisation

Is the project approach really a second best option?



Programme based approaches are seen as preferred aid modality

- ① Aid effectiveness agenda, country ownership and the use of country systems
- ② The well documented dangers of 'freestanding projects'





Dangers of “freestanding” projects

- ❑ high transaction costs;
- ❑ **fragmentation** and **duplication** of efforts;
- ❑ **loss of coherence** between national efforts and external support;
- ❑ unbalanced sectoral development;
- ❑ focus on **upward accountability to the donor** and subsequent **erosion of domestic accountability**;
- ❑ **limited ownership and weakening of national systems** → reliance on parallel mechanisms and donor-imposed management requirements and implementation procedures





Project approaches are now considered as a “second-best” choice in terms of supporting decentralization and local governance,

BUT:

Is the professed belief in PBA (particularly general and budget support) justified under all circumstances?

*What are the limits of BS in decentralised environments?
Does BS lead to optimal results with regards decentralisation?*



Three major elements to push the debate forward

Unfavourable conditions for PBA in some countries

Well designed and implemented projects *can* make a difference

Need for strategic sequencing and complementarity of instruments



Unfavorable conditions for programme-based approaches

AT CENTRAL LEVEL

Weak capacity and authority to lead reforms: decentralization is not high on social/national debate; donors lead discussions with limited implication of line ministries; lack of leadership to push reforms; focus is on local development instead of state reform.

Weak link between decentralization and other public sector reforms: line ministries are reluctant to implement reforms, policy framework is weak, its implementation hampered, policy dialogue is disconnected from local realities; inter-ministerial coordination is limited.

General confusion about legitimate mandates of each stakeholder: there is an unclear division of tasks and responsibilities between national ministries, de-concentrated levels and LGs.

Donor groups for sector coordination are rarely connected to the group dealing with decentralization.

AT LOCAL LEVEL

Local governments are bypassed and ignored by sector ministries and donor supported sector programmes, often disconnected from decentralization framework;

Social service delivery projects implemented by donor-funded NGO often bypass fragile local governments, create parallel systems and weaken local resource mobilization.

Local governments are not attached to overall framework: the public treasury; procurement and control systems not adapted to local realities; legal framework is not known by local administrators.

Disconnect between the citizen local government



Project modality is NOT by nature undesirable and ineffective

The limitations often associated with the project approach are not inevitable, but rather the result of how the project was designed and implemented.

Projects can be ON:

On policy; on budget; on procedures....





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**Generate multi actors public
discussion on state reform and
decentralisation**

**Help prepare the ground
for programme based
approaches**

**Strengthen local and
national institutions and
systems (i.e. procurement;
control, accountability)**

**WELL DESIGNED
PROJECTS CAN
MAKE
A DIFFERENCE**

**Strengthen citizens' demands
for decentralisation and
establish trust between citizens
and local governments**

**Feed policy dialogue; even
when adequate policy
frameworks are not
available**

**Help to develop endogenous policy frameworks informed by
experimentation**



Need for a strategic sequencing and complementarity of instruments

- ① EC interventions need to adapt to local circumstances and ensure synergies and appropriate sequencing between the different approaches and instruments;
- ② In many contexts, the project approach may in fact be the modality through which donors may better create the conditions to scale-up reform;
- ③ Aid modalities are not decisive factors of success in the support of decentralization

So the MILLION question is What does the EC want to achieve and what is the most appropriate funding modality?





Need to broaden the scope of the aid modalities debate...

When you only have a hammer, everything looks like a nail