



Evaluation of EU support to local authorities in enlargement and neighbourhood regions (2010-2018)

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EVALUATION OF THE EU SUPPORT TO LOCAL AUTHORITIES IN ENLARGEMENT AND NEIGHBOURHOOD REGIONS

CONTEXT

In line with the Maastricht treaty's principle of subsidiarity, the EU and its Member States have been increasingly reaching out towards local authorities. Translating this growing interest in local authorities into practical and impacting engagements in the three regions has proven challenging. This is due to the diversity of country contexts, ranging from fundamentally reforming relations between local and central governments to very fragile countries and countries with highly centralised governance systems. Navigating these spaces in a politically savvy way has proven difficult, but there have been many examples of more pro-active, ambitious and innovative approaches even in less conducive environments.

PURPOSE OF THE EVALUATION

To provide an overall independent assessment and evidence of the contribution of EU external action to the achievement of the objectives and intended impacts of its policy towards local authorities in **Enlargement and Neighbourhood regions**.

TEMPORAL SCOPE

2010-2018 period



EVALUATION METHODOLOGY

The evaluation followed a theory-based approach that relied on mixed methods to assess EU support to local authorities. The design chosen revolved around multiple case studies, with data collection activities being carried out during an extensive desk phase and a field phase. The team prepared a detailed evaluation matrix, structured around **seven evaluation questions (EQs)**:

- Three EQs focused on the EU strategic framework and approaches to implementation of support to local authorities.
- Four EQs focused on the effects of EU support: i) local authorities' enhanced engagement in development processes and in EU external action, ii) empowerment and capacities, iii) accountability, participation and local democracy and iv) service delivery and response to local challenges.

The combination of tools and methods used for **data collection and analysis** varied according to the different EQs, but multiple sources were systematically used to triangulate the information collected.

The main challenges encountered were coping with gathering data on outcomes and impacts, obtaining documentation on non-spending activities (e.g., policy dialogue), and coping with the field phase in the context of the COVID-19 pandemic.

10 CASE STUDIES

Comprising eight country case studies (Albania, Georgia, Lebanon, Morocco, North Macedonia, Serbia, Tunisia, Ukraine) and two regional case studies (covering ENI & IPA).

8 MISSIONS

A total of eight extensive missions were held (one took place in-country and the rest were done remotely with, in several cases, support from experts based in the partner country).

3.000 DOCUMENTS

Over 3.000 documents consulted on a range of LA-related issues (including an average of roughly 80 documents per case study).

200 INTERLOCUTORS

About 200 interlocutors were interviewed (both remotely and face-to-face in Brussels or during the field and remote missions).

2 E-SURVEYS

Perceptions of EU support to local authorities were gathered at EUD and association of local authorities level.



- EU has increasingly been taking local authorities seriously as **policy interlocutors and development actors** and key entry points for strengthening democracy at local level. This has also been reflected in the EU's external action where EU is accelerating efforts to support local authorities through e.g. decentralisation, regional programmes or localised engagements. Increased funding is targeting the local level for numerous programmes and projects with varying levels of local authority involvement - being in the driving seat, an implementing agency or a mere beneficiary.
- EU has also progressively been using a **wider set of modalities and instruments** to assist local authorities, and in conducive environment this has led to comprehensive and truly integrated approaches, that could drive transformative changes, enabling local authorities, benefiting local citizens and businesses as well as improving downward accountability and effective service delivery.
- Partly as a consequence of widely different country contexts and a limited political steering at HQ levels, there is **not a shared vision of how EU should engage** and bolster the mandates of local authorities. Moreover, there is not a clear understanding of what genuine 'empowerment' of local authority means in terms of multilevel governance reforms, agency, autonomy, funding base and accountability. This explains why the EU has - in some contexts - also been inconsistent in the way it has approached local authorities, at times using them purely instrumental and as more passive beneficiary of projects and programmes. Better use could have been made of the Opinions and resources of the EU's own advisory body on local authority affairs, the Committee of the Regions (CoR).
- The 'context is king' idiom is also manifest in the case of the effectiveness of **coordination, complementarity and coherence** (3Cs). EU is consistently promoting 3Cs but if partner governments have limited commitment, efforts typically falter, reducing aid effectiveness and leading to lost opportunities for synergies and aligned support.
- In conducive context, the scope for EU support to empowerment of local authorities is wider and the **EU has mostly seized the opportunities** when they presented themselves, both in more mature policy environments, but also in countries with only nascent attempts at reforms, where top-down governance models still dominate. In such contexts, the EU approach has been able to leverage for the effective application of national decentralisation and/or regional development reforms, which formally expand the roles, responsibilities and mandates of local authorities.
- **Two types of engagements** for empowerment are generally found to be used by EU: The first is aimed at fostering more **systemic reforms** through e.g. increased allocation from central government and increase share of taxes retained locally. Secondly, EU also use smaller **project approaches**, such as local economic development interventions, with the ambition to raise the economic activity level that can catalyse job-creation and increase the local tax base. Clearly, the systemic reforms are often more sustainable and transformative. However, in a less conducive environment, stand-alone projects, particularly those with a longer-term vision on progressively strengthening local authorities and changing national framework conditions - can be a strategic option.
- In all cases, the issue of **politics is central in explaining success and failures** of especially more comprehensive reforms efforts. That is because work to fiscally and politically strengthen local authorities is fundamentally a political issue with local authorities seeking to appropriate more power, which almost universally stirs opposition from central actors which suspect that they will lose authority consequently. Most countries examined have formally expressed a commitment to decentralise and empower the local level, yet the transition towards more balanced multilevel governance systems is incipient and fragile. The EU has generally navigated this challenge well, if at times overly cautious.
- The **outcomes** of EU's work have been most impressive when embedded in wider government-led efforts to improve the framework conditions. In such contexts, the EU has been able to work strategically and comprehensively to design and implement decentralisation and regional development programmes with central authorities that have improved the capacities of local authorities, especially by changing the incentive structure that shape both local politicians and civil servants' behaviour. A key ingredient of the success has been the comprehensiveness of the reform process with both changes at national level that granted local authorities more powers and finance combined with substantial reforms and capacity development at local level.
- The **sustainability** of EU supported outcomes is generally addressed, also including the politics involved, but still assumptions tend to be overoptimistic. Core factors determining sustainability are: i) the existence of a clear political commitment at national level translated into supportive policies such as fiscal decentralisation, effective territorialisation of sectoral policies; ii) ownership at both national and local level; iii) the space for the EUD to work in a comprehensive way on improving both capacities and sustainable funding; and iv) the adoption of gradual approaches in countries with restrictive environments and weak local authorities conditions and capacities.
- EU has also assisted in forging **collaborative arrangements between local authorities, civil society and the private sector** in order to promote local democracy, local economic development or address pressing development challenges. However, often these have been implemented using a time-bound and limited project approach, which reduced the deeper institutionalised governance changes and also failed to fully embed and internalise mechanisms for dialogue, collaboration, transparency and accountability at local level.

CONCLUSIONS

Based on the findings presented in the answers to the evaluation questions, the team identified **8 conclusions** grouped in **3 clusters**.

Strategic framework

C1. Local authorities increased visibility in EU support

Over the past decade, local authorities have become much more visible in EU external action also beyond the CoR's external action bodies. Local authorities are increasingly and formally recognised in EU policy and operational frameworks as a distinct state actor with its own general mandate and related set of legally enshrined roles and responsibilities. However, EUDs are de facto driving change processes, pragmatically responding to opportunities.

Results

C2. Constrained clout

EU is a main donor, standard setter and important market in all partner countries. This confers considerable clout. Nevertheless, the EU has seldom pushed the case for structurally improving the framework conditions of local authorities, arguably a reflection of the relatively low level of priority this issue has been awarded, as well as the wish not to be seen as intervening in partner countries' domestic affairs. This is also the case of candidate countries, despite pressures (also from CoR) to apply the Treaty subsidiarity principle.

C3. Coordination only of the willing and cajoled

Uncoordinated and fragmented interventions can undermine the strengthening of local authorities. EU has generally aimed to promote better coordination and has adhered strongly to the 3Cs principles. Where central governments have taken the lead in such efforts and encouraged other development partners to follow suit, the results have been impressive with mutually supportive reforms and where donors could use their comparative advantages in suitable areas. However, donor incentives for complying with the 3Cs principles are often weak. Without strong government-led efforts in this space, support is likely to fragment, undermining a coherent and effective reform process.

C4. Investing in innovation: increased sophistication and diversity in EU responses

The past decade has offered opportunities for innovation where EU could test how best to engage with local authorities in different contexts. In the initial phase of the evaluation period, most EU interventions were targeting the local level with short-term projects to address specific challenges, yet without necessarily putting local authorities in the driving seat. Building on reform dynamics in several partner countries regarding decentralisation and regional development, the EU seized new opportunities and developed much more sophisticated response strategies. These integrated fairly well the lessons learnt with past support as well as the insights acquired into the politics of the reform processes involved.

Tools and approaches

C5. Limited leadership and knowledge management from HQ

While at policy level there is useful guidance improving the role of local authorities, there are few efforts at EC HQ level to put in place a dedicated thematic unit in DG NEAR with a clear mandate and relevant expertise to accompany EUDs that venture into decentralisation and regional development support, and to coordinate with the CoR. There is thus no institutional focal point to ensure collective learning (including that from CoR Opinions) or establish knowledge management systems that could help to catalyse new modalities of engagement with local authorities.

C6. Small but not necessarily beautiful: local authorities need to merge

While there is no exact ideal size of local authorities, the fact is that many of them are too small to have realistic prospects of becoming financially viable and having a critical mass for acting as catalysts of territorial development or providing appropriate levels of service delivery. Based on current trends and projections, they are getting progressively smaller as especially young people emigrate and rural areas depopulate. Local authorities find it difficult to attract and manage resources through regional programmes for much needed energy and climate resilience (e.g. under CoM) or to attract private investments. Only few countries have

started a process of amalgamating local authorities, with pertinent support from the EU. However, most countries have not fundamentally addressed this sensitive issue and EU has generally not pushed for action.

C7. Managing mixed levels of commitments

Unconducive contexts with limited real commitment from central authorities to improve multilevel governance structures and enable local authorities pose significant challenges for the EU in terms of identifying appropriate entry points that can maintain a critical and result-oriented dialogue. Such critical dialogue at the central level is important for seizing both small and bigger opportunities when they emerge. Thus, in several cases EU has aligned with national policies (despite limited levels of reform commitment and uncertain scope for local authority empowerment) supporting central governments in making only gradual and incremental improvements in the framework conditions. These often involved working on related, but often less politicised issues of e.g. regional policies, which also offered more, and faster scalability once major reforms become possible.

C8. Big bang reforms deliver best bang for the buck – politics allowing

Impacting and sustainably strengthening of local authorities needs action at both local level as well as EU pressure and support at national level, to improve critical framework conditions enabling local authorities to exercise their authority and have their mandates financed. In only a few contexts have both national and local level conditions been simultaneously conducive to deliver on both fronts. In these specific cases, the results have been impressive with the EU. However, this only takes place when central authorities see decentralisation as being in their own long-term interest, or in the case of enlargement countries, the Treaty obligation of subsidiarity is clearly explained. This happens only rarely, underlying the centrality of politics in local authority empowerment processes.

RECOMMENDATIONS

Based on the conclusions, the team developed **8 recommendations**, each underpinned by a limited set of concrete actions to be taken to enhance EU support to local authorities.

EU'S VISION, GUIDANCE AND POLITICAL CLOUT	<p>R1</p> <p>Develop a vision and roadmaps for local authorities' engagements</p> <p>Such a vision needs to be practical as it must serve a uniting purpose in terms of providing EU (and ideally Member States) with a clear direction and plan for what local authorities should evolve into and how. In the absence of such a vision, there is a high risk that related engagements are not pulling in the same direction and end up reducing local authorities to more passive beneficiaries.</p>	Linked to C1-3, C6-8
	<p>R2</p> <p>Use EU's political clout to more effectively empower local authorities</p> <p>As a global power with substantial leverage and a strong commitment to the principle of subsidiarity, there is a powerful platform available to be more upfront and proactive on the need for accelerated reforms aimed at empowerment of local authorities.</p>	Linked to C1-3
ENGAGING STRATEGICALLY WITH LOCAL AUTHORITIES	<p>R3</p> <p>Ensure systemic inclusion of local authorities in dialogues</p> <p>Despite significant progress in some countries, inclusion of local authorities in political dialogue, (sector) policy dialogue and programming processes remains limited in most countries. EU should use its leverage and clout to open-up space for effective participation of local authorities and their Associations in relevant political/policy processes. The existing political platforms like ARLEM, CORLEAP, and the JCCs can be put to a better use.</p>	Linked to C1-3, C5, C6, C8
	<p>R4</p> <p>Promote comprehensive empowerment approaches</p> <p>Where the EU had a clear vision on its engagement with local authorities and has been able to support comprehensive reforms at both local and national levels, the outcomes have generally been more impressive and sustainable. Often, piecemeal project approaches, geared at the local level, fail to tackle aspects that are crucial to achieve positive outcomes. EU's leverage positions it well to engage in comprehensive reforms, particularly through policy dialogue and a smart mix of aid modalities (budget support, complementary projects and TA).</p>	Linked to C2, C4, C6-8
	<p>R5</p> <p>Strengthen local authorities' agency</p> <p>Local authorities have a dual role of both being development actors (elaborating their own local public policies) as well as acting as implementing agencies on behalf of central government of national plans and programmes. Both roles are important for having a vibrant and accountable nexus between the local authorities and their constituencies. Efforts to improve both aspects have generally been more sustainable and garnered high levels of local ownership. EU should provide support that respect and nurture their unique role as being close to citizens in terms of both service delivery and catalyst of territorial development. EU should continue to support such engagements which respect to the legally enshrined roles and responsibilities of local authorities across all their interventions</p>	Linked to C1, C2, C4, C6, C8
	<p>R6</p> <p>Facilitate the mainstreaming local authorities participation</p> <p>EU should analyse how their sector-work can support local authorities in delivering on the many aspects required for the implementation of sector programmes, again while simultaneously respecting and nurturing the legally enshrined mandates of local authorities as autonomous agents.</p> <p>EU should encourage partner governments to ensure that both its sector policies and macro level choices on financing and governance are sensitive to and supportive of local authorities, thus boosting the effectiveness of national level policies and potentially also improving local authorities' standing and connectedness with its citizen. In the case of enlargement, the EU should push for the application of the subsidiarity principle and include local authorities in the acquis.</p>	Linked to C1, C3, C6-8
IMPROVING LOCAL AUTHORITY FUNDING AND CAPACITIES	<p>R7</p> <p>Enhance the funding base of local authorities</p> <p>Local authorities cannot act as autonomous and accountable actors towards their own citizens in the absence of funding they can use in a discretionary manner. However, the funding is often highly centralised, earmarked, erratic and based on non-transparent criteria. EU should work to i) foster genuine fiscal decentralisation as a pre-condition for effective capacitating local authorities, ii) facilitate direct funding for local authorities in the EU support provided, and iii) upgrade advice on EU and other international funding available to local authorities from the current CoR ad hoc publications into a constantly updated database.</p>	Linked to C1, C2-4, C5, C6, C8
	<p>R8</p> <p>Strengthen EU wide institutional learning and overall support capacity</p> <p>The absence of a clear strategy and coherent action at HQ level resulted in the lack of incentives for the integration of local authorities, and to disseminate and internalise relevant guidance produced. This is also a lack of effective systems for learning and knowledge management. Consequently, EU should i) provide political and managerial incentives to ensure an effective integration of local authorities, ii) develop a comprehensive strategy to strengthen the EU's overall institutional capacity to engage strategically with local authorities, iii) strengthen the processes for institutional learning and knowledge management and iv) make better use of the dialogue channels provided by the CoR with local authorities of partner countries.</p>	Linked to C1, C3, C4

RÉSUMÉ

ÉVALUATION DE L'APPUI DE L'UE AUX AUTORITÉS LOCALES DANS LES RÉGIONS DE L'ÉLARGISSEMENT ET DU VOISINAGE

CONTEXTE

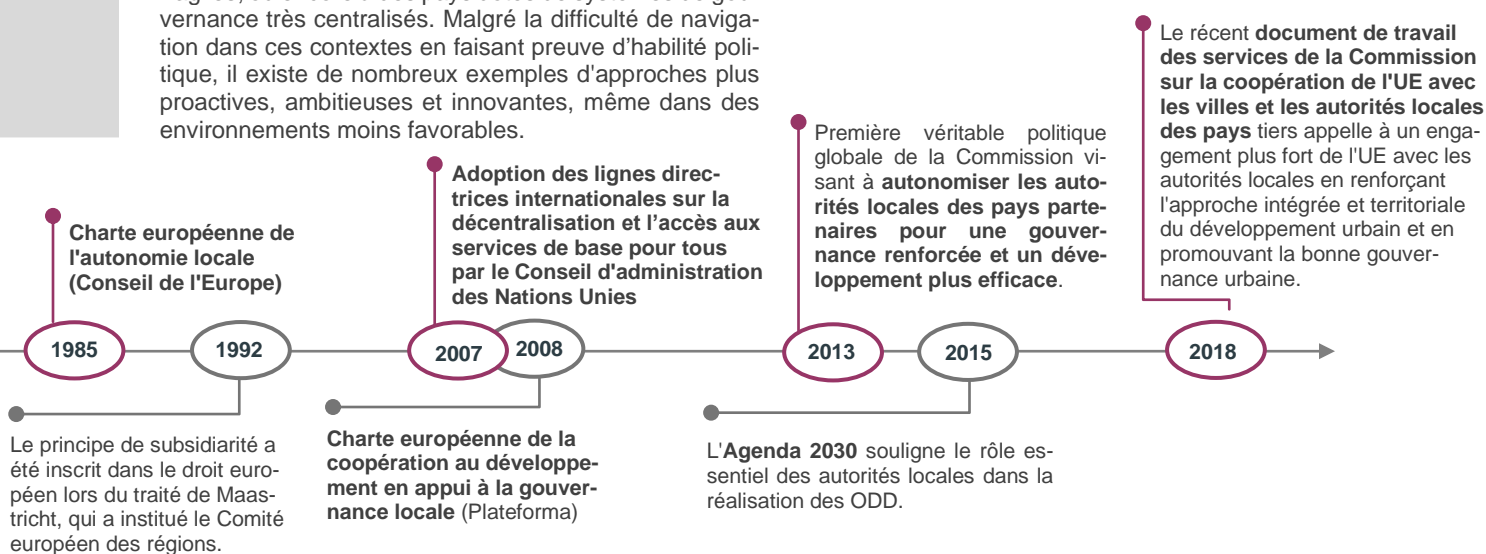
Conformément au principe de subsidiarité du traité de Maastricht, l'UE et ses États membres s'adressent de plus en plus aux autorités locales. Traduire cet intérêt croissant pour les autorités locales en engagements concrets et efficaces dans les trois régions s'est avéré difficile. Cela s'explique par la diversité des contextes nationaux, qui vont de la réforme fondamentale des relations entre les autorités locales et centrales, à des pays très fragiles, ou encore à des pays dotés de systèmes de gouvernance très centralisés. Malgré la difficulté de navigation dans ces contextes en faisant preuve d'habileté politique, il existe de nombreux exemples d'approches plus proactives, ambitieuses et innovantes, même dans des environnements moins favorables.

OBJECTIF DE L'ÉVALUATION

Fournir une évaluation globale indépendante et des preuves de la contribution de l'action extérieure de l'UE à la réalisation des objectifs et des effets escomptés de sa politique à l'égard des autorités locales dans les **régions de l'élargissement et du voisinage**.

CHAMP D'APPLICATION TEMPOREL

Période 2010-2018



MÉTHODOLOGIE D'ÉVALUATION

L'évaluation a suivi une approche théorique qui s'est appuyée sur des méthodes mixtes pour évaluer l'appui de l'UE aux autorités locales. La conception choisie s'est articulée autour de plusieurs études de cas, la collecte de données ayant été menée au cours d'une phase d'étude documentaire approfondie et d'une phase de terrain. L'équipe a préparé une matrice d'évaluation détaillée, structurée autour de **sept questions d'évaluation (QE)** :

- Trois QE se sont concentrées sur le cadre stratégique de l'UE et les approches de mise en œuvre de l'appui aux autorités locales.
- Quatre QE se sont concentrées sur les effets de l'appui de l'UE : i) l'engagement accru des autorités locales dans les processus de développement et dans l'action extérieure de l'UE, ii) l'autonomisation et le développement des capacités, iii) la responsabilité, la participation et la démocratie locale et iv) la prestation de services et la réponse aux défis locaux.

La combinaison d'outils et de méthodes utilisés pour la **collecte et l'analyse des données** varie selon les différents QE, mais de multiples sources ont été systématiquement utilisées pour trianguler les informations recueillies.

Les principaux défis rencontrés ont été de faire face à la collecte de données sur les résultats et les impacts, d'obtenir de la documentation sur les activités non financières (par exemple, le dialogue politique), et de faire face à la phase de terrain dans le contexte de la pandémie COVID-19.

10 ÉTUDES DE CAS

Comprenant huit études de cas pays (Albanie, Géorgie, Liban, Maroc, Macédoine du Nord, Serbie, Tunisie, Ukraine) et deux études de cas régionales (couvrant IEV & IAP).

8 MISSIONS

Au total, huit missions ont été organisées (une dans le pays et les autres à distance avec, dans plusieurs cas, le soutien d'experts basés dans le pays partenaire).

3.000 DOCUMENTS

Plus de 3 000 documents consultés sur une série de questions liées autorités locales (dont une moyenne d'environ 80 documents par étude de cas).

200 INTERLOCUTEURS

Environ 200 interlocuteurs ont été interrogés (à distance et en face à face à Bruxelles ou lors de missions sur le terrain et à distance).

2 ENQUÊTES EN LIGNE

Les perceptions de l'appui de l'UE aux autorités locales ont été recueillies au niveau des DUE et des associations des autorités locales.



- L'UE prend considère de plus en plus les autorités locales en tant qu'**interlocuteurs politiques et acteurs du développement**, et points d'entrée clés pour le renforcement de la démocratie au niveau local. Cela se reflète également dans l'action extérieure de l'UE, avec l'accélération des efforts pour appuyer les autorités locales par le biais, par exemple, de la décentralisation, de programmes régionaux ou d'actions locales. L'augmentation des financements vise le niveau local pour de nombreux programmes et projets avec différents niveaux d'implication des autorités locales - qu'elles soient aux commandes, partenaires de mise en œuvre ou simples bénéficiaires.
- L'UE a progressivement utilisé un **ensemble plus large de modalités et d'instruments** pour aider les autorités locales. Dans un environnement porteur, cela a conduit à des approches globales et véritablement intégrées, qui pourraient conduire à des changements tangibles, dont les citoyens et les entreprises locales pourraient bénéficier, tout en améliorant du haut vers le bas la fiabilité des prestations de service.
- En partie dû aux contextes nationaux très différents et d'un pilotage politique limité au niveau de Bruxelles, il **n'existe pas de vision commune sur la manière dont l'UE devrait engager** et soutenir les mandats des autorités locales. En outre, il n'y a pas de compréhension claire de ce que signifie une véritable « autonomisation » des autorités locales en termes de réformes de gouvernance à multi-niveaux, d'agencement, d'autonomie, de financement et de responsabilité. Cela explique pourquoi l'UE a, dans certains contextes, également été incohérente dans sa manière d'approcher les autorités locales, les utilisant parfois de manière purement instrumentale et comme bénéficiaires plus passifs de projets et programmes. Il aurait été possible de mieux utiliser les avis et les ressources de l'organe consultatif de l'UE sur les affaires des autorités locales, le Comité européen des régions (CdR).
- L'influence du contexte se manifeste également dans le cas de l'efficacité de la **coordination, de la complémentarité et de la cohérence** (3C). L'UE promeut constamment les 3C, mais si les gouvernements partenaires ont un engagement limité, les efforts généralement s'essouffent, ce qui réduit l'efficacité de l'aide et entraîne la perte d'opportunités de synergies et de convergences de volontés politiques.
- Dans un contexte favorable, le champ d'application de l'appui de l'UE à l'autonomisation des autorités locales est plus large. L'**UE a surtout saisi les opportunités** lorsqu'elles se sont présentées, à la fois dans des environnements politiques plus mûrs, mais aussi dans des pays où les tentatives de réforme ne font que commencer et où les modèles de gouvernance verticale dominant encore. Dans de tels contextes, l'approche de l'UE a pu servir de levier pour l'application efficace des réformes nationales de décentralisation et/ou de développement régional, qui élargissent officiellement les rôles, les responsabilités et les mandats des autorités locales.
- On constate généralement que l'UE utilise **deux types d'actions** pour l'autonomisation des autorités locales. Le premier vise à encourager des **réformes plus systémiques**, par exemple en augmentant les crédits alloués par le gouvernement central et en augmentant la part des impôts retenus au niveau local. Le second consiste pour l'UE à utiliser des **approches de projets** de moindre envergure, telles que des projets de développement économique local, avec l'ambition d'élever le niveau d'activité économique susceptible de catalyser la création d'emplois et d'augmenter l'assiette fiscale locale. Il est clair que les réformes systémiques sont souvent plus durables et plus transformatrices. Toutefois, dans un environnement moins favorable, les projets autonomes, en particulier ceux qui ont une vision à plus long terme sur le renforcement progressif des autorités locales et l'évolution des cadres nationaux, peuvent constituer une option stratégique.
- Dans tous les cas étudiés, la question **politique est centrale pour expliquer les succès et les échecs** des efforts de réforme importantes. En effet, le travail visant à renforcer fiscalement et politiquement les autorités locales est fondamentalement une question politique, les autorités locales cherchant à s'appropriier plus de pouvoir, ce qui suscite presque universellement l'opposition des acteurs centraux qui soupçonnent devoir perdre leur autorité en conséquence. La plupart des pays étudiés ont formellement exprimé leur engagement à décentraliser et à responsabiliser le niveau local, mais la transition vers des systèmes de gouvernance multi-niveaux plus équilibrés est naissante et fragile. L'UE a généralement bien relevé ce défi, même si elle a parfois fait preuve d'une prudence excessive.
- Les **résultats** de l'appui de l'UE ont été plus impressionnants lorsqu'ils s'inscrivent dans le cadre d'efforts plus larges menés par les gouvernements pour améliorer les cadres nationaux. Dans de tels contextes, l'UE a pu travailler de manière stratégique et globale pour concevoir et mettre en œuvre des programmes de décentralisation et de développement régional avec les autorités centrales qui ont amélioré les capacités des autorités locales, notamment en modifiant la structure d'incitation qui façonne le comportement des hommes politiques et des fonctionnaires locaux. L'un des éléments clés de ce succès a été l'exhaustivité du processus de réforme, avec à la fois des changements au niveau national qui ont accordé aux autorités locales plus de pouvoirs et de financements, ainsi que des réformes substantielles et un développement des capacités au niveau local.
- La **durabilité** des résultats est généralement abordée mais les hypothèses ont toujours tendance à être trop optimistes. Les principaux facteurs déterminant la durabilité sont : i) l'existence d'un engagement politique clair au niveau national, traduit en politiques telles que la décentralisation fiscale, la territorialisation efficace des politiques sectorielles ; ii) l'appropriation des réformes au niveau national et local ; iii) la possibilité pour la DUE de travailler de manière globale à l'amélioration des capacités et du financement durable ; iv) l'adoption d'approches progressives dans les pays où les contextes et cadre de travail sont restrictifs et capacités des autorités locales faibles.
- L'UE a également contribué à la mise en place d'**accords de coopération entre les autorités locales, la société civile et le secteur privé** afin de promouvoir la démocratie locale, le développement économique local ou de relever des défis urgents en matière de développement. Toutefois, ces accords ont souvent été mis en œuvre selon une approche de projet limitée dans le temps, ce qui limite les changements profondément institutionnalisés et n'a pas permis d'intégrer et d'internaliser pleinement les mécanismes de dialogue, de coopération, de transparence et de responsabilité au niveau local.

CONCLUSIONS

Sur la base des résultats présentés dans les réponses aux questions d'évaluation, l'équipe a identifié **8 conclusions** regroupées en **3 groupes**.

Cadre stratégique

C1. L'action extérieure de l'UE accorde davantage d'importance aux autorités locales

Au cours de la dernière décennie, les autorités locales sont devenues beaucoup plus visibles dans l'action extérieure de l'UE, y compris au-delà des organes d'action extérieure du CdR. Les autorités locales sont de plus en plus formellement reconnues dans les cadres politiques et opérationnels de l'UE comme un acteur étatique distinct, doté de son propre mandat général et d'un ensemble connexe de rôles et de responsabilités légalement consacrés. Cependant, les DUE sont de facto les moteurs des processus de changement, répondant de manière pragmatique aux opportunités.

Résultats

C2. Une influence limitée

L'UE est un donateur clé, un modèle et un marché important pour tous les pays partenaires ; cela lui confère un poids considérable. Néanmoins, l'UE a rarement plaidé en faveur d'une amélioration structurelle du cadre de travail des autorités locales, ce qui reflète sans doute le niveau de priorité relativement faible accordé à cette question, ainsi que le souhait de ne pas être perçue comme intervenant dans les affaires intérieures des pays partenaires. C'est également le cas des pays candidats, malgré les pressions (également du CdR) pour appliquer le principe de subsidiarité du traité.

C3. Coordination efficace unique-ment lorsque celle-ci est organisée globalement

Des actions non coordonnées et fragmentées peuvent paradoxalement affaiblir le renforcement des autorités locales. L'UE s'est généralement efforcée de promouvoir une meilleure coordination et a fermement adhéré aux principes des 3C. Lorsque les gouvernements partenaires ont mené ces efforts et ont encouragé d'autres partenaires de développement, les résultats ont été considérables, suivi de réformes qui se renforcent mutuellement et où les donateurs ont pu utiliser leurs avantages comparatifs dans des domaines appropriés. Cependant, les incitations des donateurs à respecter les 3C sont souvent faibles. En l'absence d'efforts importants de la part des gouvernements partenaires, l'aide risque de se fragmenter, ce qui compromettrait un processus de réforme cohérent et efficace.

C4. Investir dans l'innovation : sophistication et diversité accrues de l'action de l'UE

La dernière décennie a offert des opportunités d'innovation où l'UE a pu tester la meilleure approche de s'engager avec les autorités locales dans différents contextes. Au début de la période d'évaluation, la plupart des actions de l'UE visaient le niveau local avec des projets à court terme pour relever des défis spécifiques, mais sans nécessairement mettre les autorités locales aux commandes. S'appuyant sur la dynamique de réforme de plusieurs pays partenaires en matière de décentralisation et de développement régional, l'UE a saisi de nouvelles opportunités et a développé des stratégies de réponse beaucoup plus sophistiquées. Celles-ci ont assez bien intégré les enseignements tirés du passé ainsi que les connaissances acquises sur la politique des processus de réforme concernés.

Outils et approches

C5. Leadership et gestion des connaissances limités du siège

Alors qu'au niveau politique, il existe des orientations utiles pour améliorer le rôle des autorités locales, peu d'efforts sont déployés pour mettre en place une unité thématique spécifique au sein de la DG NEAR, dotée d'un mandat clair et d'une expertise pertinente pour accompagner les DUE qui s'aventurent dans la décentralisation et l'appui au développement régional, et pour assurer la coordination avec le CdR. Il n'existe donc pas de point focal institutionnel pour assurer l'apprentissage collectif (y compris celui des avis du CdR) ou pour établir des systèmes de gestion des connaissances qui pourraient contribuer à catalyser de nouvelles modalités de coopérer avec les autorités locales.

C6. Les plus petites des autorités locales doivent fusionner

Bien qu'il n'existe pas de taille idéale, nombre d'entre elles sont trop petites pour avoir des perspectives réalistes de devenir financièrement indépendantes ou de disposer d'un poids suffisant pour agir comme catalyseurs du développement territorial et d'assurer des prestations de services efficace. Sur la base des tendances actuelles et des projections à venir, elles deviennent de plus en plus petites à mesure que les zones rurales se dépeuplent. Une partie des autorités locales éprouvent des difficultés à attirer et à gérer des ressources par l'intermédiaire de programmes régionaux (par exemple dans le cadre du CdM) ou à attirer des investissements

privés. Seuls quelques pays ont entamé un processus de fusion des autorités locales avec l'appui de l'UE. Toutefois, la plupart des pays n'ont pas abordé fondamentalement cette question sensible et l'UE n'a généralement pas fait pression pour que des mesures soient prises.

C7. Niveaux d'engagements mixtes

Les contextes peu propices et l'engagement limité des autorités centrales à améliorer les structures de gouvernance à multi-niveaux posent des défis importants à l'UE en termes d'identification des points d'entrée appropriés pour maintenir un dialogue axé sur les résultats. Un tel dialogue au niveau central est important pour saisir les petites et grandes opportunités lorsqu'elles se présentent. Ainsi, dans plusieurs cas, l'UE s'est alignée sur les politiques nationales (malgré des niveaux limités d'engagement en matière de réforme et une marge de manœuvre incertaine pour l'autonomisation des autorités locales) en aidant les gouvernements centraux à n'apporter que des améliorations progressives et graduelles aux cadres nationaux. Il s'agissait souvent de travailler sur des questions connexes, mais moins politisées, telles que les politiques régionales, qui offraient une plus grande et plus rapide extensibilité lorsque des réformes majeures devenaient possibles.

C8. Les réformes structurelles complètes sont plus efficaces

L'impact et le renforcement durable des autorités locales nécessitent une action au niveau local ainsi qu'une pression et un appui de l'UE au niveau national, afin d'améliorer les cadres de travail permettant aux autorités locales d'exercer leur autorité et de voir leurs mandats financés. Dans quelques contextes seulement, les conditions au niveau national et local ont été simultanément propices à l'obtention de résultats sur les deux fronts. Dans ces cas spécifiques, les résultats ont été considérables. Toutefois, cela ne se produit que lorsque les autorités centrales considèrent la décentralisation comme étant dans leur propre intérêt à long terme, ou dans le cas des pays de l'élargissement, l'obligation de subsidiarité prévue par le traité est clairement expliquée. Cela n'arrive que rarement, ce qui souligne la centralité de la politique dans les processus d'autonomisation des autorités locales.

RECOMMANDATIONS

Sur la base de ces conclusions, l'équipe a élaboré **8 recommandations**, chacune étant étayée par un ensemble limité d'actions concrètes à prendre pour renforcer l'appui de l'UE aux autorités locales.

VISION, ORIENTATIONS, POIDS POLITIQUE DE L'UE	R1	<p>Développer une vision et des stratégies pour les engagements avec les autorités locales</p> <p>Une telle vision doit être pratique car elle doit servir un objectif fédérateur en fournissant à l'UE (et idéalement aux États membres) une orientation et un plan clairs sur ce que les autorités locales doivent devenir et comment. En l'absence d'une telle vision, il existe un risque élevé que les engagements connexes ne tirent pas dans la même direction et finissent par réduire les autorités locales à des bénéficiaires plus passifs.</p>	Liée aux C1-3, C6-8
	R2	<p>Utiliser le poids politique de l'UE pour autonomiser les autorités locales</p> <p>En tant que puissance mondiale disposant d'un pouvoir de levier important et d'un engagement fort envers le principe de subsidiarité, l'UE a une plate-forme puissante pour être plus franche et proactive sur la nécessité d'accélérer les réformes visant à renforcer l'autonomisation des autorités locales.</p>	Liée aux C1-3
S'ENGAGER STRATÉGIQUEMENT AVEC LES AUTORITÉS LOCALES	R3	<p>Assurer l'inclusion systémique des autorités locales dans les dialogues</p> <p>Malgré des progrès importants dans certains pays, l'inclusion des autorités locales dans le débat politique, l'élaboration des politiques (sectorielles) et les processus de programmation restent limitées dans la plupart des pays. L'UE devrait utiliser son influence et son poids politique pour créer un espace de participation effective des autorités locales et de leurs associations dans les processus politiques pertinents. Les plateformes politiques existantes telles que l'ARLEM, CORLEAP et les JCCs pourraient être mieux utilisées.</p>	Liée aux C1-3, C5, C6, C8
	R4	<p>Promouvoir des approches globales d'autonomisation</p> <p>Les résultats ont généralement été plus importantes et durables là où l'UE avait une vision claire de son engagement avec les autorités locales et a ainsi pu soutenir des réformes globales aux niveaux local et national. Les approches de projet fragmentaires, axées sur le niveau local, ne parviennent pas à aborder les aspects qui sont essentiels pour obtenir des résultats positifs. L'effet de levier de l'UE la place en bonne position pour s'engager dans des réformes globales, notamment par le biais d'un dialogue politique et d'une combinaison judicieuse de modalités d'aide (appui budgétaire, projets complémentaires et assistance technique).</p>	Liée aux C2, C4, C6-8
	R5	<p>Renforcer l'agencement des autorités locales</p> <p>Les autorités locales ont un rôle double à assurer: celui d'acteur du développement (dans l'élaboration de leurs propres politiques publiques locales) et celui de partenaire de mise en œuvre des plans et programmes nationaux au nom du gouvernement central. Ces deux rôles sont importants pour établir un lien dynamique et responsable entre les autorités locales et leurs circonscriptions. Les efforts déployés pour améliorer ces deux aspects ont généralement été plus durables et ont permis d'atteindre un niveau élevé d'appropriation locale. L'UE devrait apporter un appui qui respecte et nourrit leur rôle unique de proximité avec les citoyens, tant en termes de prestation de services que de catalyseur du développement territorial. L'UE devrait continuer à soutenir de tels engagements qui respectent les rôles et les responsabilités légalement consacrés aux autorités locales dans dans son action extérieure.</p>	Liée aux C1, C2, C4, C6, C8
	R6	<p>Faciliter l'intégration de la participation des autorités locales</p> <p>L'UE devrait analyser comment son travail sectoriel peut aider les autorités locales à atteindre les nombreux aspects requis pour la mise en œuvre des programmes sectoriels, tout en respectant et en entretenant les mandats juridiquement inscrits des autorités locales en tant qu'agents autonomes.</p> <p>L'UE devrait également encourager les gouvernements partenaires à veiller à ce que ses politiques sectorielles et ses choix de financement et de gouvernance au niveau macroéconomique tiennent compte des autorités locales et les soutiennent, ce qui renforcerait l'efficacité des politiques nationales et pourrait également améliorer la position des autorités locales et leur lien avec les citoyens. Dans le cas de l'élargissement, l'UE devrait faire pression pour l'application du principe de subsidiarité et inclure les autorités locales dans le dialogue sur les acquis communautaire.</p>	Liée aux C1, C3, C6-8
AMÉLIORATION DU FINANCEMENT ET DES CAPACITÉS DES AL	R7	<p>Renforcer la base de financement des autorités locales</p> <p>Les autorités locales ne peuvent agir en tant qu'acteurs autonomes et responsables envers leurs propres citoyens en l'absence de fonds pouvant être utilisés de manière discrétionnaire. Cependant, le financement est souvent, soit très centralisé, soit spécifiquement alloué, irrégulier et/ou basé sur des critères non transparents. L'UE devrait s'efforcer de i) favoriser une véritable décentralisation fiscale comme condition préalable à la mise en place de capacités efficaces pour les autorités locales, ii) faciliter le financement direct des autorités locales dans le cadre de l'appui apporté par l'UE, et iii) mettre à niveau les conseils sur les financements européens et internationaux disponibles pour les autorités locales, en passant des publications ad hoc actuelles du CdR à une base de données constamment mise à jour.</p>	Liée aux C1, C2-4, C5, C6, C8
	R8	<p>Renforcer l'apprentissage institutionnel et la capacité d'appui globale à l'échelle de l'UE</p> <p>L'absence de stratégie claire et d'action cohérente au niveau du siège n'a pas incité à intégrer les autorités locales. Il manque, par ailleurs, de systèmes efficaces pour l'apprentissage et la gestion des connaissances. En conséquence, l'UE devrait : i) fournir des incitations politiques et managériales pour assurer une intégration efficace des autorités locales, ii) élaborer une stratégie globale pour renforcer la capacité institutionnelle globale de l'UE à s'engager stratégiquement avec les autorités locales, iii) renforcer les processus d'apprentissage institutionnel et de gestion des connaissances, et iv) mieux utiliser les canaux de dialogue fournis par le CdR avec les autorités locales des pays partenaires.</p>	Liée aux C1, C3, C4



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Evaluation of EU support to local authorities in Enlargement and Neighbourhood regions (2010-2018)

**This evaluation was commissioned by the
 MFF, Programming and Evaluation Unit
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 in association with DG DEVCO (European Commission)**

Implemented by Particip GmbH



The opinions expressed in this document represent the authors' points of view which are not necessarily shared by the European Commission or by the authorities of the countries involved.

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Evaluation of EU support to local authorities in Enlargement and Neighbourhood regions (2010-2018)

The report consists of four volumes:

VOLUME I – MAIN REPORT

1. Introduction
2. Background and key methodological elements
3. Overview of the EU external action in the area of LAs
4. Main findings
5. Overall assessment
6. Conclusions
7. Recommendations

VOLUME II – JC & INDICATORS

VOLUME III – CASE STUDIES

Country case studies

1. North Macedonia
2. Serbia
3. Albania
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6. Lebanon
7. Morocco
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Regional case studies

9. Local democracy in Western Balkans
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1. Mapping of EU support
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List of acronyms and abbreviations

AA	Association Agreement
ALA	Association of Local Authorities
ARLEM	Euro-Mediterranean Regional and Local Assembly
CBC	Cross-border Cooperation
CEMR	Council of European Municipalities and Regions
CES-MED	(Regional) Cleaner Energy Saving Mediterranean Cities
CoM	Covenant of Mayors
CoR	European Committee of the Regions
CORLEAP	Conference of Regional and Local Authorities for the Eastern Partnership
COVID-19	Corona virus disease 2019
CRIS	Common Relex Information System
CSO	Civil Society Organisation
DAC	Development Assistance Committee
DG DEVCO	Directorate-General for International Cooperation and Development
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
DG REGIO	Directorate-General for Regional and Urban Policy
EAMR	External Assistance Management Report
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECLSG	European Charter of Local Self-Government
EEAS	European External Action Service
EIB	European Investment Bank
EIDHR	European Instrument for Democracy and Human Rights
ENI	European Neighbourhood Instrument
ENPI	European Neighbourhood and Partnership Instrument
EQ	Evaluation Question
ERDF	European Regional Development Fund
EU	European Union
EUD	European Union Delegation
FPA	Framework Partnership Agreement
GIZ	Gesellschaft für Internationale Zusammenarbeit
HQ	Headquarter
IAFM	International Association of Francophone Mayors
IFI	International Financial Institution
IL	Intervention Logic
IMF	International Monetary Fund
INDH	(Morocco) National Initiative for Human Development
IPA	Instrument for Pre-Accession Assistance
IPDLI	(Tunisia) Pilot initiative of integrated local development
ISG	Inter-Service Group
IULA	International Union of Local Authorities
JC	Judgment Criteria
JCC	Joint Consultative Committee
LA	Local Authority
LED	Local Economic Development
M4EG	(Regional) Mayors for Economic Growth
MDG	Millennium Development Goal
MFF	Multiannual Financial Framework
MS	Member State

NALAG	(Georgia) National Association of Local Authorities of Georgia
NALAS	Network of Associations of Local Authorities in South-East Europe
NDICI	Neighbourhood, Development and International Cooperation Instrument
PAR	Public Administration Reform
PEC	(Tunisia) Empowering Municipalities Programme
PFM	Public Finance Management
PIU	Project Implementation Unit
PPP	Public Private Partnerships
ReLOaD	Regional Programme on Local Democracy in the Western Balkans
SCTM	(Serbia) Standing Conference of Towns and Municipalities
SDG	Sustainable Development Goal
SECAP	Sustainable Energy and Climate Action Plan
SEECF	South East Europe Cooperation Process
SGUA	Support Group on Urban Agriculture
SIDA	Swedish International Development Cooperation Agency
SSF	Single Support Framework
STAR-2	(Albania) Support to Territorial and Administrative Reform
SUDEP	Sustainable Urban Demonstration Projects
TA	Technical Assistance
TALD	Territorial Approach to Local Development
ToR	Terms of Reference
UCLG	United Cities and Local Governments
UCLG-A	United Cities and Local Governments of Africa
U-LEAD	(Ukraine) Local Empowerment, Accountability and Development Programme
UN	United Nations
UNDP	United Nations Development Programme
UTO	United Towns Organisation
WBIF	Western Balkans Investment Framework

1 Introduction

1.1 Objectives of the evaluation

Purpose and objectives

The **purpose** of the evaluation is to provide an overall independent assessment and evidence on the contribution of EU external action to the achievement of the objectives and intended impacts of its policy towards local authorities (LAs) in Enlargement and Neighbourhood regions during the 2010-2018 period. The **specific objectives** of this evaluation are to:

- Assess the performance (relevance, efficiency, effectiveness, coherence, impact, sustainability and EU value added) of EU support (policy dialogue and financial assistance) to local authorities and associations of local authorities in partner countries during 2010-2018;
- Assess the coherence, complementarity and coordination of EU interventions with other actions financed from other EU instruments, actions carried out by member states, regional and international donors to support local authorities and associations of local authorities in partner countries;
- Provide recommendations for future programming and policy purposes, particularly on how to engage with LAs and associations of local authorities (ALAs) in the next multiannual financial framework (MFF) and in the context of the European Commission (EC) proposals for the Neighbourhood, Development and International Cooperation Instrument (NDICI) and the Instrument for Pre-Accession (IPA) III.

Use of the evaluation's results

In line with the Terms of Reference (ToR), the evaluation's results will be **used** to:

- Take stock of the results achieved by the European Commission's support to LAs and ALAs in enlargement, neighbourhood east and south regions over a large period of time (2010 to 2018) and identify the contributing (and hindering) factors;
- Consider those results against the problems and needs the EU's support to LAs and ALAs sought to address, resources deployed, as well as instrument and implementation modalities available;
- Measure the extent to which strategic orientations and principles were operationalised within the design, implementation and monitoring of the EU's support (political and policy dialogue as well as financial assistance) to LAs and their associations;
- Identify areas of improvement for future policy and financial assistance orientations and guidelines, as well as for the future programming of interventions for the remaining period of the 2014-2020 Multi-annual Financial Framework and for the future one.

1.2 Scope of the evaluation

How well does EU translate policy ambitions into reality?

The ToR provide a clear general description of the scope of the evaluation, seeking to assess EU support to LAs from a systemic perspective. Hence, the focus not only lies on implementation issues, results and sustainability of the various EU interventions, but also on the appropriateness of the underpinning approaches, policy frameworks, principles and instruments applied in the various partner regions covered. Combined, the scope of this evaluation therefore includes an overall assessment of the extent to which the EU has been able to translate new policy ambitions towards LAs into practice through strategic and context-sensitive approaches. Following this logic, the evaluation will assess:

1. All relevant interventions in the seven IPA beneficiaries and the 16 Neighbouring countries in the South and East contracted since 2010;
2. The use of various EU external financing instruments including ENI/ENPI, IPA I and II, DCI, EIDHR, IcSP and ERDF;
3. The coherence, complementarity and coordination of EU-financed interventions with support provided by Member States and regional and international donors.

The thematic scope, described in section 4.2 of the Terms of Reference (ToR), is comprehensive, reflecting the importance of LAs as both service providers and policymakers as well as the need to enable them to operate as democratic and accountable public entities. The ToR cluster these topics in three main dimensions: local governance, local development, and a cross-cutting dimension consisting of horizontal aspects.

Geographical scope

The evaluation covers:

- Albania, Bosnia and Herzegovina, North Macedonia, Kosovo*, Montenegro, Serbia and Turkey and
- Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine*, Syria, Tunisia, Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine

Temporal scope

The temporal scope covers the period 2010-2018, seamlessly continuing from the previous evaluation of EU support to decentralisation processes, which covered somewhat similar themes for the period 2000-2009 (but did not include Enlargement region). Consequently, the scope covers two financing cycles (2007-2013 and 2014-2020) and will thus be well-positioned to draw lessons on how the EU should engage with LAs in the next MFF.

2 Background and key methodological elements

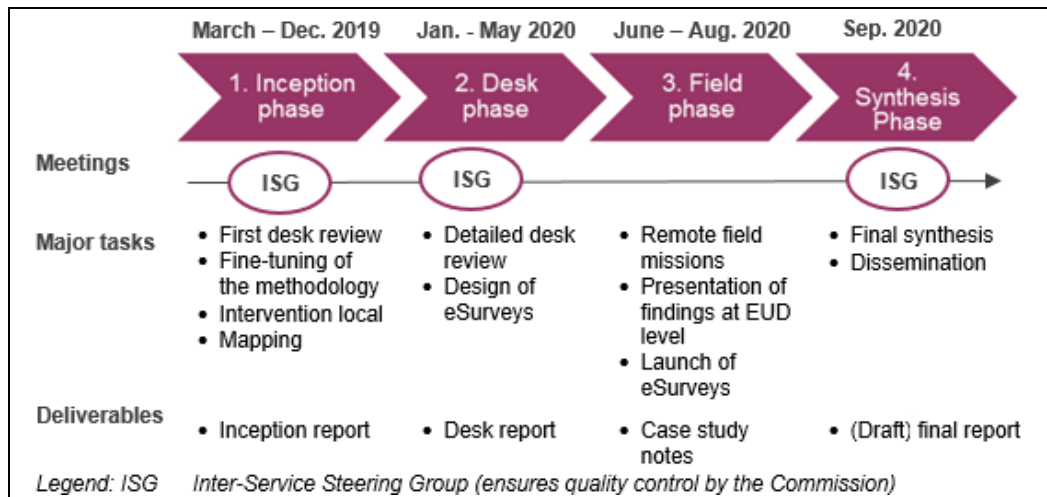
2.1 Overall evaluation approach (incl. intervention logics and typology)

Evaluation framework

The evaluation's **methodological framework** was designed to develop an understanding of what works and what does not and under which conditions, so that lessons can be drawn and applied to future support efforts. It follows the Better Regulation guidelines on evaluations introduced by the Commission in 2015 (and revised in 2017)¹ and with DG NEAR Guidelines on linking planning/programming, monitoring and evaluation², the main evaluation criteria are: relevance, efficiency, effectiveness, impact, sustainability, coherence and EU added value. The evaluation follows a theory-based approach that relies on mixed methods. In line with the ToR, its approach was finalised by the evaluation team during the inception phase and discussed and agreed upon with the Inter-service Steering Group (ISG).

The evaluation was conducted in **four main phases** between March 2019 and September 2020, as summarised in Figure 1.

Figure 1 Key steps of the evaluation process



Source: Particip.

¹ https://ec.europa.eu/info/files/better-regulation-guidelines_en

² https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/financial_assistance/phare/evaluation/2016/20160831-dg-near-guidelines-on-linking-planning-programming-vol-1-v0.4.pdf

Evaluation management

Managed and supervised by the **DG NEAR Unit A4 Thematic Support, Monitoring and Evaluation**, the evaluation progress was also closely followed by the ISG, consisting of representatives of the Secretariat General, DG NEAR Directorates A, B, C, and D, SGUA, DG DEVCO, DG REGIO, the EEAS, as well as representatives of the Committee of the Regions and the Council of Europe.

Intervention logic, evaluation questions and evaluation process

The overall intervention logic (IL) (as presented in section 3.2.3) visualises the reconstructed theory of change; it constitutes the backbone of the evaluation. Based on this IL, draft evaluation questions (EQs) presented in the ToR and the preliminary work carried out in the inception phase, seven EQs have been formulated to capture the complexity of the EU support to LAs and examine its effects. These EQs have been clustered into two broad categories: i) Strategy and implementation; and ii) Effects of EU support to LAs (see Table 1). Each EQ is structured around a limited number of judgement criteria (JC) which are assessed through the analysis of specific indicators – see volume II.

The evaluation process adopted a **systematic approach that used various building blocks to gradually construct an answer to the EQs**. The conclusions and recommendations of the evaluation have been formulated on the basis of the answers provided to the EQs.

Table 1 EQs' coverage of the Development Assistance Committee (DAC) and EC-specific evaluation criteria

EQ \ Evaluation criteria	Relevance	Efficiency	Effectiveness	Impact	Sustainability	EU value added	Coherence	Coordination & complementarity
Strategy and implementation								
EQ1. Quality of EU engagement strategies with LAs	●●●						●●●	
EQ2. Adequacy of EU implementation processes and approaches	●●●	●●●	●●●			●		
EQ3. Coordination and complementarity	●					●●	●●●	●●●
Effects of EU support to LAs								
EQ4. LAs' enhanced engagement in development processes and in EU external action			●●●	●●●	●●●			
EQ5. LAs' empowerment and capacities			●●●	●●●	●●●			
EQ6. Accountability, participation and local democracy	●		●●	●●●	●●●		●	
EQ7. Service delivery and response to local challenges			●●●	●●●	●●●			

●●● Fully covered ●● Largely covered ● Partly covered

2.2 Selected case studies

Selection of case studies

In close consultation with the ISG, the team selected **10 case studies** (8 country case studies and two regional case studies) – see Figure 2.

The **selection process** was intended to ensure a sample that notably reflects the geographic and thematic diversity across the three sub-regions, the relative size of EU financial allocations, and the diversity of type of support. The selection process is described in detail in the inception report, section 6.3. These case studies are presented in **volume III** of the final report.

Figure 2 Selected case studies

Region	Country case study	Regional case studies
Enlargement	Albania (<i>desk only</i>) North Macedonia Serbia	Promotion of local democracy in the Western Balkans
Neighbourhood South	Lebanon Morocco Tunisia (<i>desk only</i>)	Local climate and energy actions in the Neighbourhood
Neighbourhood East	Georgia Ukraine	

Source: Particip.

2.3 Data collection and analysis and impact of the COVID-19 crisis

COVID-19 pandemic response

The **corona virus disease 2019 (COVID-19) pandemic** has compelled the evaluation team to remain flexible and innovative in the face of unprecedented ethical, methodological and operational challenges. From the onset of this global health crisis, the priority of the evaluation team has been to adhere to the **principle of 'do no harm'** by ensuring the well-being and safety of all the partners and interlocutors involved in the evaluation process. In that regard, sensitive data collection and communication with the stakeholders have remained fundamental objectives throughout the process.

Out of the eight field missions planned during the desk phase and aiming at testing hypotheses developed during that phase, one took place in-country (Lebanon), while the others took place remotely. Practically, this meant the introduction of so-called **remote field missions**, whereby the evaluation team met with relevant in-country stakeholders via phone or internet platforms.

Overall, this challenging period has been well handled by the team who has managed to be in touch with a large variety of stakeholders, including LAs. Supported by national experts, the evaluation team has been able to meet with all local respondents that had been identified during the desk phase and could therefore capitalise on a rich source of data and insights.³ The team is confident that the quality of the data and information collected was not impaired by the situation, albeit some relevant informal information that can usually be collected during or implied from on-site face-to-face meetings might have been missed.

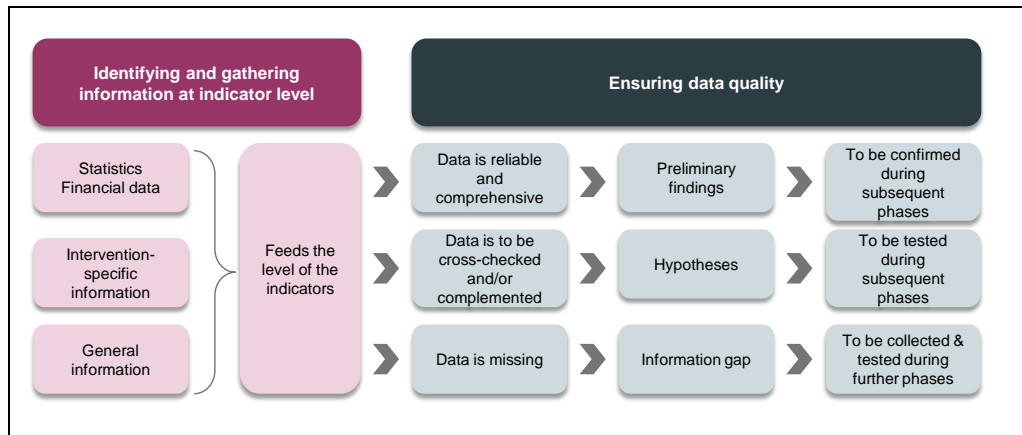
Data collection process

Overall, the evaluation matrix, including the JCs and indicators which structured each EQ, provided the overall framework for **data collection** and analysis. Data collection activities were carried out mainly during the desk phase and the (remote) field phase. The combination of data collection methods and techniques varied according to the different JCs, but, multiple sources were systematically used to triangulate the information collected. These activities included extractions and analysis of information available in the Commission's external relations database 'Cross-Regional Information System' (CRIS), document collection from EU's national and international partners, phone and face-to-face interviews, email queries as well as two online surveys targeting respectively EUDs and ALAs across the three sub-regions.

During all phases, the evaluation team verified that the set of methods and techniques was sufficiently broad to ensure a high level of data reliability and validity of conclusions, and identified gaps to be filled and hypothesis to be tested in the following phase (see Figure 3).

³ A few of these meetings between team members / national experts and stakeholders took place physically, but the majority were virtual.

Figure 3 Data collection process

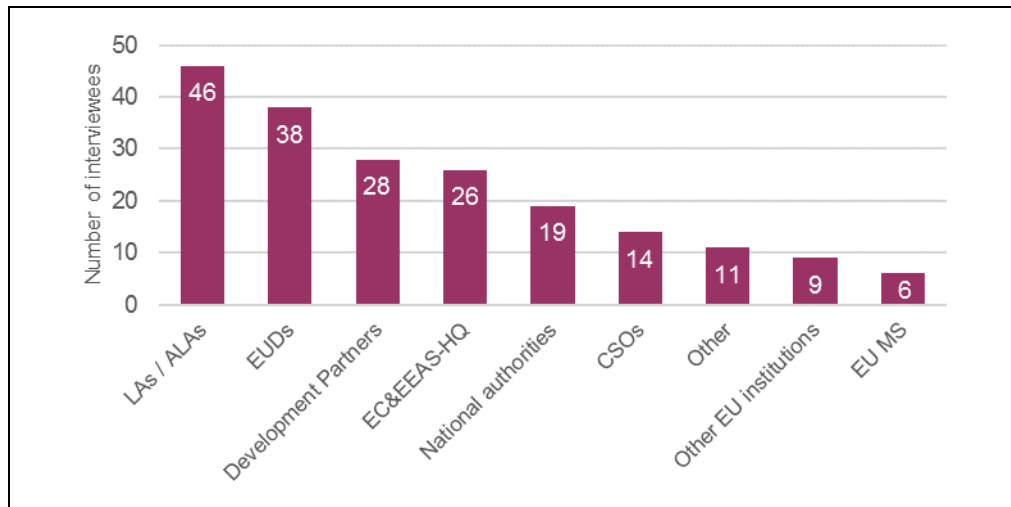


Source: Particip.

Where possible, the evaluation team has combined the use of qualitative and quantitative data and relied on both primary and secondary data sources, within the given resource and time constraints.

During all phases, the evaluation team verified that the set of methods and techniques was sufficiently broad to ensure a high level of data reliability and validity of findings and identified gaps to be filled and hypothesis to be tested in the following phase. In total, over 3.000 documents were consulted on a range of LA-related issues (including an average of roughly 80 extra documents per case study). 198 interlocutors were interviewed (both remotely and face-to-face in Brussels or during the in-country visits). Figure 4 provides an overview of the persons that were interviewed.

Figure 4 Statistical overview of persons interviewed



Source: Particip.

e-surveys

As mentioned above, as part of the data collection process, **two e-surveys have been implemented** in the three sub-regions: i) one focussing on EUDs; ii) one focussing ALAs. The e-surveys permitted to collect their perceptions on a number of topics such as co-ordination, EU policy and institutional environment and the usefulness of various aid delivery methods. The surveys were based on short questionnaires structured around the main JCs and indicators which needed to be informed by this data collection tool. More detailed information can be found in the e-survey reports - see Volume IV.

2.4 Challenges and limitations

Challenges and limitations of the evaluation

This evaluation did not face major or unusual challenges that would not have been encountered in any EU global thematic evaluation, at least until the COVID-19 outbreak. Like other evaluations, it faced a few external challenges over which the evaluation team had limited control (e.g., large scope of the evaluation, multiplicity of stakeholders). The most important challenges and limitations, together with steps taken in mitigation, are presented in Table 2.

Table 2 *Main challenges and limitations*

<i>Challenges</i>	<i>Situation encountered and mitigation response</i>
Obtaining data on non-spending activities	Political and policy dialogues are complex with a multitude of cause and effect linkages to be tested. The documented effects of these dialogues are often not available or tracked in documents, as such dialogues are (as they should) often verbal and informal, but the field phase offered more insights into this within the limitations of remote data collection. During the desk review, the evaluation team has carefully analysed the data available on this topic in external assistance management reports (EAMRs) and other sources. The team has integrated these issues in the e-surveys questionnaires and has also already conducted interviews at Headquarters (HQ) and in partner countries (EUD level) with a particular focus on questions related to policy dialogue.
Coping with the field phase due to the COVID-19 pandemic	As mentioned above (see Section 2.3), the challenge was to deploy flexible tools, methods and approaches to foster exchanges with key stakeholders, even if done remotely. The objective was to avoid putting unnecessary pressure on public institutions and local interlocutors in the data collection process, as well as to avoid human contact and travelling. Additionally, the national experts (working in tandem with team members) were particularly helpful during the remote field phase to contact stakeholders based in the country, facilitate remote interviews and deepen the country context.
Gathering data on outcomes and impacts	The team faced some difficulties in measuring outcomes and intermediate impacts of LA-related interventions, especially given the lack of measurement of LA-related effects of EU support. Much of the reporting done by EU staff focusses on processes, activities and inputs rather than high level results (outcomes and impact), thereby leading to a lack of knowledge on the longer-term assessment of impact and sustainability. The team has overcome this challenge by trying to identify proxy indicators for outcomes, including through academic literature corroborated by interviews.
Criticisms on the validity / robustness of the analysis.	The risk is already considerably mitigated by the experience of our evaluation team. This has contributed to ensuring an adequate design of the various evaluation activities. In addition, the range of complementary research methods and sources has strengthened the robustness of the analysis.

3 Overview of the EU external action in the area of LAs

3.1 The global and EU policy frameworks

3.1.1 The global framework

From the European Charter of Local Self-Government (1985) to Addis Ababa Action Agenda (2015)

In 1985, the member States of the Council of Europe adopted the **European Charter of Local Self-Government (ECLSG)**, that is, the first internationally binding treaty that provides the constitutional and legal foundation for LAs and guarantees their political, administrative and financial independence. In 2007, many of the principles of the Charter were recognised in the **International Guidelines on Decentralisation and Access to Basic Services for all**, adopted by the United Nations Governing Council.

Referring to the Ownership pillar formulated in the **Paris Declaration on Aid Effectiveness** (2005), the need to engage in a more open and inclusive dialogue on development policies was acknowledged in the **Accra Agenda for Action** (2008).

The **Fourth High-Level Forum on Aid Effectiveness**, held in Busan in 2011, represented a significant step in the recognition of the role of local governments in this

debate. Several of the key sectors where local government has an important role were highlighted, including sustainable growth, democracy and good governance, anti-poverty strategies, and social protection. To these, issues may be added like climate change, risk reduction, individual and collective security, culture or human rights.

LAs were also at the forefront during the **Third International Conference on Financing for Development**, held in Addis Ababa in 2015. As the Addis Agenda is a global framework that seeks to align financing flows and policies with economic, social, and environmental priorities, global leaders acknowledged that *'expenditures and investments in sustainable development are being devolved to the subnational level, which often lacks adequate technical and technological capacity, financing and support.'*

Millennium Development Goals & Sustainable Development Goals

Over the evaluation period, the broadest frameworks for development policies were the **Millennium Development Goals (MDGs)** (2000-2015) and currently are the **Sustainable Development Goals (SDGs)** (2015-2030); also called the **Agenda 2030**). In the latter, LAs are highlighted as critical players in achieving Sustainable Cities and Communities (goal 11) and Partnerships for the Goals (goal 17).

Also, they have been key in the entire process towards **Habitat III**, the Third UN Conference on Housing and Sustainable Urban Development in 2016. The local governments had a formal channel for participation through the Global Task Force and the Second World Assembly of Local and Regional Governments was held. The resulting **New Urban Agenda** recognises the inter-linkages between goals and targets to be achieved.

Similarly, the **Sendai Framework on Disaster Risk Reduction**, the **World Humanitarian Summit**, and the **Paris Agreement on Climate Change** all acknowledge the essential role of LAs.

3.1.2 The EU internal policy framework

Subsidiarity as a guiding principle

An overriding **principle** that has informed the EU's approach to LAs in its external actions is that of **subsidiarity**,⁴ which was enshrined in the EU's founding treaties since **Maastricht** in 1992, and seeks to guarantee a degree of independence for a lower authority in relation to a higher body or for a local authority in relation to central government. Considering that a substantial share of EU legislation and policy has an impact on the local level, the Maastricht Treaty established a Committee of Regions (CoR). Composed by elected representatives serving in local and regional governments in the 27 Member States, the CoR acts as an advisory body to the European Commission, the Council and the European Parliament. These must consult the CoR on legislation concerning local and regional governments. CoR Opinions and Resolutions are therefore part and parcel of EU policy and political documents⁵. For more than two decades, multiple dialogue processes have taken place between the CoR and the other EU institutions on the need to fully include LAs in EU external action, enlargement and development cooperation processes⁶.

The Maastricht Treaty obligation of respecting subsidiarity contributed to increasing the focus on LAs in EU partner countries and was catalytic in the making of the 2008 **European charter on development cooperation in support of local governance** which laid out the core principles and modalities for EU's engagement with LAs and wider local governance issues. The charter called for accelerated efforts to support decentralisation processes as well as strengthening the role of LAs, both as service providers but also as key institutions anchoring democracy and accountability at the level closest to the citizens. According to the charter, the financing modality should increasingly take the form of direct budget support to LAs, fiduciary risks permitting. In

⁴ 12008E/PRO/02

Consolidated version of the Treaty on the Functioning of the European Union - PROTOCOLS - Protocol (No 2) on the application of the principles of subsidiarity and proportionality

⁵ The Lisbon Treaty further strengthened the role of the CoR by granting it the right to appeal to the European Court of Justice to safeguard its prerogatives and the subsidiarity principle.

⁶ Thus, the EC and the CoR have a long tradition to organise the 'Assises of Decentralised Cooperation'. The sixth edition of this multi-stakeholder forum, rebaptised 'Cities and Regions for Development Cooperation' took place in February 2019.

addition, it called for stronger ties between LAs in the EU and in partner countries, in the form of partnering, exchanges and experience sharing.⁷

3.1.3 The EU external action policy framework

LAs and ALAs involved in EU external actions

A number of relevant external action policies also consider LAs as crucial actors in the implementation: for instance, the European Consensus on Development (2006, revised in 2017), the European Neighbourhood Policy (revised in 2015), and the Enlargement Policy.⁸ Since the setting up of the first JCC (with the then former Yugoslav Republic of Macedonia) in 2007, the European Committee of the Regions (CoR) has been expanding its activities in policy support of LAs in partner countries. EC increasingly encouraged the CoR to intensify its dialogue with third country LAs, which also formed part of the impetus for the subsequent creation of Conference of Regional and Local Authorities for the Eastern Partnership (CORLEAP) and the Euro-Mediterranean Regional and Local Assembly (ARLEM). The CIVEX Commission of the CoR is mainly responsible for the institutional position on EU enlargement policy. To promote dialogue and cooperation between local and regional authorities in the EU and the Enlargement countries, and to support them on their path towards the EU, two kinds of institutional platforms have been created: i) the Joint Consultative Committees (JCCs) and ii) the Working Groups (WGs).

In 2008, the first **Communication on local authorities as actors for development**⁹ was published, and called for increased engagement of LAs in, e.g., the formulation of country strategies and action plans. The main EC Communication concerning LAs came in 2013 with the landmark document **Empowering local authorities in partner countries for enhanced governance and more effective development outcomes**¹⁰, which, as the title indicates, covers all partner countries and territories. In this document, the EU formulated the most comprehensive policy statement regarding the role of LAs — as key representatives of local polities in a given territory, not just managerial agents of the state. Referring explicitly to the principle of subsidiarity, the Communication called for empowering LAs in order to ensure better development and governance outcomes. It also stressed the need to promote decentralisation reforms that enhance the autonomy and accountability of LAs (as policy makers and service providers) while putting in place innovative funding mechanisms and partnerships to directly support LAs and their associations.

More recently, a **Staff Working Document on EC cooperation with cities and local authorities in third countries** (2018) calls for a stronger EC engagement with LAs through strengthening the integrated and territorial approach to urban development and promoting a good urban governance. There is a strong focus on promoting appropriate levels of multi-governance reforms to ensure that finance, political decision-making and accountability structures are geared at both central and local levels towards promoting improved development outcomes for the benefit of local citizen.

Key EU external action policies for LAs in Enlargement

As part of the Stabilisation and Association Process, the policy objective of the EU is to bring the candidate countries and potential candidates closer and closer to the core EU values of democracy, the rule of law, respect for human and minority rights, solidarity and a market economy. Approximation to and, more importantly, implementation of EU standards is a priority for the Enlargement region as a precondition for accession. However, the focus in the above-mentioned key policy and strategy documents is on the central level and there is only passing reference to the need to implement this at all levels of government. The implications for LAs of the *acquis* chapters is not explicitly singled out in any of the overarching documentation

⁷ Also, in 2008, the EU Commission issued the Communication: Local authorities, actors for development (COM 2008, 626) which further elaborated on how direct cooperation between EU and partner country LAs could be promoted.

⁸ EU (2016): A Global Strategy for the European Union's Foreign and Security Policy.

⁹ EC (2008): Local authorities: Actors for Development. COM(2008)626.

¹⁰ EC (2013) Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes. COM(2013)280

analysed¹¹, but LAs are expected to be involved in implementing a substantial part of the chapters, such as for example the ones on taxation, regional policy, financial control and financial and budgetary provisions, environment, agriculture and food safety, public procurement, social policy, and economic and social cohesion.¹²

Besides, the core policy documents support reconciliation between citizen and communities, which has particular relevance for the Western Balkans, given its history of ethnic conflicts. The 2018 EU strategy for the Western Balkans puts strong emphasis on this aspect. The integration of minorities is often a key challenge and obligation for the affected municipalities. There are concrete actions to address these issues, including on Roma integration, building networks between LAs and boosting confidence across borders.

The formal bodies for direct EU policy dialogue with LAs in the region include the Joint Consultative Committees (JCC) operated by the CoR: with North Macedonia (JCC set up in 2007), Montenegro (2011) Serbia (2014). A JCC was also a part of Croatia's accession process, completed in 2013, and the formation of one for Albania is currently under discussion. In addition, the CoR has two WGs which operate in a broadly similar matter to the JCCs, to cover the rest of the Western Balkans, and Turkey.

Key EU external action policies for LAs in Neighbourhood South

As stated in several core EU policy documents, 'stabilisation' of the countries in the direct proximity is at the centre of EU's external action and cooperation efforts. This objective goes back to the early days of the Neighbourhood policy.¹³ It evolved over time, particularly in the Southern part following the Arab Spring (2011). The revolts across the region clearly demonstrated the limits of prevailing EU policies which de facto equated 'stability' with support to autocratic regimes. In two subsequent Communications, the EU called for a fundamental reorientation of its partnership with the region and put emphasis on addressing the needs of people as well as political rights and accountability.

The 2015 ENP Review¹⁴ took place in a turbulent period characterised by civil wars (Libya, Syria) and related repercussions in the region¹⁵, return to authoritarian rule (Egypt), armed conflicts in the East and a host of related security challenges impacting both in the countries and in Europe. It led the EU to emphasize even more prominently the need for 'stabilisation' in Neighbourhood South (as the overarching political objective), to be underpinned by fostering 'deep democracy', good governance as well as inclusive growth.

In 2010, the ARLEM was set up by the CoR together with territorial associations active in this context. As an assembly of local and regional representatives from the EU and its Mediterranean partners, it allows elected representatives from the three shores of the Mediterranean to represent their local and regional authorities politically, including towards the EU and the Union for the Mediterranean (UfM), to maintain political dialogue, and to promote interregional cooperation.

Key EU external action policies for LAs in Neighbourhood East

The Eastern Partnership (EaP) was established as a specific Eastern dimension of the ENP in 2009 and focuses on building a common area of shared democracy, prosperity, stability and increased cooperation. Additionally, bonds forged through the Eastern Partnership are intended to strengthen state and societal resilience: it should make both the EU and the partners stronger and better able to deal with internal and external challenges.

¹¹ This pertains mainly to multi-annual indicative planning documents for the Enlargement region and thematic planning and strategies, as well as National Indicative Programmes (NIPs), and higher level strategy documents (e.g. ENP review and the Western Balkans Strategy).

¹² Since 1992, EU has been aware of this extremely large range of local responsibilities. This is of crucial importance particularly for the Enlargement countries as they are seeking to join these arrangements, and will eventually be party to these treaties.

¹³ EC (2004): European Neighbourhood Strategy Paper.

¹⁴ EC and HRVP (2015): Joint Communication on the 'Review of European Neighbourhood Policy'. Brussels {SWD (2015) 500 final}.

¹⁵ The war in Syria had major repercussions on Lebanon, Jordan and Turkey in particular while the protracted crisis in Libya impacted heavily upon Tunisia.

As requested by the Commission in its 2008 communication on the Eastern Partnership,¹⁶ the CoR set up in 2011 CORLEAP, the political forum of local and regional authorities from the EU and the Eastern Partnership countries and as such, the only EU platform that offers an opportunity to discuss the contribution by cities and regions in the development of the Partnership.

Moldova, Ukraine and Georgia have signed Association Agreements (AAs) and Deep and Comprehensive Free Trade Areas, while Armenia has signed the Comprehensive and Enhanced Partnership Agreement (committing to accelerate efforts to EU approximation). More tailored, but less binding approaches have been put in place for Azerbaijan and Belarus.

The region has a shared historical background, all countries having been part of the Soviet Union and the associated top-down command economy. It was hence a very centralised governance system that the countries have inherited. Since then, all have devolved some powers to LAs but there are significant variations, with e.g. Ukraine embarking on a major decentralisation programme, whereas other such as Belarus have only pursued decentralisation to a very limited extent. The proximity to EU and ambition of several of the countries to approximate the standards and rules to those of EU also have implications for LAs and for the leverage the EU has.

3.2 Implementing the EU external action policy framework

3.2.1 Regional and bilateral partnerships

Framework Partnership Agreements

The 2013 Communication recognises and supports the strengthening of ALAs as instrumental actor in achieving good governance and development outcomes at local level. The engagement resulted in the signature of 5 Framework Partnership Agreements (FPAs) with regional and global ALAs in 2015 under EC's 'Civil Society Organisations – Local Authorities Thematic Programme 2014-2020'. The objective is to develop ALAs' organisational capacities, to reinforce their advocacy activities and to strengthen their internal structures. The relevant LAs regarding the geographic scope of the evaluation are described in Table 3.

Table 3 Overview of partner ALAs

ALAs' name	Description
	<p>United Cities and Local Governments (UCLG) was founded in 2004 when the International Union of Local Authorities (IULA), the United Towns Organisation (UTO) and Metropolis merged their respective global networks of LAs and Associations in a single organisation. UCLG's members represent over half the world's population, the cities (over 1.000) and Association members of UCLG are present in over 120 UN Member States across seven world regions.</p>
	<p>International Association of Francophone Mayors (IAFM) is a network representative of over 200 cities across 49 countries which supports LAs throughout decentralisation processes as well as on the implementation of urban planning policies.</p>
	<p>United Cities and Local Governments of Africa (UCLG-A) is the Pan-African Association gathering the main cities and regional/provincial/county governments and national associations throughout the Continent, including North Africa</p>
	<p>Council of European Municipalities and Regions (CEMR) is the oldest European association of LRAs. PLATFORMA is a pan-European coalition of local and regional government partners, including associations representing them at the national, European and global levels. Both organisations are part of an FPA.</p>

¹⁶ EC (2008): Eastern Partnership COM(2008) 823 final

3.2.2 Regional and bilateral dialogues

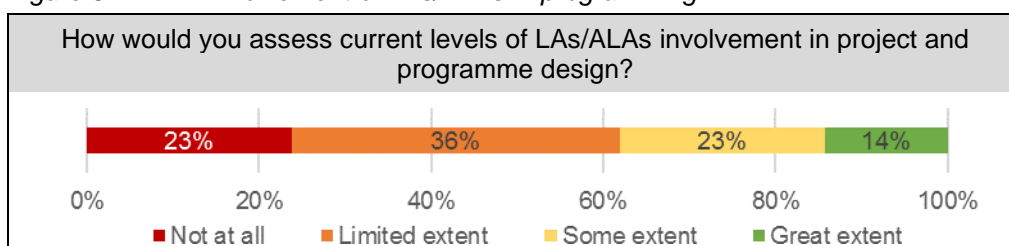
Bilateral level dialogue as part of programming

In Enlargement, dialogue at bilateral level takes place as part of the programming process of IPA assistance, such as in the sectoral monitoring committees, in the Multi-Annual Indicative Financial Frameworks and Multi-Annual Indicative Planning documents (for IPA I) and in the Annual and/or multi-annual (action) programmes for the 2014-2020 programming period. Limited evidence exists of structured and effective involvement of LA/ALAs in relevant policy dialogue processes during the evaluation period. The CoR-related dialogue activities to some extent fill this gap as they provide a channel for systemically engaging with LAs of the region/country.¹⁷ In partner countries with decentralisation programmes and/or support programmes to LAs, the LAs (or ALAs) have generally been involved in the design process - though with various levels of depth and influence.

In the Neighbourhood region, bilateral dialogue on LAs happens through the agreement of ENP Action Plans, in line with Association Agendas or other agreements between the EU and partner countries. In addition, CoR also has close dialogue (see below on CORLEAP and ARLEM).

As the case studies have documented, dialogue is part of the programming process of ENPI/ENI assistance, that results in single support frameworks (SSFs), annual action programmes and budgetary support programmes. Here the tendency is the same as in the Enlargement region: LA involvement is largely limited in the design phase of support programmes reaching out to the local level.

Figure 5 *Involvement of LAs/ALAs in programming*



Source: *Particip, eSurvey of EUDs, September 2020.*

Joint Consultative Committees in Enlargement

In the *Enlargement region*, the EU's political and policy dialogue is used as part of the accession process and include the **Joint Consultative Committees** with the Committee of the Regions and the Enlargement countries. These are created between the CoR and LA representatives of the candidate countries for EU accession following a request from the government of the partner country concerned and on the basis of the provisions set down in the Stabilisation and Association Agreement. In 2019, the CoR is running three JCCs with Serbia, Montenegro and North Macedonia.¹⁸ In addition, the CoR has set up two WGs (which operate in a broadly similar matter to the JCCs, though without co-chairing and joint membership) to cover the rest of the Western Balkans, and Turkey. Within these bodies, the territorial dimension of the EU *acquis* and areas of relevance to the development of local and regional authorities are discussed. They also allow exchange of best practice in specific fields of cooperation and have an important role in promoting dialogue and cooperation between the EU and LAs in the candidate countries.¹⁹

Conference of Regional and Local Authorities for the Eastern Partnership

In the East Neighbourhood region: In the East CORLEAP is a political forum of local and regional authorities from the EU and the Eastern Partnership countries, supported by the EU. CORLEAP aims to coordinate the representation of the local and regional authorities within the Eastern Partnership. Moreover, it has as an objective to complement and support the effort by the EU institutions and other participating stakeholders in delivering the European Neighbourhood Policy. Finally, CORLEAP seeks to promote concepts that will bring partner countries closer to the EU and foster

¹⁷ Interview with key stakeholder involved in policy setting and LAs, primarily DG NEAR and CoR

¹⁸ The establishment of a JCC is based on a combination of the country's progress towards candidate status and its own demand for it. Albania is expected to request the establishment of a JCC in the near future.

¹⁹<https://cor.europa.eu/en/our-work/Pages/Enlargement-countries.aspx> and interviews with CoR staff.

the internal reform and capacity building at the local and regional level. In addition, the Eastern Partnership has various platforms and panels under the civil society forum, which also deals with LA relevant themes such as PAR & governance, SME development, energy and education. While the main stakeholders are Civil Society Organizations (CSOs) the involvement of LAs is limited.

Euro-Mediterranean Regional and Local Assembly

In the South, ARLEM aims to 1) give a territorial dimension to the Union for the Mediterranean; 2) promote local democracy, multi-level governance and decentralised cooperation around the three shores of the Mediterranean; 3) encourage North-South and South-South dialogue between local and regional authorities; 4) promote the exchange of best practice, knowledge and technical experience in the areas for which local and regional authorities are responsible and finally 5) enhance regional integration and cohesion. Also, in the South, the Union for the Mediterranean's regional sustainable urban development platform aims at exchanging views on how best to promote sustainable urban development by giving impetus to regional dialogue with a view to fostering sustainable urbanisation.

South East Europe Cooperation Process

Finally, in Enlargement, the dialogue here also takes place in the in the South East Europe Cooperation Process (SEECP), which includes Albania, Bosnia and Herzegovina, Bulgaria, North Macedonia, Romania, Serbia, Greece, Croatia, Moldova and Montenegro.²⁰ These countries have joined SEECP to improve cooperation among themselves and to bring lasting stability in South East Europe. SEECP aims to provide a useful and valuable forum for high-level discussions and deliberations on issues of common concern. In this context, a regional cooperation council has been established as the operational arm of SEECP. Regional cooperation councils work to develop and maintain a political climate of dialogue, reconciliation, tolerance and openness towards cooperation, with a view to enabling the implementation of regional programmes aimed at economic and social development to the benefit of the people in the region. The engagement of the LAs is ad-hoc and not institutionalised.

3.2.3 The intervention logic

Approach to the reconstruction of the intervention logic

As there is no explicit intervention logic (IL) or theory of change (ToC) for EU support to LAs available, the evaluation team has reconstructed such an IL based on the documentation available. This **reconstructed IL** (see Figure 8) is based on a conceptual model of the causal chain from inputs to outputs, outcomes and impacts (chain of expected results).

The team also performed specific analyses of the Enlargement and Neighbourhood regions – see region-specific ILs in the inception report. The common elements in terms of expected impacts, outcomes and outputs across an otherwise highly diversified region are presented below.

The reconstructed IL provided a **simplified framework** for the evaluation by: i) contributing to the formulation of the evaluation questions and its judgment criteria (which relate to underlying assumptions to be tested); ii) facilitating the analysis of the EU policy framework (including in terms of coherence), and iii) guiding the evaluation team's data collection and analysis in the desk, field and synthesis phases.

Main assumptions

The results chains which underpin the IL are based on a set of general **assumptions**:

- Contextual factors: the global, regional, and national contexts will, if not enabling, at least not prevent progress from being made at the various levels of the ToC. At times, this can be too optimistic.
- EU external action: given the various regional and national contexts (e.g. centralisation level), the EU has the capacity to design, sequence and synergise between the various inputs at its disposal to thus be able to design appropriate interventions. The EU interventions are conducted with the best possible quality and efficiency
- Ownership of reforms by national stakeholders: central governments are committed to effectively apply formally adopted reform agendas and put in place

²⁰ Unlike the other bodies, the SEECP is not an EU body nor an EU initiative, but dialogue is nevertheless often centered on EU issues, including Enlargement policies.

a mutually beneficial multi-level governance system in which LAs are empowered to fulfil their legally enshrined general and specific mandates. It implicitly includes as well as the need for the EU to be politically perceptive in terms of being able to gauge partners' real commitment. Regarding LAs, their increased capacity and power must be accompanied by appropriate accountability measures that ensure that local elites do not capture development benefits.

Evaluation typology

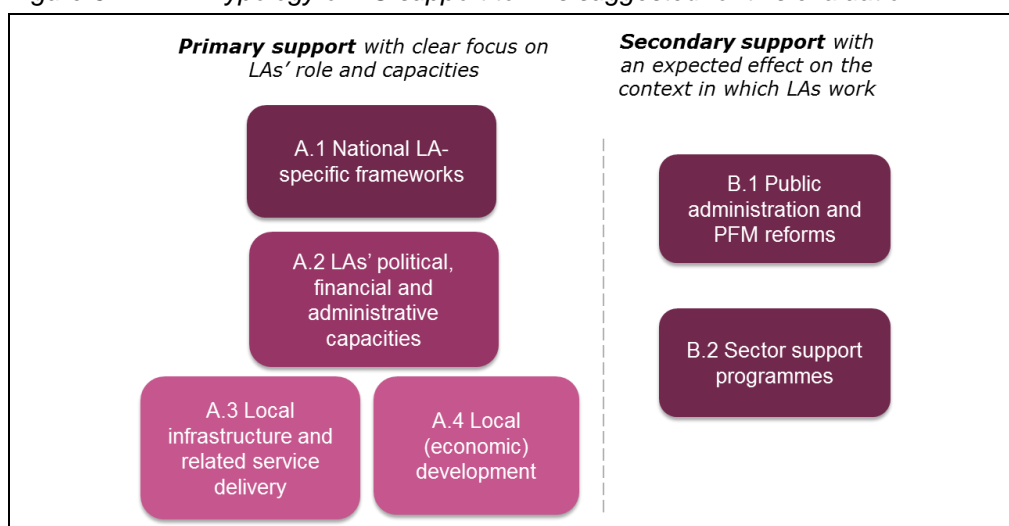
During the inception phase, the evaluation team has identified the following typology:

Primary support (Category A): This category covers EU interventions, which have as an objective to strengthen the LAs' role, their capacities and performance as accountable policy makers and local service providers. This is in line with the landmark EU Communication of 2013 which calls for the multi-level governance reforms as well as for the empowerment of LAs to fulfil their 'general mandate' and contribute to better development and governance outcomes.

Secondary support (Category B): This category covers EU interventions which aim at shaping the entire (national) policy sectors (e.g. PAR/PFM, social sectors and agriculture), thereby changing the context in which LAs operate.

Based on a detailed review of a preliminary inventory of EU interventions within the scope of the evaluation, the evaluation team suggests breaking down the above categories further into key sub-categories.

Figure 6 Typology of EU support to LAs suggested for this evaluation



Source: Particip.

Outputs

These inputs are projected to lead to concrete **short-term results** ('Outputs'):

- The first output concerns the framework conditions of the LAs and their ability to fulfil their mandate within these constraints. Public administration reforms are intended to clarify the division of roles and responsibilities of LAs and central government underpinned by enhanced political, fiscal and administrative LA autonomy.
- The second output is concerned with the need to develop capacity of LAs, which is often a key objective of decentralisation reforms and broader support interventions to LAs and ALAs. The JCCs, CoR working groups, CORLEAP and ARLEM have such ambitions and this is also key objective in the global EU strategies and tools.
- The third output is about LAs' engagement with local citizen and businesses. It focuses on both accountability objectives (e.g., access to information, transparency, citizen- and business monitoring and voicing on LA performance) as well as on informing LAs of the priorities and challenges existing in their jurisdiction.
- The fourth common output is that capacity of central authorities to dialogue and cooperate with LAs is enhanced and complemented by appropriate mechanisms to do so.

- The fifth output concerns LAs' ability to act as active partners in development and EU external actions. This to ensure genuine local development (as opposed to the simple localisation of national, multi-national or global development objectives and programme).
- Finally, the IL anticipates that LAs have increased capacity to initiative, manage and maintain local infrastructure (e.g. as part of infrastructure projects, through 'soft' support to help LAs to effectively identify operate and finance the O&M of such infrastructure).

Outcomes The IL foresees that these combined outputs result in higher level intermediate or specific **outcomes**, namely: i) Higher responsiveness of LAs to local/ territorial development challenges; ii) Legitimate, autonomous and effective LAs compliant with the principles of good public administration; and iii) Accelerated and inclusive local economic growth; and iv) Improved infrastructure derived services.

Intermediate impacts It is anticipated that these outcomes will lead to **intermediate impacts** for territories in which: local and territorial development and local service delivery is more effective and new job opportunities are created. Often this second intermediate impact is linked with increased investments at local level using, e.g., the WBIF and IFIs, but also in terms of more territorial-based engagements that encompass local economic development.

Longer-term impacts Finally, the ambition is to promote '*Stable democratic states, societies and communities*', which is a recurrent theme in many high-level policy documents, including the 2016 EU Global Strategy. Stability at societal and community level is also of key importance, especially in the Western Balkans, where border regions and communities are of particular interest to the EU.

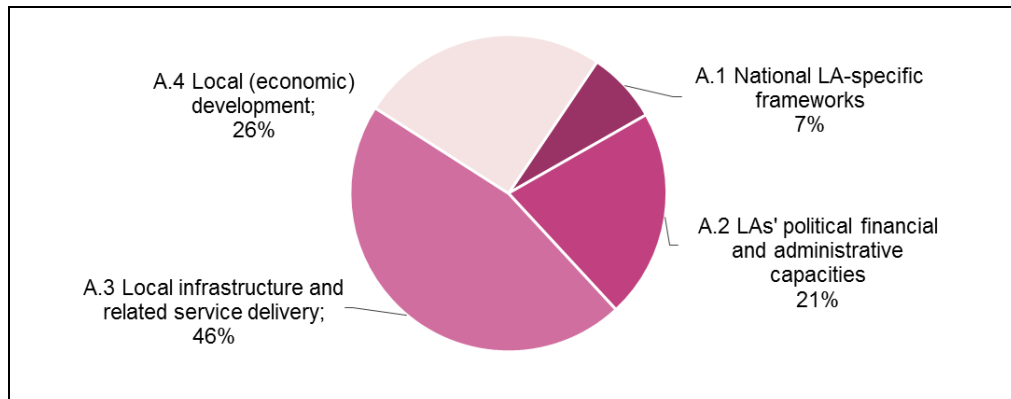
For the Neighbourhood East and South, the overall impact of '*Improved development impact at local level*' is identified as common for those two sub-regions, with the more developmental agenda of linking improved governance (stemming from the outcomes and intermediate impact) as a key pillar for better service delivery and broader development outcomes. The line of reasoning is that more transparent, accountable and non-corrupt LAs are more likely to deliver good basic services and foster private sector development.

3.2.4 Mapping of EU financial support to LAs

Main findings of the mapping of EU support to LAs The evaluation team carried out a detailed mapping of EU support to LAs – see Annex 1 in volume IV. The main overall findings include:

- During the period 2010-2018, a portfolio of 677 'primary support interventions' totalling just **above 2.2 billion EUR** of planned amounts was identified.
- Of these, EUR 319 million (14%) have been allocated to regional and multi-country interventions and EUR 1.9 billion (86%) to country-level support.
- **Most of the committed amounts go to the Neighbourhood:** however, splitting ENI into South and East shows a *relatively* even distribution between IPA (31%), ENI South (39%) and ENI East (29%). In both cases, the support was mostly financed through **geographic instruments** (98%).
- In the **Southern Neighbourhood**, most support to LAs is concentrated in three countries: Tunisia, Morocco and Lebanon. Combined, they are allocated almost three quarters of the planned amounts in the region. In the **Enlargement region**, EU primary support to LAs seems to mostly concentrate on the Western Balkans with **Serbia** being the largest beneficiary country. The planned amounts per capita are relatively high in comparison to the Neighbourhood region (with the exception of Turkey which is not a primary target for EU support to LAs).
- Sub-categories A.1 and A.2 share almost one third of the overall portfolio (see Figure 7), with A.1 being the smallest of all sub-categories (7%). **Almost half of EU support to LAs focusses on local infrastructure and related service delivery.**

Figure 7 Evolution of EU support to LAs by thematic area



Source: Author's analysis based on CRIS data.

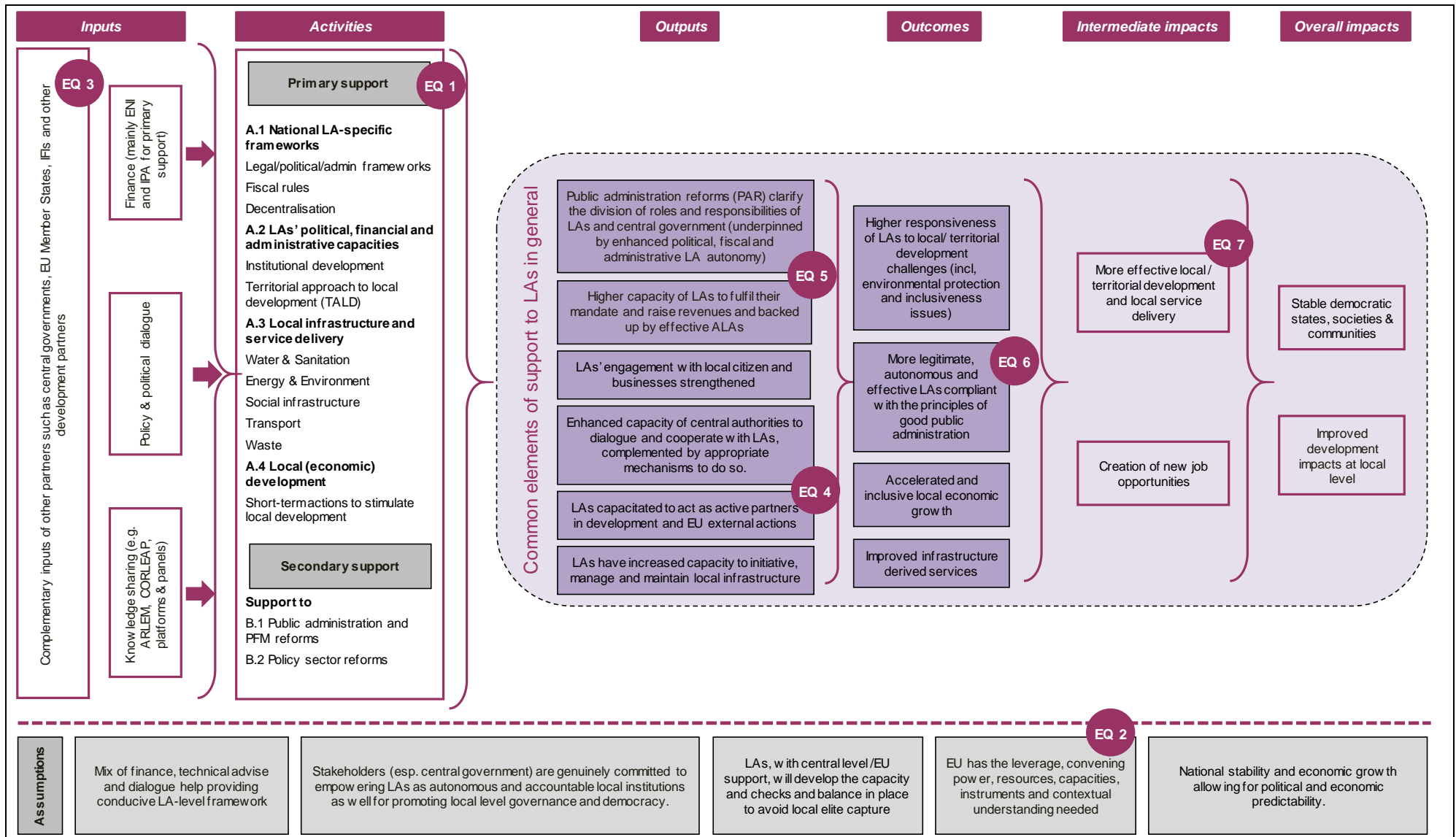
- As far as **implementing partners** are concerned, the EU is cooperating with a variety of implementing partners across all sub-categories, showing versatility and potentially flexibility in its approaches. Sub-category A.1 is the only sub-category of support clearly dominated by a single type of implementing partners – central governments – which is highly understandable given this sub-category's objectives and the predominant use of the budget support modality.

Findings on secondary support to LAs

The team also carried out an analysis of the secondary support to LAs by focussing on two relatively narrow sub-categories:

- B.1 Public administration reforms and PFM: the team has identified a total of 57 interventions. More than half of these interventions are targeting countries in the Enlargement region. This appears to be consistent with the need to align the accession candidates' administrative procedures to the EU acquis as well as to foster compliance with the political criteria.
- B.2 Sector Policy Support: 89 interventions were identified. In terms of geographical distribution, sector policy support to agriculture and education takes place in the Enlargement region in most cases, whereas support to the health sector is only found in the Neighbourhood.

Figure 8 Intervention logic depicting common elements of EU support to LAs



Source: Particip.

4 Main findings

4.1 EQ 1 - Quality of EU engagement strategies with LAs in different contexts

To what extent has EU support to LAs been aligned with EU high-level priorities for LAs, the broader frameworks for EU external action and the priorities and needs of LAs in the Enlargement, Neighbourhood East and South regions?



Summary answer to the Evaluation Question

The EU is showing a growing interest to engage with LAs and ALAs in development cooperation and external action more widely. While there are regional differences in terms of priorities, the pursued outcomes are very similar. However, there is not yet a shared vision on how to effectively support LAs - particularly in partner countries with highly centralised governance systems – and on how to channel resources directly to LAs. In core programming documents across regions, EU commitments are expressed to support decentralisation, territorial development as well as LAs in terms of delivering services or providing accountable governance. However, a clear perspective on empowering LAs is often missing, which hampers the more operational programming of concrete support to LAs. This clearly demonstrates that the EU policy frameworks on LAs (such as the 2013 Communication) are generally poorly known and inconsistently internalised.

The EU has increasingly invested at local level and engaged (directly or indirectly) with LAs. As a result, most bilateral portfolios and regional support programmes gradually became more politically savvy, strategic, diversified and sophisticated. The incentives for such a move are linked to a mix of factors, including: i) positive decentralisation and regional development dynamics in partner countries; ii) evolving EU policy frameworks (including the commitment to localise SDGs; and iii) expanding voice of LAs and their associations or iv) adherence to development effectiveness principles.

The extent to which the EU manages to effectively use its political leverage to enhance the space for LAs and encourage dialogue with central governments largely depends on the effective degree of commitment to reform among national power holders. In several cases, central government *formally* ascribes to decentralisation and multi-level governance reforms, yet imposes many hurdles in the implementation of these reforms. This has obliged the EUDs involved to navigate prudently and exploit possible (small) openings to reach out to LAs.²¹ In countries with a reasonable reform commitment, the EUD played an effective convenor and brokerage role. In some cases where there has been a relative conducive environment for decentralisation, the EU has largely limited itself to promoting dialogue around the projects it funds, with the notable exception of CoR's work in e.g. CORLEAP, AELEM and the CoR Ukraine task force all set up to promote direct dialogue with LAs. Overall, the EU has been able to flexibly adapt to context changes and new needs.

There is still a major deficit in terms of involving LAs in strategic processes, in (sector) policy and political dialogue, in the actual design of LA support programmes or in other relevant fora. This is linked to a variety of factors, including capacity constraints of LAs, limited political openings for a meaningful inclusion or lack of incentives on the EU side. A case in point of the latter is the Western Balkans, where the accession dynamics have not been used as a trigger to ensure a stronger LA inclusion in policy processes of direct concern to them, even if the JCCs and WGs do attempt to bring forward these issues. In some partner countries, the EU programmes have contributed to foster central-local level dialogue, in others strategic partnerships facilitated dialogue between the EU and national associations. The regional programmes examined engaged directly and effectively with LAs and managed to promote innovative practices at local level. Yet, their narrow project focus imposes limitations on the wider impact they may have on the institutional development of LAs (e.g. on their ability to formulate comprehensive local public policies) and on scaling up good practices.

4.1.1 Internalisation of EU policy frameworks addressing LAs/ALAs (JC1.1)

Lack of shared vision at EU level Across the countries examined, evidence reveals a **growing EU interest to go beyond central partnerships and engage more at the local level.**²² The need to address issues of decentralisation and engage increasingly with LAs appear in a growing number of partnerships agreements, SSFs and overall programming

²¹ This is especially applicable in Neighbourhood South and East regions, whereas JCCs and WGs are tools for that but at times under-utilised.

²² This mostly applies to the European Commission, whereas CoR has always been focussed on LAs, as part of their core mandate.

documents and this need is taken up by numerous EUDs. The priority agendas and expected outcomes largely converge in the three regions examined. However, limited evidence was found that the increased interest for the local level reflects an internalisation of core EU policy frameworks such as Agenda 2030, the 2013 EU Communication on LAs or the 2017 Consensus on Development. Furthermore, core programming documents, such as single support frameworks, country strategy papers, indicative planning frameworks, remain generally vague on how the EU will concretely dialogue and engage with LAs, foster effective multi-level governance as well as introduce adequate instruments and channels to (directly) fund LAs. This suggests there is **not yet a shared vision at EU level on how to fully and consistently incorporate LAs and ALAs in mainstream cooperation processes.**

EU supports ambitious reform agendas

The EU interest for better integration of LAs has mainly been driven by dynamics in partner countries, in particular the adoption of ambitious reform agendas in terms of decentralisation and territorial development in several partner countries in the midst of the evaluation period (e.g. Ukraine, Georgia, Tunisia, Morocco). This opened political space for the EU to abandon its initially more restrictive and bottom-up approach targeting the local level in the form of a series of ad hoc projects addressing specific needs. The core players in these interventions were generally central ministries, state agencies, various intermediaries and the de-concentrated services. The LAs were not excluded from participation, but their role was generally limited to a (passive) *'recipient'* of programmes conceived elsewhere. When the major policy changes were launched in the above-mentioned countries, the EU successfully accelerated its efforts and managed to exercise leverage for the effective implementation of the envisaged reforms. It smartly used the new spaces available to structurally engage with substantial resources and a sophisticated mix of instruments, resulting in considerable influence on the reform and related impacts at local level.

Central authorities' commitment to decentralisation is key

This confirms that **the scope for engaging meaningfully with LAs is, to a large extent, determined by the (central) government's willingness and commitment to decentralisation and empowerment of LAs.** Where the conditions are globally conducive because the power holders consider the reforms to be in their interest, the EU could exercise leverage, act as a convenor and effectively reach out to LAs (e.g. Ukraine, Georgia). In countries where the power holders formally support decentralisation and LA empowerment but de facto want to maintain a highly centralised and top-down mode of governance, the scope for effective EU leverage is more limited (e.g. Morocco, Tunisia). In such contexts, the EUDs involved had to navigate more prudently and to detect (small) openings in the system to be used for reaching out to LAs (e.g. through the advanced regionalisation policy in Morocco, focusing primarily on regional authorities). This may also explain why both EUDs have recently invested substantially in enhanced knowledge on the power dynamics between central and local level. In other restrictive environments with stalled decentralisation processes, the EU's intervention strategy is confined to a set of disjointed projects targeting the local level (e.g. North Macedonia, Lebanon). Investing in influencing national framework conditions was not seen as a viable option due to the lack of commitment to reform. Yet, in the absence of progress on the macro policy reforms (particularly fiscal decentralisation) the EU-supported projects had limited scope to induce transformational change.

Bottom-up approach of regional programmes

The two regional programmes examined (e.g. Covenant of Mayors (CoM) and ReLOaD on democracy in the Western Balkans) directly target LAs as main interlocutor, partner and beneficiary. Yet in both programmes there are clearly elements that encourage engagement, dialogue and cooperation between central and local governments. In both cases, this takes the form of bottom-up evidence on innovative practices that were tested in the field that, to some extent, scaled-up to inform national level policies and practices.

4.1.2 Involvement of LAs/ALAs (JC1.2)

Limited mainstreaming of LAs in EU cooperation processes and

While the EU has advanced considerably in elaborating context-sensitive intervention strategies towards LAs, much less progress has been achieved with the incorporation of LAs in mainstream EU external action and cooperation processes, though there are exceptions (e.g. Ukraine). LAs have generally been marginal actors in overall strategy formulation, programming, policy dialogues, political

external actions

dialogue and even in the design of specific support programmes targeted to them. In various EUD portfolios examined, particularly those from the early days of the evaluation period (2010-2015), a wide range of interventions targeted the local level, yet they tended to pay only limited attention to the role and added value LAs may have, despite the existence of laws delegating responsibilities to them or their general mandate as political entity.²³ A traditional pattern of such EU programmes oriented to the local level is that decision-making was highly centralised, intermediaries take care of implementation with LAs being at best consulted, or, in most cases, being mere passive beneficiaries of actions coming from the centre.

Several factors explain this state of affairs, which still prevails in most partner countries observed. In some contexts, the grip of the central state is such that LAs are *de facto* not considered as self-standing development actors to be involved in policy and programming matters - despite the existence of constitutional and legal frameworks supposedly guaranteeing for such an inclusion (e.g. Tunisia). In Georgia, there is political support to embrace regional development policies and promote subnational authorities, yet it goes together with a fear to 'go too far and too fast'. Another often invoked explanatory factor are the capacity constraints of LAs, particularly smaller ones, to engage in (sector) policy processes, programming exercises and the design of support strategies. Furthermore, several EUDs (e.g. Tunisia, Morocco) acknowledged they still must work out how they could effectively and efficiently give a greater voice to LAs in external action and cooperation processes. There is not yet much tradition and capitalised experience on how to do this beyond the CoR's external-action bodies and the accumulated advice contained in CoR Opinions. In this context, the new programming cycle is seen by several EUDs as an opportunity to enhance LA participation. Furthermore, the lack of inclusive approaches is also linked to the **limited political backing technical guidance provided by DG NEAR** for engaging more strategically with LAs and in core reforms affecting their operations, in particular the decentralisation process (e.g. North Macedonia).

Regional programmes create conditions for LA ownership (though not in all regions)

Both the CoM and ReLOaD are targeted at directly supporting LAs. Their implementation approaches have sought to put these actors at the centre of the process. The support is focused thematically (e.g. on specific dimensions of local democracy/governance in the case of ReLOaD) and aligns to the specific needs and priorities of the individual LAs (e.g. in the CoM as applied in the Eastern Partnership). These design choices are crucial for LA ownership of the interventions. In the Southern Neighbourhood, there has been a tendency to externalise some of the core (technical) CoM products and choices to be made on local energy policies to contractors. This led the 2018 evaluation of CoM in the Southern Neighbourhood to recommend that future support to LAs for capacity-building and technical assistance should seek much more to directly empower LAs to elaborate their own baseline emission inventories (BEI).

4.1.3 Adjustments to context change (JC1.3)

EUDs have generally been able to exploit new windows of opportunities

EUDs have been mostly agile and adaptive to the specific and evolving context in which they intervene. This reflects an internal learning curve as well as enhanced levels of knowledge and capacity to engage with LAs (also increasingly visible in sector units of the EUDs). There are several examples where prevailing political economy conditions in the country changed quite fundamentally during the evaluation period (e.g. Ukraine, Georgia, Tunisia, Morocco). The EUDs involved demonstrate a capacity to adjust to context change and seize the resulting windows of opportunities (of different scale and potential). Some reorient their portfolio, launch more sophisticated budget support programmes (e.g. Ukraine, Tunisia) or explore in a politically savvy way how the new openings in a fairly (closed) system could be optimally exploited (e.g. the process of *régionalisation avancée* in Morocco). In Georgia, the EU provided appropriate support commensurate with the central government's demand. In other partner countries, the EU was confronted with the lack of political traction in the implementation of core reforms such as decentralisation or regional development. As a result, the interest of the EU to further push for changes in national framework conditions faded away, despite the potential to use the leverage of accession dynamics or budget support operations (e.g. North Macedonia). In Lebanon, the EU has been a

²³ It should be noted that the CoR is not using projects as their primary engagement method but rather dialogue forums, networks and policy work, all emphasising the role and added value LAs can have.

constant advocate and supporter of formally declared efforts to implement a (long awaited and promised) decentralisation policy, yet the situation remains largely unchanged. At a more technical level, the EU championed a participatory territorial approach to development, in order to make development more inclusive and address the regional disparities undermining Lebanon's social stability. As a result of a significant change in context dictated by the Syrian refugees' influx from 2013-2014 onwards, the support of the EU shifted towards helping LAs address the consequences of this influx.

In the absence of clear incentives from HQ, EUDs are in the lead

The incentives for EUDs to engage more with LAs do not come from clear political and institutional instructions from EU HQ. They are based on a mix of elements, differing from country to country, such as i) more permissive national contexts (often linked to regional development rather than decentralisation dynamics); ii) the growing interest to reach out to the local level (where results achieved could be more tangible); iii) the increased awareness on the specific role and competences of LAs (also among sector specialists at EUD and through engagement with JCCs/WGs in Enlargement); and iv) the existence of various geographic and thematic instruments to act.

In regional programmes EU direct engagement with LAs is limited

Both the CoM and ReLOaD are based on the premise that the EU provides support directly to the individual LAs, having limited engagement with central authorities. Hence, these regional initiatives can be seen as strong incentives to move beyond centralised partnerships and engage directly with LAs. However, the degree to which the LAs *de facto* engage with core EU institutions (e.g. EUDs) beyond the direct sphere of interventions at local level, is limited.

4.2 EQ 2 - Adequacy of EU implementation processes and approaches

To what extent are EU implementation processes and approaches adequate to achieving the intended objectives regarding support to LAs?



Summary answer to the Evaluation Question

In several partner countries, EU increasingly uses a mix of financing instruments and aid modalities, resulting in a strategic package of interventions towards LAs. This approach allows the EU to engage with and directly fund LAs as well as to positively influence national framework conditions. Various context-specific factors determine the degree to which the EU toolbox is effectively used, including: i) the existence of a conducive political and institutional environment in the partner country; ii) the willingness at EUD level to politically invest in multi-level governance reforms that strengthen LAs' agency over a long period of time; iii) the quantity and quality of the human resource base at EUD level to engage strategically, monitor progress and conduct political dialogue; iv) the availability of relevant knowledge, facilitated by strategic partnerships with credible ALAs; v) the solidity of M&E systems, particularly in terms of qualitative outcomes on progress achieved in terms of empowering LAs and the effective use of these data in future planning.

The interplay between these factors result in different EUD implementation approaches in support of LAs with corresponding mixed levels of impact. In cases where most of the factors apply and reinforce each other, truly integrated approaches could be followed by EUDs. They articulate geographic and thematic budget lines, bilateral and regional programmes as well as various aid modalities such as budget support, embedded TA and complementary projects. This synergetic use has contributed to transformative changes both at local and national level in terms of LA empowerment. In other cases, the EU has developed a coherent intervention strategy and seeks to activate different financing instruments and aid modalities in a complementary way. Yet, the national framework conditions as well as vested interests make it difficult to ensure direct access of funding to LAs or open-up investment facilities to LAs. Moreover, restrictive conditions combined with an unclear EU overall intervention strategy, lead to a disjointed, project-related portfolio which is uncondusive in terms of achieving EU policy objectives related to LAs and associated multi-level governance improvements.

The regional programmes (e.g. CoM, M4EG, CES-MED, SUDEP) add value to the bilateral and thematic interventions as they allow to engage directly with LAs on specific thematic issues responding to core local challenges. More prominent in the Neighbourhood East, they have clear empowerment approaches, create space for LAs to build institutional capacity and acquire new skills. In some cases, they also fostered enhanced relations between central and local level actors over time. They have also allowed LAs to join the wider EU family by multiplying useful links with LAs and institutional players across Europe. In countries with a conducive environment, the EU was successful to help LAs to leveraging funds from IFIs, although the additionality is difficult to quantify.

Human resources and levels of knowledge at EUD levels have increased over time - as engagement strategies became more sophisticated and strategic partnerships were built, including with ALAs. The provision of policy and technical support from HQ has generally been of an ad hoc nature.

4.2.1 Appropriate EU engagement with LAs (JC2.1)

The EU has gone through a learning curve regarding LAs

Analysis of bilateral portfolios reveals that, in most cases, the EU has successfully gone through a learning curve and reflected in the growing sophistication in the strategic use of financing instruments, aid modalities and delivery channels to reach out to LAs as well as to influence national framework conditions. During the initial years of the evaluation period, the standalone project approach to address specific local level challenges was quite dominant and EU support was targeted at the local level, often without necessarily giving a prominent weight and place to the specific, yet comprehensive, role of LAs. In such schemes, LAs were generally considered as actors among others or as mere beneficiaries of nationally conceived plans and programmes; partly because LAs' mandates at that time were still ill-defined by law. However, in the middle of the evaluation period, major decentralisation and regional development reforms were launched in several partner countries (e.g. Ukraine, Georgia, Tunisia, Morocco). Levels of political commitment to put in place genuine local powers varied considerably among these countries. Yet, the new situation created a different level playing fields for the EU to engage in a different manner with LAs. EUDs involved seized the momentum and embraced a more strategic and integrated approach, based on a smart combination of different financing

instruments, aid modalities (e.g. budget support, projects and embedded TA) as well as investment facilities and grants targeting LAs. This synergetic approach led to quite impressive results of a transformational nature in Ukraine and, to a lesser extent, in Georgia. It contributed to empowering LAs to act as political entities in their own right, endowed with adequate human and financial resources to credibly promote bottom-up processes of local and/or territorial development (see EQ 5), deliver services (see EQ 7) or provide (downward) accountability (see EQ 6). The use of budget support with smart indicators related to LA fiscal autonomy was particularly instrumental to push for changes in national framework conditions and raise general awareness among policymakers on the plight of LAs. In the Enlargement region, the EUDs have also gone through a learning curve in terms of engagement strategies with LAs, leading to valuable support projects. Yet, there is still a way to go before in terms of elaborating more comprehensive and systemic approaches to multi-level governance reforms that can enable LAs to deliver better development outcomes and strengthen their agency. In North Macedonia, the EU is currently engaged in the development of a wider vision on how to relate with LAs in an integrated manner.

In less conducive environments, the choice of aid modalities is crucial

In highly centralised environments which recently opened-up space for decentralisation or regional development (e.g. Morocco, Tunisia), evidence suggests the EU succeeded in identifying the right mix of financing instruments and aid modalities. However, in such contexts, the support inevitably privileges central governments who receive the lion share of the funds without offering solid guarantees that they will effectively push forward decentralisation reforms and allow for regional/territorial dynamics driven from below. This led the EU to recently include complementary projects in its portfolio in Tunisia, targeting more directly LAs with a view to facilitate bottom-up processes of institutional change, with accompanying TA. It is too early to assess results; however, initial experiences indicate resistance from central governments to let go while implementing agencies tend to have competing loyalties and limited incentives to genuinely put LAs in the driving seat. In Albania, the EU resolutely opted to structure their key programme towards LAs around territorial and administrative reform (STAR-2) using the project approach, organised in the form of a multi-donor pool system. There was a clear choice not to opt for the budget support modality as this would not have provided the same ability to build ownership and get traction for implementation. In North Macedonia, the EU was an early supporter of the intertwined national processes of decentralisation and regional development, as they offered potential for gradual processes of LA empowerment. Yet, from 2010 onwards the issue of decentralisation has received lower priority for the EU in the country. This is related to the overall lack of traction in implementing both the (fiscal) decentralisation reforms and the regional development policies. It led the EU to fall back on stand-alone projects, directly or indirectly geared to towards LAs. These resulted in valuable project gains, but they were too limited in scope and only had a short-term focus. This reduced their ability to generate deeper changes at local level, neither ensuring scaling up nor facilitating policy dialogue with central authorities to improve national framework conditions for LAs. Overall, and in the absence of fiscal decentralisation, LAs tend to become highly reliant on external funding to pursue their own development priorities. However, access to such funding remains highly problematic for many municipalities lacking skilled people. Many LAs cannot mobilise the co-financing required and have weak absorption and delivery capacity (e.g. Serbia, North Macedonia).

Added value of regional programmes

Regional programmes (e.g. CoM, N4EG, SUDEP and CES-MED) add real value to the bilateral and thematic interventions, particularly in the Neighbourhood East where the uptake has been much more prominent than in the Western Balkans or the Neighbourhood South. They allow to work directly with LAs on a narrow set of thematic issues where quick wins are possible, create momentum and belief in LA's ability to chart their own path and have clear empowerment approaches (by putting LAs in the driving seat), including to build a whole set of (sustainable) internal capacities and skills within the municipality. Such schemes helped LAs to leverage additional resources, with the help of embedded TA. Where possible they seek to scale up positive experiences gained and put in place a central-local government dialogue on how to use the acquired knowledge to adapt national framework conditions. However, it is less obvious how these regional programmes align to and are articulated in relation to the bilateral portfolio.

Nascent experiences with LAs leveraging investments

The EU experience in terms of enabling LAs to mobilise additional funding through IFIs, is in most cases nascent and mixed, with the exception of Ukraine. Recurrent challenges include regulatory constraints impeding LAs to take loans (e.g. Tunisia and Morocco), weak capacity of LAs (e.g. to express their own priorities or successfully apply CfPs), centralised decision-making systems related to investments as well as poor coordination between central-regional-local levels (North Macedonia in the WBIF). However, there is a clear drive within EUDs and Member States to explore how new opportunities may be created in the future for injecting more financial resources through IFIs at subnational level.

4.2.2 Adequate resources and strategic engagement with LAs/ALAs (JC2.2)

Levels of knowledge at EUD level have grown yet limited support from HQ

The knowledge base and internal resources to engage strategically with LAs and ALAs has grown during the evaluation period. Over time, a growing number of EUD staff have been exposed to and/or engaging with LAs and issues related to decentralisation, local governance and territorial development. In several countries (e.g. Morocco, Tunisia, Lebanon) the question of how to involve LAs is increasingly on the agenda of sector units of the EUDs (e.g. environment, rural development, infrastructure), thus expanding the overall interest in the subject within the EUDs involved. While the EU, in general, managed to enhance overall levels of knowledge on the politics of decentralisation reforms and wider multi-level governance reforms that can strengthen LAs, particularly in countries where the EU has adopted a more comprehensive, long-term intervention strategy (e.g. Ukraine, Tunisia, Morocco), cases where understaffing is a hampering factor (e.g. Georgia) or where decentralisation issues were not a priority, continue to exist, thus reducing the incentive to build up knowledge, capacity and expertise beyond supervising projects (e.g. North Macedonia).²⁴

Feedback from EUDs indicates that the support received by HQ (in terms of advice, guidelines, quality support missions, etc.) is generally limited and of ad hoc nature. This is seen to be linked to the lack of clearly allocated responsibilities at DG NEAR level to thematically deal with LA issues²⁵ as well as with a wider HQ deficit to provide genuine “political backing” for decentralisation reforms.

Strategic partnerships with ALAs not always evident

Mixed experiences have been noted regarding the strategic partnership with national associations of LAs (ALAs) as sources of knowledge. The status and degree of maturity of ALAs is a key factor to understand diverging EUD attitudes towards strategic partnerships with ALAs. In countries where ALAs are divided and lack legitimacy, credibility and political clout (e.g. Morocco, Lebanon), EU engagement strategies have been very limited or prudent and gradual in terms of support provided (e.g. Tunisia).²⁶ EUDs operating in more conducive environments and endowed with a sophisticated portfolio of interventions (e.g. Ukraine, Georgia) have developed intensive forms of collaboration with ALAs that are also beneficial for the EU from a knowledge perspective. In Serbia, long-standing support to the ALA has resulted in a mutually beneficial strategic partnership.

The survey on ALAs perceptions on current forms of collaboration with the EU shows a rather homogenous picture across the board. It confirms that the relations are generally of an ad hoc and instrumental nature, taking the form of frequent dialogue opportunities and exchanges of information.²⁷ The more sophisticated forms of engagement (e.g. provision of dedicated programmatic funding, inclusion in programming and policy processes) are clearly less prominent and may suggest scope for improvement in the future.

²⁴ CoR has a role to play in the policy progress, but it has comparatively limited resources.

²⁵ Recent feedback from HQ suggests that a Task Force has been created to deal specifically with LAs and innovative ways to support them. This may over time enhance the supply and quality of knowledge and expertise from HQ towards EUDs.

²⁶ In all countries where CoR is using its CORLEAP, JCC and ARLEM platforms, there is direct engagement with LAs, but more EUD-CoR synergies could arguably be developed in some countries.

²⁷ See ALAs e-survey report in Volume IV.

4.2.3 Measured performance informing planning (JC2.3)

Mixed experiences with M&E systems informing future programming

When the EU engages with LAs on the basis of a vision and a comprehensive approach, the monitoring frameworks tend to be sophisticated. They capture hat a wide range of qualitative results in terms of LA empowerment (e.g. Ukraine, Georgia and Albania). Together with recurrent programme evaluations, this more comprehensive type of M&E systems helps the EUD to plan and design future interventions. Some EUDs only shifted recently to more structured support programmes (e.g. Morocco and Tunisia) including using the budget support modality. The M&E systems and tranche release conditions still have to be tested out in practice. **When project approaches have been used, there is often a ‘missing middle’** between ambitious overall objectives (e.g. reduce regional disparities by empowering LAs) and the monitoring of outputs and activities (e.g. development of regional development plans written, complete training of LA officials completed and regional councils formed and meets). As a result, what is often missing are sufficient and solid data as well as analysis on important process dimensions (e.g. the quality of dialogue with LAs) or the more qualitative outcomes (e.g. effective improvements in LAs’ agency or in localised accountability systems).

4.3 EQ 3 - Coordination and complementarity

To what extent the EU interventions providing support to LAs and ALAs have been coherent, complementary and coordinated with those carried out via other EU programmes and by other partners (e.g. Member States, IFIs, international organisations) in the three regions?



Summary answer to the Evaluation Question

EU has consistently attempted - and often succeeded - in improving coherence, coordination and complementarity. Success tends to depend on its partners' commitment, most notably within coordination. The EU has been leading several initiatives to establish and enhance institutionalised mechanisms for improving these aspects, such as working groups or decentralisation and regional development boards; it has also made considerable efforts to pool resources in e.g. joint projects. These efforts have worked well, particularly with EU MS (e.g. in joint programmes and implementation of specific programmes), but these have been exceptional engagements, with most case studies showing significantly lower levels of adherence to the 3Cs principles. Only limited evidence was found of genuine joint programming and division of labour.

A main challenge is that the effectiveness of efforts in this space are critically dependent on those of other actors, in particular partner governments, major external development partners and IFIs. Here there are often incentives that mitigate against these principles and without the backing of such partners, the EU's own efforts are less potent. The fading interest in the alignment and harmonisation agenda (as espoused in e.g. the Paris Declaration) has further reduced pressures on donors to engage in binding coordination, with many now phrasing their development objective as more narrowly linked to self-interest.

EU has engaged with many ALAs which has provided better opportunities to promote 3Cs, but the success has largely depended on ALAs' degree of legitimacy, political clout and capacity. Such partnerships also offer significant strategic potential in terms of enhancing advocacy and voice vis-à-vis central authorities. Moreover, strategic engagements with ALAs have helped enhancing the EU's analytical basis, offering insights into LAs' position and potential in the local contexts, as the more capable and well-connected ALAs can share such insights, improving coherence. However, engaging with ALAs is no panacea as their representativeness, legitimacy and capacities vary significantly across the regions. In general, the EU has been able to navigate around these challenges and identified and engaged appropriate ALA partners. The main issue is to elevate relations to a more strategic level, beyond treating ALAs instrumentally (e.g. as project delivery mechanism), which also has the potential for delivering more coherent support on a better evidenced basis.

Partnerships with international organisations and financial institutions do offer some benefits and have been promoted, not least for leveraging investments in infrastructure, with EU providing complementary grants and other types of assistance, clearly also improving complementarity. Key challenges in this space have included the need to better cater for smaller LAs that are less investment-worthy and that are typically unable to benefit from major programmes. Even more pooling of resources (e.g. joint PIUs for infrastructure projects) may be needed. Regional programmes have helped to build global partnerships (e.g. the CoM) with a capacity to push the "local agenda" forward, empower LAs and progressively, if only incrementally, improve national framework conditions. The regional democracy in the Western Balkans (ReLOaD) was too focused at the local level to trigger such broader dynamics and partnerships.

4.3.1 3Cs of EU support with other donors (JC3.1)

Often weak incentives for coordination

It would seem that often-observed truism of all donors agreeing to better coordination, but few to actually being coordinated, especially if not cajoled by partner governments. However, EU is an expectation, as it has increasingly been a key driver of improving coordination, coherence and complementary on the often-intertwined agendas of decentralisation and regional development, with the most evident success being in terms of ensuring coordination. The EU has been instrumental in establishing mechanisms and institutions that formalise such coordination, and, in a few places, go beyond coordination to also include better division of labour and pooling of resources (e.g. Ukraine). There are also growing attempts to directly involve municipalities in such coordination processes (e.g. sector working groups in North Macedonia) with the potential to facilitate a tripartite dialogue between national governments, LAs and development partners. In 80% of EUDs surveyed, they engage in donor working groups that focus on LAs and related policy processes. This has most often taken place where the central government also supported EU efforts aimed at

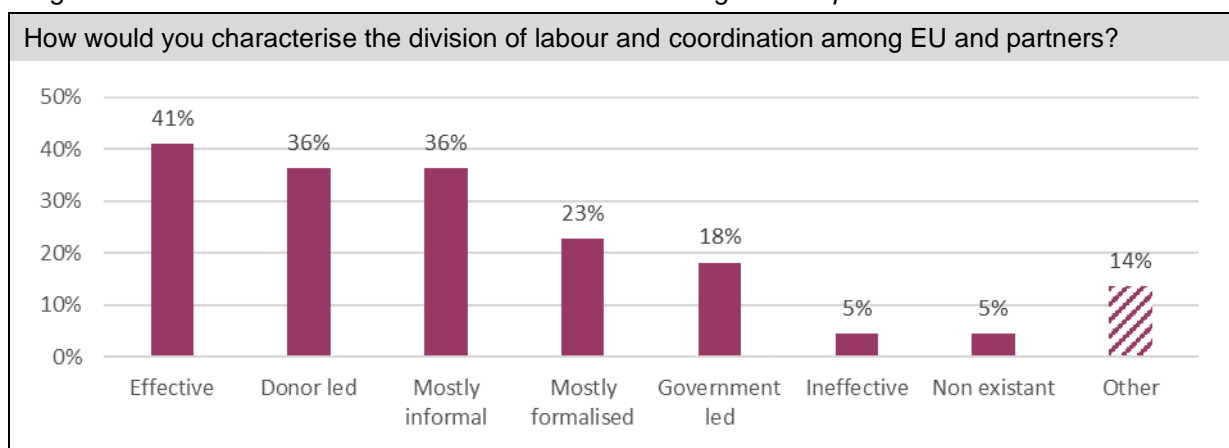
inducing development partners to observe better coordination and coherence (e.g. Ukraine). In other cases, especially in context where central government had limited capacity or interest (e.g. North Macedonia, Tunisia), coordination was rather reduced to regular exchanges of information regarding who-does-what, with limited pro-activity in terms of adjustments and adaption to each other's engagements, though examples were found of promising project-related synergies and collaboration (e.g. Morocco, North Macedonia).

Limited joint programming and...

Joint programming only happened rarely, despite earlier ambitions. The key drivers for this disappointing outcome being limited government ownership of such processes, disbursement pressures by other donors, growing visibility concerns, enhanced attractiveness of the local level for development partners, vested interests of intermediaries acting as implementing agencies and simply limited commitment to the 3Cs principles. While EU has displayed comparatively strong commitment to these principles, limited efforts by other development partners' (including partner governments) and weak commitment has undermined adherence. Member States and UN agencies tend to be more committed to the 3Cs, than non-EU and non-UN donors.²⁸ While there have been notable exceptions, **joint analysis** (as opposed to joint programming) **was often the best that was achievable.** Joint programming and effective division of labour have only been applied in a minority of the case studies, most notably the U-LEAD in Ukraine and, to a lesser extent, the STAR2 in Albania, both of which had EU as a main funder and driver. In these contexts, EU MS played a major role (Sweden, Denmark and Germany in Ukraine, Italy and Sweden in Albania). From a 3Cs and aid effectiveness perspective such an approach is advantageous, but in most country cases, joint programming in LA relevant sectors was either not attempted (e.g. North Macedonia) or not successful (e.g. Tunisia). There are some examples of joint analysis (e.g. Georgia) which can of course be a steppingstone towards joint programming.

38% of EUDs report that they engage in either joint analysis or joint programming.²⁹ The overall picture presented in Figure 9 is thus mixed. Among those engaging in coordination efforts, only 41% would characterise the efforts as being effective. However, even fewer (5%) deemed it outright ineffective (perhaps reflecting EUDs staff diplomatic restraints), hence around half would be between effective and ineffective. And only 18% state that the government is leading the coordination efforts, probably contributing to lower effectiveness.

Figure 9 Division of labour and coordination among EU and partners



Source: Particip, eSurvey of EUDs, September 2020 (see Vol IV). Only in countries with EU participation in donor coordination.

... division of labour

As a result of limited joint programming and sub-optimal coordination in many countries, the **adherence to the division of labour is also limited and variable**

²⁸ The fact that EU often finances the UN organisations in question may also impact on their eagerness to appease EU.

²⁹ Particip: eSurvey of EUDs, September 2020 (see Vol IV).

across countries and tend to reflect the degree to which partner governments and other donors also adhere to the principles. In smaller countries or countries with limited focus on LA issues, division of labour is less explicitly formulated but takes place in a more informal and ad hoc manner. North Macedonia is an example of the latter, where the division is also mainly based on historic interests of the donors present in the country and perceived comparative advantages. The CoM has arguably built in a division of labour, at least in terms of larger infrastructure projects where the creditors typically do due diligence and the EU provides non-infrastructure grants financing such as training and community engagement.

Compromised complementarity

Complementarity has also proven difficult to deliver on. The need to have strong complementary partnerships is evidenced by the cost of uncoordinated action. In both Morocco and Tunisia limited guidance and steering could be observed at local level, reflected in the proliferation of uncoordinated local level interventions by a myriad of external actors (bilateral, multilateral, EU/ EU MS financing institutions, European municipalities or civil society). This leads to a multiplicity of competing conceptual and operational approaches to local development, planning, capacity building or funding. The need for more synergies is especially pronounced concerning infrastructure finance for e.g. energy efficiency where there has been strong complementarity and division of labour between the EU and IFIs in the case of major investments. But for smaller LAs, it is still a challenge to leverage finance from IFI and here the complementarity is absent. Synergies and complementarities between development partners have been exploited in permissive contexts (where governments actively promote 3Cs) and in some instances being in-built in the engagements (e.g. using SIDA, GIZ and Estonia's e-governance competencies in Ukraine).

Box 1 Coordination and complementarity in energy partnerships – example from case studies

The CoM is an example of how active local level coordination, pooling of resources and complementarity is in-built, as many of them require financing of climate investments that is beyond the scope of both the initiative as well as LAs in question. Here, the EU can provide grant financing for e.g. training and community outreach, while financial institutions (e.g. EIB, EBRD, KfW) provide loans. LAs are typically the key coordinating entity. However, there are counterproductive examples of development partners outside the CoM but engaged in energy related projects setting up separate PIUs and procedures for managing their specific engagements, thus spreading capacity on several units, duplicating reporting workload and fragmenting capacity.

4.3.2 Strategic partnerships have improved 3Cs (JC3.2)

High added value but considerable challenges to overcome to reach a strategic partnership with ALAs

EU has partnered with ALAs with variable degrees of strategic intent, although there are significant potentials but also considerable challenges considering that many ALAs have relatively low capacity, limited representativeness, reduced legitimacy, and that in some instances there can be competing ALAs (e.g. Morocco). In other instances (e.g. Tunisia), the ALA is a young and structurally weak entity, with limited capacity to define a coherent institutional development strategy, particularly regarding its role as policy interlocutor and advocate of LA interests. The EU seeks to provide some dedicated funding in order to progressively boost the organisation's legitimacy and delivery capacity. Only 27% of surveyed ALAs stated that there was a strategic intent in their relations with EU, the other having more ad-hoc, projectized and loose relations. Where more strategic engagements have been forged (e.g. Albania, Georgia, Serbia), ALAs have provided partnerships that have durability and more systemic focus than most LA specific cooperation has had. Such partnerships have the potential to both support LAs (i.e. downward support) and to catalyse policy dialogue and eventually policy reforms that improve the national framework conditions for LAs. Strategic cooperation with ALAs also holds significant potential to provide better information to EU and hence potentially improving its analysis underpinning project design. Partnership with ALAs also offer an entry point to the promotion of legitimate advocacy for better local development outcomes. However, there is significant variability between the ALAs which in turn will require different approaches in different contexts. The EU has been one of the larger supporters of ALAs and has also worked for their inclusion in working groups / coordination committees on issues related to LAs

(e.g. North Macedonia, Serbia, Ukraine and Georgia), which has increased the scope for both dialogue and better inclusion in public policy processes.³⁰

Problematic partnerships: weaker ALAs

Weaker ALAs pose significant challenges. There are obvious challenges in countries where there are no real representative ALA at national level (e.g. Lebanon, Egypt) or where there are several associations targeting different local level actors (e.g. Morocco) that have some degree of representativeness but whose capacity to lobby effectively is constrained by the prevailing, highly centralised, top-down system of governance. Especially in these contexts, ALAs may have challenges in being representative of the constituencies and hence also struggle with their legitimacy. Substantial funding from donors may not solve these issues (as seen in Ukraine) and in some cases ALAs may need to merge or only gradually regain their legitimacy. Generally, the EU has been able to partner appropriately and often strategically based on an assessment of the ALAs capacities and legitimacy. However, there are also missed opportunities, such as in the Western Balkans where the regional programme on local democracy (ReLOaD) failed to liaise with national ALAs, the regional ALA (NALAS) as well as the core EU institutions such as JCC or the CoR supported Working Group for the Western Balkans. This partly reflects the rather instrumental and projectized approach of the implementer, with its focus on tangible deliveries and perhaps sub-optimal internalisation of EU priorities in the region.³¹

International organisations can improve coordination and complement EU support

EU support to international organisations and regional initiatives most often (excluding ReLOaD) improved the coordination and coherence efforts by leveraging both grant and loan funding from other development partners. The CoM is a prime example for leveraging finance, although there are still enormous challenges in mobilising even more as the needs are high. The CoM has also mostly improved EU visibility although at times the CoM identity has clearly overshadow that of EU.

³⁰ See also Particip: eSurvey of EUDs, September 2020 (see Vol IV)

³¹ See also UNDP (2019): Final Evaluation Report of ReLOaD, p. 45.

4.4 EQ 4 - LAs' enhanced engagement in development processes and in EU external action

To what extent has EU support contributed to increased engagement of LAs and ALAs as active partners in development and in EU external action?



Summary answer to the Evaluation Question

In conducive environments, the scope for EU support to multi-level governance reforms that strengthens LAs agency is wider and the EU has mostly seized the opportunities when they presented themselves, most notably in Ukraine, but also in countries with incipient reforms, such as in Morocco and Tunisia where top-down governance models still dominate. In such contexts, the EU approach has been to leverage for the effective application of national decentralisation and/or regional development reforms which formally expand the roles, responsibilities and mandates of LAs. This includes fostering intergovernmental fiscal transfer reforms, supporting LAs as catalysts of local and regional development or promoting the effective participation of LAs in key policy processes (particularly in sectors for which the legal frameworks have assigned LAs with specific competencies). However, central authorities determine the framework conditions under which EU can support LAs to become active partners in the overall development and in EU interventions in particular.

LAs are often also important on-the-ground (co-) implementors of sector and thematic policies formulated and supported by the EU at central level (e.g. in terms of public administrative reforms, regional development policies or environmental protection, including climate change). However, there is only limited formal engagement and consideration of LAs when designing and implementing such policy support programmes. More could arguably be done to mainstream LA concerns and issues in the sectors of relevance, which is especially important as LAs often have legally enshrined implementation and compliance roles in major policy reforms.

The EU is often both attempting to foster more systemic reforms (e.g. increased allocation from central government and increase share of taxes retained locally) as well as project approaches, such as local economic development interventions, with the ambition to raise the economic activity level that can catalyse job-creation and increase the local tax base. Clearly, the systemic reforms are often more sustainable and transformative. However, in a less conducive environment, stand-alone projects, particularly those with a longer-term vision on progressively empowering LAs and changing national framework conditions- can be a strategic option. They can increase the agency of LAs which, in turn, can contribute to peer-to-peer learning by other LAs and generate more voice that create more fertile ground for starting the conversation on the need for more fundamental reforms. However, EU's overall ability to nurture the general mandate of LAs in these contexts has proven limited but is often mediated through thematically focussed initiatives. ALAs can also play an important role in keeping 'lines of communications' open especially in non-conducive context where they can help informing the EU (in particular EUDs) on the challenges facing LAs as well as potential openings in the reform space that the EU could utilise.

In essence, work to fiscally and politically empower LAs is fundamentally a political issue with LAs seeking to appropriate more power which almost universally stirs opposition from central actors which suspect that they will lose authority as a consequence. Most countries examined have formally expressed a commitment to reform intergovernmental relations and strengthen the agency of LAs, yet the transition towards more balanced governance systems which create space for 'local powers' is incipient and fragile. The EU has generally well navigated this challenge and indications are that it is important to have ongoing engagements both at local and central level to assist in creating bottom-up voice and pressure for localisation of authority where appropriate (and in accordance with the subsidiarity principle of the union) but also to be ready to act swiftly when windows of opportunity opens. What has also proven important is to remain engaged with LAs and, especially ALAs, also in unconducive contexts as it allows for valuable and often actionable information that can help pave the way for more systemic improvements.

4.4.1 Roles and mandates of LAs (JC4.1)

Limited effects where central authorities' commitment is weak

The EU has attempted (with mixed outcomes) to boost the respect for and nurture the roles and mandates of LAs as autonomous and accountable political entities and development actors, by supporting them directly but also in the engagement with central level authorities. In many cases, the partner governments have supported this, at least rhetorically, but not consistently in terms of delivering, which poses challenges for the EU. In some countries, these attempts have remained

just that: valuable attempts with limited impact on the ground³². In contexts where the role and mandates are under redefinition - as is the case in several countries especially with decentralising reforms - the EU has been an active player often combining interventions at central level (using e.g. budget support) with initiatives directly geared at local level and LAs.

Limited mainstreaming of LAs in implementing EU support where decentralisation is low on the agenda

EU support has systematically mainstreamed LAs into the implementation of interventions mostly where there is high awareness of decentralisation issues such as in Ukraine and Georgia while Tunisia is in the initial stages of moving in this direction. Typically, these has included LAs in PAR programmes (including budget support) and in environment, but some opportunities have been missed where more systemic consideration of LAs could have been useful and provided synergies with e.g. local level governance and the climate efforts of CoM. Only 10% of EUDs claim to have mainstreamed LAs in the implementation of sector interventions to a 'great extent'.³³ Efforts have also been hampered by the slow process of changing institutional mindsets. Attempts to promote a more comprehensive territorial approach to local development (TALD) have been made, but there is only limited room to act if central authorities are reluctant to real decentralisation or to recognise that LAs should play a key role as catalysts of such processes, to be driven from the bottom-up. Central authorities often limit the TALD to a territorialisation of the implementation of nationally conceived and steered plans (e.g. Morocco, Tunisia). This top-down, vertical approach may create some space to integrate local level concerns but is not likely to empower LAs beyond their role as implementing agency. However, where there is real decentralisation, options to promote the localisation of the SDGs can be seized, further strengthening LAs' agency and service delivery as seen in e.g. Ukraine.

Constrained capacities and resources

In some contexts, LAs are even more adamant that the key constraint is the too centralised governance system. Partly as a consequence, LAs have limited budgets and capacities, again undermining their ability to engage meaningfully with EU's other engagements. Based on evidence the EUD e-survey and other evidence produced, two main challenges tend to systematically reduce the potential to include LAs more in mainstream development and EU external action processes: i) LAs (and their ALAs) are seen as having limited capacity, undermining their ability to engage meaningfully with EU in areas of development cooperation. ii) there is political resistance from sectoral ministries and central governments towards integrating LAs in EU cooperation processes, making it a delicate and sensitive issue for EUDs to navigate.³⁴ The evidence from this evaluation generally support these points, but EU itself is also an agent of change and more strategic engagement with LAs and ALAs (even if weak in capacities) can yield promising outcomes and foster mutually fruitful partnerships.

Budget support provides leverage but requires long-term perspective and commitment

Budget support provides for a greater leverage potential than standalone projects, particularly to help improving the political, institutional and financial sustainability of LAs. In Morocco, the recently launched EU budget support programme, closely aligned to a solid set of national policies, holds potential to accompany an effective territorialisation of (sector) policies and investments and, over time, also to enable regional authorities to act as nodal point in development planning. In North Macedonia, the EU did not opt for budget support to address national framework conditions, which are stalled for years. Valuable short-term projects were supported, directed towards LAs, but these could not trigger sustainable change dynamics in the absence of progress in decentralisation or regional development reforms. However, budget support, as also pointed out under EQ 2, tend to favour central authorities and without firm reassurances and already existing strong commitment to decentralisation, LAs may see limited improvement vis-à-vis their roles and mandates (as seen in e.g. Georgia and Morocco). In more challenging contexts, with a lack of LA capacity and weak commitment by central authorities, the EU has struggled to gain traction. Moreover, even in more conducive contexts, the evidence indicates that changing the roles and mandates of LAs can be hindered by both inertias

³² Thus 20% of surveyed ALAs disagreed with the statement that EU has helped create political space for ALAs. These negative responses typically came from countries with a centralised governance system. See Particip eSurvey of ALAs, September 2020.

³³ Particip: eSurvey of EUDs, September 2020 (see Vol IV).

³⁴ Based on the eSurvey of EUDs.

caused by traditional institutional mindsets and established practices as well as outright (if not formalised) opposition. This has been seen in both Georgia, Morocco and Lebanon, with the latter also being a case where EU support assisted LAs to assume the roles and responsibility of managing the inflow of Syrian refugees. In the enlargement region, the JCC with the European Committee of the Regions remains the main institutional forum for direct policy debate with the EU, appreciated by LAs.

Box 2

Localisation of SDGs – example from case studies

The CoM is a unique regional initiative and concrete translation of the ambition to tackle climate change into action by LAs and by 'localising' SDG 13. Eventually, where framework conditions allow, the CoM can also play a role in informing and shaping national policies relating to energy, climate and environment. However, so far, the impact on national level policy has been limited. Moreover, CoM is clearly confined to a rather narrow and perhaps often uncontroversial subject of emission reductions and adaptation on a voluntary basis, perhaps making it more acceptable to central authorities.

4.4.2 LAs improving their political, institutional and financial sustainability (JC4.2)

Limited effects on LAs' political, institutional and financial sustainability conditioned by national framework

The EU made concerted efforts to improve the political, institutional and financial sustainability of LAs in all the countries selected for the evaluation, but with varying intensity and success. Most intensity and successes have been achieved in countries committed to decentralisation and regional development and where the EU had a clear intervention strategy with a vision of the development of the local level, the role of LAs, using a variety of financial and non-financial instruments to exercise leverage and accompany the reforms over time. Where the framework conditions were improving, this allowed for more structural and systemic changes that could better address long-term sustainability. This provides further emphasis to the point that central governments' support, both in terms of political devolution and in terms of finding appropriate financial underpinnings that allow LAs to deliver on their mandates, often requires changes to the intergovernmental fiscal transfer principles. This seems to suggest that structural improvements require a strong central authority that is politically committed to fundamental reforms that is inherently fraught with opposition and creates both winners and losers (see also EQ 5). In addition to the political challenges that must be overcome, evidence from e.g. Tunisia, Ukraine and Morocco demonstrate that the technical challenges further impose major obstacles for improving the standing and recognition of LAs as autonomous actors. Moreover, this evidence also suggest that there is a strong tie-in between political, institutional and financial sustainability in the sense that improving LAs political standing (e.g. devolution of powers) and institutional sustainability (e.g. improving the human resources) must be accompanied with increased financial sustainability if the LAs are to function and full-fill their mandates. Thus, political decentralisation should be pursued with intergovernmental fiscal transfer reforms, whereas piecemeal approaches are likely to result in compromised outcomes.

As there are few countries with comprehensive reforms that encompass both political and financial sustainability of LAs, EU (in particular EC) has found it challenging to find impacting and effective entry points to fundamentally improve LA's funding base and increase their political authority. EU has most often been working at the margin, aimed often at advocacy and voice.

In challenging context bottom-up pressures help in sharing the national agenda

Support to these bottom-up pressures can help bring about voice for systemic reforms and EU has partnered with LAs and ALAs to have more direct, unmediated relations, the CoM being a regional example, LED project being bilateral ones. However, often these relations are timebound (ending with the projects) and not sufficiently scalable, which limits their transformational power. More robust relations have emerged with the more capable ALAs that have become trusted partners for EU in several countries (e.g. Ukraine, Georgia, Serbia) and with such partners the dialogue is both formal and informal. Here the ALAs voice is helping to shape the national conversation on the division of powers and the intergovernmental relations and be agenda setting on the issues of LAs.

Box 3 *Building legitimacy through bottom up approaches – example from case studies*

In Tunisia, budget support to decentralisation reforms is complemented by more discretionary projects (e.g. IPDLI, PEC & Ettamkeen) directly targeting LAs and allowing for more engaging in more structured relations over time. The underlying theory of change is that LAs need to be able to define a coherent vision for the territory (beyond the classical shopping list), in order to gain legitimacy as local public entities vis-à-vis de-concentrated services, governors or central/sectoral ministries and that direct relations with and support from the EU can underpin the changes needed. This in turn help to *demonstrate* that an effective way of build LA capacity is to create space for LAs to exercise their general mandate and learning by doing.

Partnerships and quality dialogue with ALAs can be important ingredients in catalysing change

Continuous and mutually beneficial engagements with ALAs have been forged most powerfully in the Neighbourhood East. Both formal and informal dialogue with ALAs (and to a lesser extent, LAs) has also characterised their engagement in EU planning frameworks. This is especially the case in the Neighbourhood East (AAs often refer to this). The quality and intensity of the partnership with ALAs is (somewhat counterintuitively) less pronounced in the Enlargement region, arguably partly a reflection of weak ALAs and LAs as well as accession dialogue traditionally being conducted with central authorities. Also, in the Neighbourhood South, the EU encounters major limitations to engage strategically with ALAs as these tend to be embedded in highly centralised governance systems, creating limited space for autonomous ALAs enjoying sufficient representativeness, legitimacy capacity and political clout to make a difference (e.g. Morocco, Tunisia). Overall, EU can and often has contributed to a conducive framework with e.g. the AAs in the East often emphasising ALAs as key partners in strengthening local-level governance, which in turn brings the issue on the agenda and can catalyse policy dialogue around this issue.

4.4.3 LA's knowledge about EU (JC4.3)

LAs knowledge of EU increase with funding and level of association

The level of knowledge about EU varies considerably both between countries but also within countries; **the further the country is from accession and the more loosely the relations are with EU, the less knowledge is found among LAs.** Moreover, evidence suggests that the level of knowledge also depends on the scale³⁵ and capacities of the LAs and the degree to which the EU can and wants to work with them and their ALAs. For instance, in North Macedonia the EUD has recently intensified its direct dialogue and collaboration with LAs (small and big), thus creating major new opportunities for enhancing LA knowledge on the EU and for strategic engagement. In the countries in the Western Balkans and countries where approximation to EU is a core priority tend to have higher knowledge of EU, but this is arguably also due to EU being a topic often discussed in media and in the general public. Moreover, CoR is also increasing LAs knowledge in the Western Balkans, through e.g. JCCs. However, significant funding for e.g. refugees channelled partly through LAs can also increase awareness, as has happened in Lebanon. There is also a question of the degree to which EU is properly recognised as the main contributor, especially in cases where implementation authority is delegated to e.g. a UN organisation or where the *brand* of the programme is stronger than EU (e.g. CoM). In general, EU has improved its monitoring of compliance with visibility guidelines for using UN (an also IFIs).

LAs do communicate to citizen on EU, but

Overall, LAs (and to a lesser extent their ALA) do communicate EU-related issues to their local citizens. However, **the intensity of communication to citizens varies with those LAs/ALAs receiving funding from EU being more inclined to communicate to their citizens.** Another key driver of citizens communication is the degree of political and economic alignment with EU, with citizens in enlargement region being better informed than those in the Neighbourhood South.

The way LAs and their ALA obtain their information on EU also varies. Among those that had benefitted from improved knowledge of EU, 60% of ALAs stated that informal dialogue with EU (in particular EUDs) was the main route, whereas only 20% of LAs

³⁵ Scale is important as one can clearly see that major cities find more easily their way into the EU (also beyond accessing funding). There are examples of smaller municipalities partnering effectively with the EU at various levels, generally driven by highly connected and entrepreneurial majors (e.g. Chefchaouen in Morocco)

claimed the same.³⁶ ALAs have more direct relations to EU than the individual LAs, better allowing for such dialogue. Around 30% of both LAs and ALA gain knowledge from EU's information campaigns. ALAs claim to have improved knowledge on EU values and policies as well as good information about funding opportunities.

Outreach to LAs varies significantly.

EU has used the CoM as a way to promote awareness of EU using traditional media and social media, but the effectiveness and impact has varied as has the degree to which LAs themselves proactively seek info on the initiative. A global initiative such as the CoM has substantial outreach. However, given the decentralised and networking characteristics of the CoM, the EU as an institution is not consistently as prominent in the awareness of the signatory LAs, partly also because much of the networking and peer-to-peer activities are focussing on national and regional levels, less so on EU to east/south. Often, the initiative is more prominent than its funder (i.e. the EU). Bilaterally, the outreach to LAs varies with some EUDs and projects that are more active (e.g. Ukraine, which is using professional communication agencies) than others (e.g. Georgia, Lebanon, Tunisia). In Albania, increasing knowledge of the EU, its value and policies was a direct aim of the Municipalities for Europe project, which led to the creation of 'European Union Corners' in the all country's municipality town halls. However, the effectiveness was mixed and the 'corners' were transformed from focusing mainly on outreach and information dissemination into also assuming responsibilities in terms of project preparation, management and EU accession related to policy making and implementation. The impact has varied according to the resources and capacities of the individual municipalities.

³⁶ See ALAs eSurvey in Volume IV.

4.5 EQ 5 - LAs' empowerment and capacities

To what extent has EU support to LAs contributed to sustainably enhancing LAs' institutional capacities through increased professionalism, policymaking and autonomy?



Summary answer to the Evaluation Question

Most LAs are facing fundamental, yet diverse, challenges in adjusting to rural depopulation (most in Neighbourhood East and Enlargement regions), rapid urbanisation, climate and energy demand changes and inefficient infrastructure. Piecemeal and marginal tinkering through e.g. micro-projects is often insufficient to comprehensively deal with these challenges. As the few success examples have evidenced, it is possible to deliver on these challenges, provided that both national and LAs works in consort and that national policy makers perceive multi-level governance reforms and enabled LAs as being in their own (long-term) interest.

EU has placed capacity development of LAs at the centre of a wide range of support programmes targeting directly or indirectly LAs. However, the relevance, effectiveness and impact of capacity development efforts depend heavily on context, e.g. the willingness of central authorities to enable LAs to become effective actors in development. In conducive environments, the EU has been able to work strategically and comprehensively to design and implement decentralisation and/or regional development programmes with central authorities that have improved the capacities of LAs, not only through training, but also by changing the incentive structure that shape both local politicians and civil servants' behaviour. A key ingredient of the success has been the comprehensiveness of the reform process with both changes at national level that granted LAs more powers and finance (using the leverage of the budget support modality) combined with substantial reforms and capacity development at LA level (often using complementary project approaches), where LAs have been capacitated to undertake better and more holistic planning of their territories.

Available evidence suggests that project-related efforts to capacitate LAs from the bottom-up are unlikely to yield sustainable institutional changes without national supportive policies. The potential for LAs to act as motor of territorial development equally hinges on effective collaboration with the central state and policy frameworks that ensure sufficient levels of LA autonomy and accountability as well as on progress in fiscal decentralisation (an area often not covered by EU support in the countries studied). In conducive environments and wider decentralisation programmes, such capacity development has, appropriately, been based on an empowerment logic and related core capacities to deliver on the LAs broadened mandates and also included merging LAs. In more restricted environments, the support has generally been of a more supply-driven nature, focused at project or sector level, aimed at developing capacities to serve a narrower objective.

Other recurrent factors have reduced the impact of EU capacity building efforts, including: i) the limited role assigned to LAs in EU-supported interventions can have unintended negative consequences of assistance instead of empowerment; ii) the failure to ensure that the capacity development support is provided to all relevant stakeholders and not only to the political leadership of the LA, but also to the local administration, de-concentrated services as well as relevant national institutions; iii) the tendency to delegate implementation of EU programmes targeting the local level to various executing agencies which may have had a de-capacitating effect as the intermediaries substituted for the roles due to be played by the LAs; iv) in the enlargement region, the less than optimal integration of LAs in the accession dynamics and related reforms.

Where feasible, the EU has also promoted a broader territorial approach to LAs' planning, management and implementation, that has allowed LAs to respond to complex challenges, including migration and climate change. It has also allowed LAs to better take charge of their mandates and deliver more cohesive planning while developing local partnerships and alliances with other local actors such as the private sector and the CSOs (see also EQ 6, JC 6.1). Nevertheless, when there were fundamental changes that opened up new opportunities, the EU has been able to relatively quickly mobilise substantial capacity development support.

4.5.1 EU support to national framework conditions for LAs (JC5.1)

EU has assisted central governments in delivering on the

In conducive environments, the EU has generally supported reforms of national policies in ways that improve the framework conditions for LAs through a combination of budget support, project approaches and increasingly also blending. This has been most substantial and successful in countries which had embarked on decentralisation and regional development efforts, thus allowing EU to support and maintain an already existing momentum. In these few cases (e.g. in Ukraine), the EU

decentralisation ambitions could act as a trusted partner that intermediated between local and central authorities. The EU also assisted in translating official policy and political objectives into concrete actions, thus keeping central authorities and politicians accountable to their commitment to decentralisation, including in terms of fiscal transfers, human resources and political devolution. However, in the majority of countries there has been less high-level political commitment to strengthen LAs' autonomy, agency and ability, and the success of EU support has been correspondingly more mixed, reflecting a differentiated approach based on the context and arguably also geo-political sensitivities. In such contexts, the EU has either pulled out of national level initiatives as there was no (longer) political traction and reverted back to projects at local level (e.g. North Macedonia) or engaged in experiments at local level until the central government had put in place basic legislation (e.g. Morocco, Tunisia) thus creating space for more substantial and structured (budget) support. There are several examples of only partial decentralisation programmes supported by EU (e.g. regionalisation with deconcentrating of authority or the transfer of political but not fiscal authority), or support to policy frameworks that has limited traction beyond the drafting of a new decentralisation strategy.

On the other hand, while standalone projects can and do at times feed into national policy dialogue and hence can act as a lever for improving framework conditions, there is also the risk that they fail to properly communicate upwards the insights on the core bottlenecks. As a result, it could undermine sustainability if the uncondusive macro-context is left unaddressed (e.g. North Macedonia). It is thus a challenge to convert insights from specific projects into inputs to the policy dialogue, but especially within energy efficiency, promising experience is being made in both Neighbourhood South and East.

Empowering LAs is inherently both politically and technically complex

The limited progress despite frequent statements of high-level support to decentralisation, reflects core issues at political and technical levels. Firstly, decentralisation is inherently a political process of shifting power and authority between various levels of governments that, in the short term at least, generates both losers and winners. It is not always obvious how losers could be adequately compensated to get a buy-in. Secondly, decentralisation is also a technical complex exercise with challenges of defining exact responsibilities, sources of financing, intergovernmental fiscal transfer formulas and, not least, ensuring appropriate capacity at local level. Our evidence suggests that real change can only happen when national level politicians perceive decentralisation as being in their own interest. In particular, only a few national frameworks back up the rhetoric commitment to decentralisation with fundamental changes to the financing context facing LAs, at times leaving LAs with increased responsibilities but without funding (e.g. Tunisia, North Macedonia). In some cases, the regionalisation policy provides a more promising and less controversial entry point (e.g. Morocco, Georgia) as it is driven by development concerns (reducing territorial inequalities) rather than politics (as decentralisation reforms are) to full fill these. Inter-governmental fiscal transfer mechanisms are both technically and politically challenging to reform and many central governments are also reluctant to allow LAs to increase their own tax take. And allowing LAs to raise taxes is of limited benefits to many of the smaller, poorer LAs, especially in rural areas where incomes and business activity tend to be low. There are numerous financing initiatives on providing better finance for LAs, especially within energy and infrastructure, but these continue to be challenging in terms of reaching small and medium-sized LAs.

Complementary programmes to improve LAs' framework

Nationwide programmes not directly supporting decentralisation, such as environmental and PAR programmes, can complement and substantially improve the framework conditions for LAs (e.g. Hakama and INDH in Morocco) even if such support is not framed as LA empowerment. Such programmes have allowed for rolling out e.g. energy efficiency measures at national level, setting minimum standards and offering incentives to which LAs respond. The regional programme ReLOaD also synthesises and disseminates good practices in terms of transparent LA funding for CSOs and seek to translate these into more adequate national regulations across the Western Balkans – serving as a laboratory for local governance innovations.

EU is a supporter but

The EU has been a valuable partner in seizing windows of opportunities in decentralising contexts, however it has not been a key driver of decentralisation

not a prominent driver of change **in other less favourable contexts.** The EU has taken the lead in promoting decentralisation in some contexts and indications are that it is perceived as a trusted partner that also has the financial volume to put resources behind its rhetoric. Examples of such leadership and prominent role for the EU can be found in Ukraine and in Tunisia - where EU leverage is a potential driver to push for an effective implementation of formally existing decentralisation and regional development policies in a context of a highly top-down and centralised system of governance, leaving limited space for autonomous LA actions. However, despite many obvious instances where the national framework conditions for LAs is uncondusive, even for fulfilling existing mandates, EU has generally not pushed for reform which may constitute missed opportunities for improving core aspects of service delivery, local democracy and improved resilience at community level. On the other hand, being too conditional can clearly mitigate against the much-needed ownership of the process, so there is a careful balance to navigate. The EU (including CoR and in partnership with CoE) could arguably use its convening and persuasive powers to make a convincing case for the long-term benefits (including political benefits) of adherence to the principles of subsidiarity and the European charter of local self-governance in partner countries who are members of the CoE and have ratified the Charter (e.g. Albania, North Macedonia, Georgia and Ukraine).

4.5.2 LAs' strengthened institutional capacities (JC5.2)

Mainstreaming of capacity building across interventions **Capacity development has been a core ingredient in many of the interventions evaluated making it one of the most emphasized areas of support with significant outputs and, in some cases also significant impacts.** Many thousands of LA staff and politicians have been trained with support from EU and other capacity related events have reached out to even more. Many of these activities have bolstered the capacity of LAs, some focussing on more systemic issues, but in most countries, interventions focussed on specific projects and/or sectors (e.g. energy efficiency and local economic planning capacity). The effectiveness of EU support is not always robustly evidenced, with M&E and progress reports often focussing on the outputs (e.g. number of trainings, meetings and workshops) rather than on whether the outcomes of the capacity development were improved from a LA perspective, with some notable exceptions (e.g. in Ukraine).

Particular success of demand-driven approaches **Evidence suggests that the EU has achieved considerable success with demand-driven, iterative and bottom-up approaches that include on-the-job learning** and process facilitation support aimed at genuine institutional development of the LA over a longer period. A recurrent challenge is to make capacity development truly demand-driven and hand over the provision of capacity development to a variety of local stakeholders (not only the mayor, but the councillors, the local administration staff, the de-concentrated services, etc.), thus improving the chances for more systemic and sustainable approaches.

Treating all levels of LAs as a development actor enhance impact The limited role assigned to LAs in some EU-supported development interventions at local level can have unintended negative consequences. Often LAs are merely seen as beneficiaries or implementing agencies the capacity development impact will inevitably be less than if LAs are put in the driving seat of the process, with agency and ability as key desired outcomes. Another core lesson emerging from the case studies is the need to target the capacity development support not only to the political leadership of the LA (mayor, councillors), but to the local administration (often consisting of poorly paid and motivated staff, lacking skills), de-concentrated services as well as relevant national institutions (e.g. national public administration institutes). Where the EU has been able to overcome both the agency challenges (going beyond treating LAs as beneficiaries) and where both political and administrative levels of LAs were included, the outcomes were generally better.

Delegating and outsourcing carry risks

Finally, the tendency to delegate implementation of EU programmes targeting the local level to various executing agencies (e.g. of EU MS, UN agencies) may have helped programme delivery, but often had a de-capacitating effect as the intermediaries substituted for the roles due to be played by the LAs. Finally, in the Enlargement region, there has been a less than optimal integration of LAs in the accession dynamics and related reforms, including of the public administration. As a result, important opportunities for LA capacity development have not been strategically and structurally used -despite the fact that the implementation of the *acquis* will largely have to be done at local level. The long-term outcomes and impacts of these approaches still remain intertwined with and dependent on simultaneous progress in national framework conditions.

Box 4 *Capacity development and empowerment – examples from case studies*

North Macedonia is a case in point where valuable capacity development projects were delivered at local level but had only limited impact and mixed sustainability in a context where the decentralisation and regional development policies have been stalled since years. Furthermore, evidence suggests the importance of coherence of the EU when engaging with LAs. Sustainable LA empowerment will not happen if the LAs are not put into a position where they can effectively exercise their general mandate and act autonomously within the legal boundaries of their competences. Donor interventions which (unintendedly) reduce the agency of LAs by limiting their role to being a marginal actor, a secondary implementing agency or merely a beneficiary cannot be expected to yield results in terms of LA empowerment (examples of such EU projects were found in several country case studies, e.g. various Cross-border Cooperation (CBC) programmes in North Macedonia). A similar harm can be caused when the intermediaries executing programmes on behalf of the EU (through a Pillar Assessed Grant or Delegation Agreements) end up taking too much space in the implementation process, reducing the role of LAs to a passive recipient of competing models and approaches (e.g. of how to produce a local development plan) and a marginal voice in the policy dialogue with the government or the EU (e.g. Tunisia and to a lesser extent North Macedonia). This calls upon the EU to better regulate the boundaries of the work of the executing agencies in delegation agreements (so as to ensure LAs are effectively in the driving seat) as well as to monitor compliance (to check against substitution approaches by implementing agencies). In this context there may be yet unexplored synergies between the work of CoR (in particular its JCCs in enlargement region) and EUDs.

Limitations of sector-led capacity building

In thematically focused capacity development interventions (such as energy or LED) where the focus is narrower, there is a challenge that the broader context can mitigate against sustainable capacity development if left unaddressed.

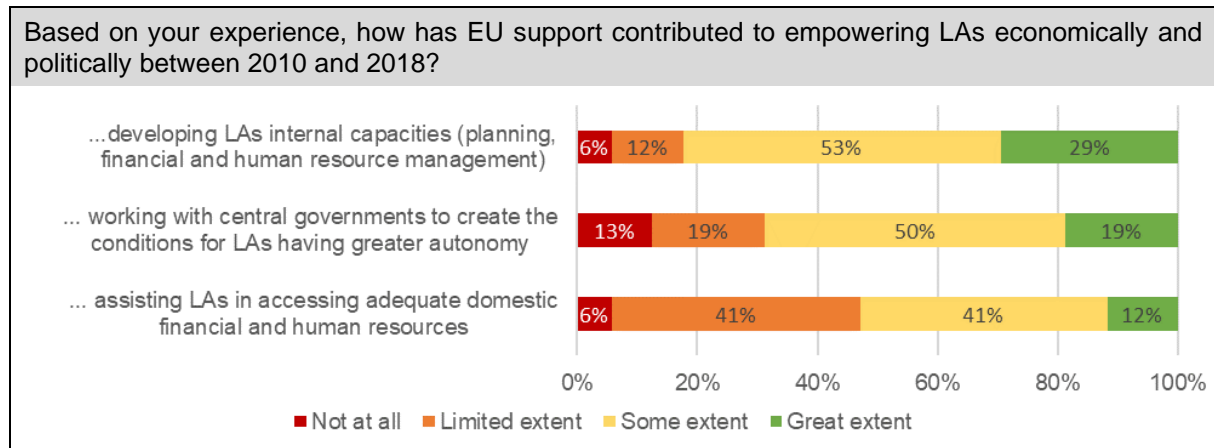
Typically, that includes high turnover of staff, limited ability to attract personnel with required competencies, opaque recruitment and promotion criteria and the broader incentive framework that shape LA's staff behaviour and ability to unfold their competencies (e.g. North Macedonia, Serbia). In this context, more adherence to EU's policies and guidelines for capacity development may be warranted. No amount of training will be able to overcome capacity constraints that especially smaller and increasing poorer LAs face in especially rural areas, where initial capacity is low and LA staff, when offered the opportunity, leave for bigger cities. Training can even be a catalyst for the individual staff members to leave the LA as their competencies have improved, increasing their employability elsewhere.³⁷ It would seem that in some contexts, rural LAs are too many and too small to be viable both from a capacity and from a financial perspective.³⁸

Contrary to the initial expectation, the need to comply with relevant *acquis* appears not to be a major driver for increased capacity development of LAs in the Enlargement region despite the obvious need of these in terms of being able to adopt and implement the required EU standards and levels.

³⁷ This is most pronounced in Neighbourhood East and some IPA beneficiaries, where smaller rural municipalities have seen an unprecedented exodus from rural areas. However, the same pattern is starting to emerge in Neighbourhood South.

³⁸ In Lebanon more than two third of the country's municipalities have less than three employees.

Figure 10 How does EU empower LAs?



Source: Particip, eSurvey of EUDs, September 2020 (see Vol IV).

4.5.3 LAs' enhanced role as catalysts for territorial approaches to local development (JC5.3)

The potential of a comprehensive approach to TALD

A comprehensive approach of local and regional development has been promoted in several countries and regionally with mixed results but demonstrating the potential.³⁹ In a sense, this approach is also related to LAs being able to claim (or reclaim) and develop on a larger mandate, and is often promoted in decentralising contexts. Thus, the more far-reaching the decentralisation process is, the more opportunities for EU promotion of a comprehensive approach to local development. Merged municipalities (to achieve critical mass and scale, as past municipal size was deemed too small) in Ukraine supported by EU thus have clear elements of what, in EU terms, is a territorial approach to local development (TALD). The larger municipalities have been able to undertake far more comprehensive planning and development, encompassing more element of local economic life and service provision. In Tunisia, a new generation of EU support processes seeks, to put LAs at the centre of TALD, by assisting them to assume their general mandate, linking them up with all stakeholders of the territory and produce genuinely owned local development plans. This approach is not without major political, institutional and agency-related difficulties. In North Macedonia, regional development is a formally expressed core priority of successive governments, but implementation lagged behind (including the provision of sufficient incentives and funding for LA participation) inhibiting the prospects for effective territorial development from the bottom-up.

Constraints to LAs' role as catalyst call for innovative approaches

While some LAs' role as catalysts for territorial approaches has substantially improved, most LAs are still hampered by a legacy of centralism, limited budgets and inability to fundamentally reduce intra-regional inequalities. The degree to which LAs take up more comprehensive approaches to territorial development highly depends on how (and how well) LAs internally plan, budget and execute their activities and the resulting outcomes in terms of service delivery and support, including how to respond to emerging crises and inequalities. It equally depends upon LAs to act as convenor of the various local actors of the locality and promote effective partnerships and alliances.

While an integrated territorial approach seems well suited to address the numerous challenges related to rural depopulation, corresponding urbanisation, climate change and irregular migration, too few municipalities have the legal, technical and financial powers to undertake such approaches. To overcome these structural constraints, national policies aimed at promoting regional development (such as recently launched in Morocco) can provide an alternative as they put forward regions as the nodal (decentralised) point for development planning and investments in a territorial perspective. The experiment is still incipient, yet holds major potential, also in the view of the EUD supporting it with a new budget support programme.

The thematic attempts within e.g. energy efficiency and local economic development can only be viewed as initial steppingstones that may catalyse wider improvement in the framework conditions. The CoM initiative is increasingly working with central

³⁹ EU (2016): Supporting decentralisation, local governance and local development through a territorial approach

authorities to feed these information on the key bottlenecks at local level, with a view to fix these problems.⁴⁰ On the other hand, there is also the danger that such thematic initiatives becomes pre-occupied with LA specific projects and plans, and subsequently fails to use the insights from the local level as a leverage for catalysing more systemic reforms at central level that would allow LAs to undertake more comprehensive and transformative development of their localities along the lines outlined in the TALD methodology.

Importance of continuous EU engagement

Evidence from the more successful reformers suggests that it is **important the EU remains engaged and continues to voice support for improving the national framework and to be able to size windows of opportunities** when they emerge, whether of the more transformational or incremental kind. LAs have legitimate expectations that these thematic initiatives do deliver tangible outcomes typically produced through projects, but EU (and EUDs) could also use the knowledge produced by these projects to inform the wiser policy dialogue on improving LAs capacity and powers to undertake more comprehensive long-term planning and implementation. Results in terms of central authorities allowing and supporting LAs to undertake TALD-style planning will likely be uneven across countries and across time, with both incremental improvements (such as in Morocco) and more transformative windows of opportunities emerging (as seen in e.g. Ukraine and Tunisia).

⁴⁰ E.g. in Neighbourhood South there are now SECAP Support Teams at ministerial level, whereas in Neighbourhood East some countries have established a 'national council' on energy efficiency which include CoM signatories.

4.6 EQ 6 - Accountability, participation and local democracy

To what extent has EU support to LAs and ALAs contributed to increased engagement with citizens, CSOs and the private sector – thus improving accountability and strengthening local democracy?



Summary answer to the Evaluation Question

EU support in all countries examined, including regional programmes, have fostered, with varying levels of success, collaborative arrangements between LAs, civil society and the private sector in order to promote local democracy, local economic development or address pressing development challenges. This holds particularly true for partnerships between LAs and CSOs. Interventions with the local private sector have been more of a project related nature, focusing more narrowly on specific sectors and businesses. While many of these projects have contributed to building trust, fostering dialogue and joint action on concrete local issues, they have seldom led to deeper institutionalised governance changes and effective, adequately embedded and internalised mechanisms for dialogue, collaboration, transparency and accountability at LA level.

This results from the gap that often tends to exist in partner countries between high-level EU ambitions (regarding local governance and democracy or LAs acting as “catalysts” of territorial development), the political realities on the ground (e.g. situations of, local state capture, structurally weak LAs) and the nature of the support provided. The EU has too often focused on self-standing, short-term projects and on formal improvements, primarily based on technocratic approaches to capacity development, with reduced traction and political leverage.

Acknowledging these recurrent limitations, several EUDs have embraced more structured approaches to strengthening local democracy/governance, building on recent (formal) changes in national framework conditions introduced by central governments in the intertwined areas of decentralisation and territorial/regional development. This, quite recent new generation of EU interventions, such as in Morocco and Tunisia, tends to be designed in a more politically savvy manner and to deploy substantial financial resources as well as TA over a longer period of time. Building local alliances between actors is an explicit objective of these more systemic programmes. Evidence suggests promising results are being achieved in countries with a relatively conducive environment for progressively moving towards territorial approaches to local development (TALD) driven from the ‘bottom-up’, using adequate scales of planning and action (e.g. Ukraine and Morocco) and involving the various relevant local stakeholders. However, in countries with highly centralised, top-down and vertical systems of governance, fostering multi-actor partnerships under the banner of genuinely empowered LAs has proven challenging. The lack of autonomy of LAs to develop their own local public policies also means they have not ‘much to offer’ to citizens which reduces their legitimacy and credibility as development and governance actors.

In all cases examined, the EU has sought, with varying levels of strategic depth and success, to strengthen localised accountability systems - generally more focused on downward rather than on horizontal or upwards accountability. The resulting programmes have globally contributed to piloting innovative approaches to planning, budgeting, transparent allocation of funding, communication towards citizens and performance monitoring (based on citizen satisfaction surveys). Yet, the institutionalisation of innovative practices resulting is often hampered by constraining national decentralisation frameworks, vested interests (at both central and local levels) as well as a still low demand for change from below. Successful EU-supported interventions have injected new ideas, approaches, tools and practices into the local arena regarding accountability. This, however, cannot be equated with achieving sustainable qualitative improvements in the overall local democratic culture.

4.6.1 Balanced and collaborative governance arrangements between LAs and local actors (JC6.1)

Positive influence of EU support to collaborative governance yet challenge of institutionalisation

EU support has contributed, with varying levels of success to more collaborative governance arrangements between LAs and local actors. In all countries examined, interventions sought to foster collaborative arrangements between LAs and local actors (private sector, civil society) with a view to improve local governance, develop more integrated approaches to local, regional, territorial development from the bottom-up or addressing a wide range of local challenges. Positive effects on collaborative governance have been achieved through many of these programmes, particularly in countries which are progressing in wider multi-

level governance reforms / regional development and where the EU has adopted a more systemic and agency-focused approach to supporting LAs (e.g. Ukraine).

Beyond enhancing the scope for better development outcomes (e.g. in service delivery), these collaborative arrangements tend to influence positively elements of the local governance agenda. Evidence has been collected of projects contributing to improving *trust* between local actors, enhancing access of citizens, CSOs and the private sector to LAs, improved transparency in managing public funds (e.g. the ReLOaD programme) as well as new opportunities to express voice in local governance. However, **major limitations were noted in EU efforts to fully tap the potential of these incipient, multi-actor collaborative arrangements.** Many projects targeting the local private sector have a rather narrow thematic focus on specific sectors and businesses, with LAs generally playing a much less important role in the process, including in terms of complementing the efforts done by formulating supportive local public policies (to ensure greater outreach, impact and sustainability). Projects aimed at fostering partnerships between LAs and CSOs are generally more balanced as they seek to simultaneously strengthen LAs and CSOs. The former is enticed to act as a self-standing public and accountable entity and the latter can help to improve local governance and co-produce public services. Still, even in these more balanced partnerships, the changes observed remain often fragile and of a temporary nature.

However, also generating deeper changes in the institutional mechanisms for transparency, scrutiny, dialogue and multi-actor collaboration at LA level. Experience across the globe demonstrates it is difficult for LAs to assert a major role in catalysing the participation of local stakeholders if they are not endowed with basic levels of autonomy (to exercise their general mandate granted by many constitutional/legal frameworks) as well as discretionary funding (so as to be able to develop local public policies responding to the needs of their constituents)⁴¹. Moving towards genuine forms of collaboration between LAs and local stakeholders, implies a highly political, context-specific and non-linear transformation process of democratic norms and institutional practices. Abundant research and evidence exist on the traps of promoting ritual forms of participation, where local stakeholders are consulted without having a meaningful influence on final choices made by central decision-makers (e.g. in the elaboration of local development plans). This trend is also observable in partner countries with highly centralised, top-down governance systems, such as Tunisia or Morocco. Power politics and state capture also prevail at local level, as evidenced in North Macedonia and Serbia. Pushing forward a local governance and democratisation agenda is challenging in environments characterised by ethnic tensions, citizen mistrust in government institutions and a still emerging democratic culture.

The EU adopted different approaches to promoting collaborative governance

Ad hoc, focused and timebound projects targeting private sector and civil society has shown limited effects in terms of fostering collaborative arrangements between LAs and local actors (see Table 4 below). The evaluation's portfolio analyses allow to broadly distinguish three categories of EU approaches in terms of fostering collaborative arrangements between LAs and local actors. They vary in scope and, above all, in the role given to LAs in the programmes. These design choices, in turn, influence the type of results that can be expected in terms of empowering LAs, expressing voice or institutionalising multi-actor partnerships and collaboration. Two types of support of a rather ad hoc, focused and timebound nature, respectively target civil society and private sector. A third type of EU support that emerged recently in several partner countries (e.g. Ukraine, Morocco and Tunisia) has shifted to more systemic and bottom-up approaches to promoting inclusive local governance.

Table 4 Comparative table of EU approaches to fostering collaborative arrangements between LAs and local actors

⁴¹ EU (2016): Supporting decentralisation, local governance and local development through a territorial approach. This guidance explains in detail, the concept of LA autonomy and preconditions for its effective application (based on literature reviews, evaluations as well as an analysis of policy documents of other donors).

Type of support	Objective and target	Assessment of results
Rather ad hoc, focused and timebound nature	Reach out to the local private sector for LED or infrastructural investments	While such projects may lead to some forms of collaborative arrangements around the specific needs of project implementation, they are typically not conceived to foster structural changes in terms of local governance. <ul style="list-style-type: none"> • LAs tend to be present in the background, but not actively involved • Instrumental engagement of the private sector • M&E and reporting mechanisms built around these projects generally do not focus on qualitative changes at the level of LAs and their agency and ability.
	Targets the local civil society through various instruments (with a focus on local governance in the Neighbourhood South)	Evidence indicates that these projects generally contributed to restoring trust and facilitating ad hoc forms of dialogue and collaboration between local actors. Nevertheless, the impact in terms of <i>deeper changes</i> in local governance tends to be limited, notably because of: <ul style="list-style-type: none"> • weak levels of legitimacy; • autonomy and capacity of LAs; • implementation flaws (e.g. lack of substantial process facilitation support and 'learning by doing' opportunities for LAs, lack of engagement and capacity of CSOs or private sector, absence of conducive national frameworks to scale up and institutionalise innovative approaches at local level).
Systemic and bottom-up approaches	Target the various local stakeholders together around a medium-term vision of change in approaches to local development and governance	These emerging projects show potential to positively influence institutional changes in the LAs' governance as they have the ambition to: <ul style="list-style-type: none"> • act as 'laboratories' to shape new horizontal relations between actors - with LAs acting as convenor and facilitator; • experiment with innovative forms of local governance (e.g. truly participatory forms of local planning, mobilisation of additional funding from the local level, more constructive intergovernmental relations). However, from an evaluative perspective, it is too early to come up with evidence-based analyses on how this works out in practice.
International between EU and Neighbourhood South	Targets ALAs in both EU and South under ARLEM for bring voice of LAs to decision makers	Has ensured that the Union for the Mediterranean sectoral policies include a territorial dimension and enhanced advocacy role of local and regional authorities from the three shores of the Mediterranean to the forums of Euro-Mediterranean partnership. It has promoted local democracy, encouraged North-South and South-South dialogue as well as exchange of good practice between local and regional authorities and acted as a platform for cooperation. However, with limited resources, the impact is also somewhat limited.

Overall, feedback from the EUDs involved suggests a number of major challenges ahead, including on: i) how to move beyond community participation on projects; ii) how to ensure that the sub-national level authorities (regions and municipalities) are not relegated to the mere role of implementing agencies of policies formulated at national level and fully controlled by central agencies and de-concentrated services,⁴² and iii) how to get the local private sector on board, as there is no real tradition to do so (particularly in Tunisia) as there is also limited experience with public private partnerships.

Regional programmes have limited impact on

There have been numerous forms of engagement between LAs, citizen, CSOs and the private sector in the context of the regional programme of the CoM. However, these seldom aimed at changing the collaborative mechanisms for local governance and also had correspondingly limited impact overall. They are thus

⁴² In Morocco, there is a longstanding tradition of launching well-endowed national programmes supported by the King, like the successive initiatives focusing on human development (INDH). Community participation at local level is a key component of all projects launched under this umbrella, yet it concerns a highly controlled form of participation by central agencies.

*collaborative
governance
mechanisms*

examples of tokenism and one-off events (e.g. energy day) that had some characteristics of ticking the box. Nevertheless, in other cases, especially in the South and in Georgia, the private sector has been more consistently engaged. The PPPs have, at times, been more instrumental than genuine partnerships, but some CoM projects have been able to convene partners around specific tasks such as urban transport or renewable energy.

- The programme on local democracy in the Western Balkans (ReLOaD) successfully sought to foster collaborative partnerships between LAs and CSOs in the delivery of relevant services to communities by providing financial incentives in the form of grants for CSOs that municipalities could manage themselves (in line with their local development plans) yet with the necessary guarantees that the funding would be allocated through participatory and transparent processes.
- The projects implemented in the framework of the regional programme Sustainable Urban Demonstration in the Neighbourhood South (SUDEP) have combined investments in local energy infrastructure with providing relevant and transparent information (through modern communication tools) on the benefits of the projects for the municipality and citizens. It also facilitated the establishment of incipient municipal structures involved various actors to discuss energy plans and priority investments for the future.

*Indirect
contribution of
EU support to
reconciliation
and stability*

Contribution of EU programmes to reconciliation and stability across the regions involved has only been indirect. In the period under consideration, there are no major EU interventions directly and specifically geared at reconciliation and stability in the various countries examined, as these used to exist in the past (e.g. Ukraine, North Macedonia). But civil society programmes that seek to promote inclusive and transparent local governance systems and processes have shown potential to reduce levels of mistrust between communities and facilitate collective action around shared development challenges. Different programmes focusing on regional development (Ukraine, Morocco, Tunisia, North Macedonia, Albania) are primarily concerned with enhancing socio-economic and spatial cohesion in countries with important disparities in levels of development. They are supported by the EU as they can be a stabilising factor and help to strengthen the legitimacy of state institutions (at both central and local level) as they are seen as ‘delivering’ public goods and services that benefit citizens (Ukraine). In the wider perspective, the decentralisation efforts supported by the EU can improve stability and reconciliation, by making LAs more responsive and accountable, strengthening state legitimacy and cohesion.

4.6.2 Accountability of LAs (JC6.2)

*Interesting
pilot initiatives
on
accountability
yet overall
impact
uncertain*

In all countries examined, the EU investments in strengthening localised accountability systems, particularly those focusing on downward accountability, have globally contributed to piloting innovative approaches to planning, budgeting, transparent allocation of funding, performance monitoring and provision of data and information to citizens. Increasingly, they are accompanied by citizen’s satisfaction surveys (e.g. North Macedonia, Serbia), an un-existing practice so far in the Neighbourhood South. Yet the potential positive effects of such projects are often seriously curtailed by a number of critical factors: i) the limitations of prevailing decentralisation and regional development frameworks (which do not strengthen the autonomy/agency of LAs or provide them with incentives to engage); ii) the existence of powerful vested interests, traditional (often non-transparent and accountable) ways of working by central and local bureaucracies; iii) a still low demand for change from below, reflecting the structural weakness of CSOs (e.g. North Macedonia, Serbia, Tunisia, Morocco) to systematically engage in local governance processes over time. While several bilateral and regional initiatives have sought to scale up promising local governance innovations, they have generally not been able to trigger an effective institutionalisation, or translation in national regulations, of innovative practices at local level. This explains why qualitative improvements in the overall local democratic culture are hard to track in almost all partner countries examined (with the exception of Ukraine).

*Different
elements of the
accountability*

EU has increasingly sought to strengthen the interlinked dimensions of upward, horizontal and downward accountability with a focus on the latter and limited impact so far. Table 5 presents an assessment of the various forms of

'chain' need to be reinforced

accountability that are considered in this evaluation: upward, horizontal and downward. They all form essential ingredients of the 'accountability chain' in decentralising environments. In contrast to upward accountability, several projects fostering horizontal accountability (mainly through capacity development activities) have been identified. However, downward accountability remains the most prominent type of accountability in EU portfolios, with mixed outcomes.

Table 5 Assessment of results per type of accountability

Accountability	Assessment of results	Examples
Upward accountability from LAs towards central government	Only a limited number of -relatively successful- EU interventions targeting the LA obligations in terms of upward accountability, could be identified.	<i>Albania, STAR-2</i> <i>Tunisia, budget support</i>
Horizontal accountability within LAs	Several (mainly project-related) capacity development activities directed towards LAs covered aspects of horizontal accountability - often without explicitly using this label. The projects generally seek to improve relations between the various actors involved (mayors, councils, administrative staff or de-concentrated services). Moreover, capacity development activities in terms of accountability have also successfully targeted communities at the lowest level in the framework of specific projects and funding streams. These projects have generally triggered positive effects, yet the institutionalisation of new practices is still to be ensured	<i>Tunisia, Ettamkeen programme</i> <i>Morocco, PADT</i> <i>Georgia, N4ED</i>
Downward accountability from LAs towards citizens, local media and CSOs	EU portfolios regarding LAs tend to focus on enhance downward accountability, as it is perceived as a cornerstone of improved local democracy /governance and bottom-up approaches to local and territorial development. However, the outcomes have been mixed, with success critically depending on prevailing political economy conditions at both central and local level.	<i>Georgia, N4ED</i> <i>Albania, STAR2</i>

Well-designed programme focus on both the demand and supply side for better governance

The regional programme on local democracy in the Western Balkans (ReLOaD) successfully promoted transparency in the use of local public funds by creating space for civil society to participate in the identification of priorities and in the actual delivery of public services. The theory of change of the project is that investing in balanced dialogue and collaborative arrangements between LAs and local actors (JC 6.1) will equally allow for gradual improvements in terms of accountability at horizontal and downward levels (JC 6.2). An interesting feature of the project is the provision of financial incentives for effective LA-CSO partnerships. Municipalities can dispose of grants (complementing their limited own budgets) to be used for pressing local challenges or service delivery needs while CSOs can diversify their funding sources. Indeed, CSOs 'knock on the door' of LAs while having guarantees that their project proposals will be scrutinized through a transparent and participatory process. The Final Evaluation Report is positive about this design from an accountability/participation perspective. The ReLOaD project is seen to bring together stakeholders at both the demand and supply side of democratic governance. Indeed, both LAs and CSOs have seen their capacities to take part to collective action strengthened. While local players work together to solve practical development problems.⁴³

Accountability is not fully addressed in the CoM

In the CoM (as a voluntary and decentralised initiative) accountability issues received scant attention. Limited changes can be observed in terms of horizontal accountability, as most LAs only made minor adjustments to their set. The 'CoM first principle' is that LAs must adapt their administrative structure to ensure appropriate governance of the initiative. In some cases (especially in the South) this mainly translated into ensuring that appropriate bodies approved the initiative (typically the municipal council). In the East, e.g. in Ukraine the reform of the energy management systems potentially catalysed better horizontal accountability.

⁴³ Final Evaluation Report ReLOaD project.

4.7 EQ 7 - Service delivery and response to local challenges

To what extent has EU support to LAs contributed to effective and sustainable local service delivery and responses to local challenges?



Summary answer to the Evaluation Question

All EU portfolios examined have contributed, with varying degrees of strategic depth, comprehensiveness and success, to strengthening LAs in planning and delivering services. EU support generally includes a substantial component of capacity development especially through accompanying TA. It is often provided through a combination of nation-wide and localised initiatives, including specific regional projects addressing particular areas (e.g. LED, infrastructure, energy efficiency).

In some partner countries the EU has also been able to effectively push for a structured increase in the LAs' budget envelope (including transfers and local taxation) as a key condition for sustainable service delivery at local level. In other contexts, the EU faces an uphill struggle as service delivery is managed in a top-down manner while fiscal decentralisation is stalled. This leads to a systemic under-resourcing of LAs, hampering their capacity to act as an autonomous actor in service delivery.

Several programmes report evidence of actual impact on LA capacity to respond to concrete demands from citizens and businesses (e.g. for a one stop shop), to operate and maintain facilities or to obtain a feedback from citizens and business. The effects achieved with EU interventions is largely determined by national framework conditions and core EU design choices, including roles given to LAs in the process. Standalone initiatives can generate valuable project gains, outcomes, but these do not suffice to trigger sustainable changes in the absence of scaling-up and systemic reforms. Regional programmes have contributed to enhancing LA capacity for service delivery and tackling specific challenges, yet they face important challenges of institutional and financial sustainability.

In several countries EU support contributed to LA capacity for addressing local challenges though generally in a less structured, projectized manner, which raises important impact and sustainability issues (also to be found in the limited experiments with the use of PPPs). The notable exception is Ukraine, where the national reforms have strengthened LAs' ability to deliver effective services, which resulted in a significant increase in voluntary tax compliance. There is less evidence of EU support tackling emerging local challenges, except for the refugee crisis (e.g. Lebanon) or heavy floods (e.g. Serbia).

In general, the EUDs pay attention to the politics related to multi-level governance reforms and reflect on sustainability and exit strategies although the quality of the analyses tends to be mixed. Core factors determining sustainability are: i) the existence of political commitment to reform; ii) ownership of the support provided at both national and local level; iii) the space for the EUD to address both capacity and sustainable funding issues of LAs and iv) the adoption of gradual approaches in countries with restrictive environments and poor LA baseline conditions.

4.7.1 LAs delivering quality public services (JC7.1)

EU support improved LAs' approach to service delivery

Available evidence shows that many EU-supported programmes have effectively contributed to enhancing LA capacity to better plan, programme, budget and deliver services, including through out-sourcing and collaboration with civil society and private sector. Efforts have also been made to build technical and managerial skills for maintenance, with varying levels of success. Documented successes were primarily found in the areas of local economic development, infrastructure and energy, e.g. Ukraine and Georgia). In the process, a mix of capacity development strategies were used, including peer reviews (e.g. Ukraine) and innovative approaches to pilot and then develop guidelines, methodologies and benchmarks that can be mainstreamed nationwide (e.g. Albania) and therefore have transformational potential. In this spectrum of possible intervention strategies, the case of Ukraine illustrates the potential of smart and comprehensive EU support when national framework conditions are oriented towards LA empowerment (see Box 5).

Box 5

Enhancing LAs public services delivery – example from case studies

In Ukraine, the U-LEAD programme enhanced local administrative service delivery through 600 well-funded, trained and e-governance driven service centres that can reach out to remote communities. Through budget support, the EUD also influences in a positive manner the national framework

conditions, including fiscal decentralisation policies. A virtuous circle has thus been promoted, reflected in both enhanced delivery of quality services by strengthened and accountable LAs and increased willingness of citizens and businesses to voluntarily comply with their tax obligations. Similar comprehensive approaches could be followed in Georgia and Albania, with visible effects on actual service delivery and related local governance arrangements, particularly transparency. They are however, of a less transformational nature than in Ukraine, considering the reluctance of the central government to go further in the decentralisation process or effectively empowering LAs. The ReLOaD programme in the Western Balkans successfully sought to pilot a more transparent allocation of LA funding to civil society for service delivery -though it remains to be seen whether the good practices will be institutionalised.

Sustainability dependent of national framework

The scope to engage and ultimate impact of EU support depends heavily on prevailing national framework conditions. In relatively conducive environments (e.g. Ukraine, Georgia and Albania), the EU could adopt more comprehensive and systemic approaches to service delivery, encompassing both the building of autonomous and accountable LAs and ensuring sustainable funding sources. In more restrictive environments, the EU has either opted: i) to align to national government policies and engage as an accompanying reform partner over a longer period of time, using a combination of budget support and project approaches (e.g. Morocco and Tunisia) with potential for gradual changes at local level over time; or ii) to confine itself to a set of stand-alone projects (e.g. North Macedonia, Serbia) which resulted in valuable project gains, though generally of limited change potential and sustainability in the absence of reforms at national level (e.g. PAR, fiscal decentralisation). In Lebanon, LAs are severely constrained by their financial dependence on the central government, unpredictable transfers and the heavy administrative burden on employment, spending and all processes related to municipal work.

Political navigation is needed in restrictive environments

For the EU to be an effective catalyst of multi-level governance reforms and LA empowerment in restrictive environments like the Neighbourhood South, North Africa in particular, it is key to think and act politically. In this region, the EU is confronted with the enduring legacy of highly centralised and top-down governance systems, leaving limited space for LAs to define local public policies or taking the lead in service delivery. In such contexts, the EU appropriately chose to align to formal national policies, e.g. through the advanced regionalisation policy in Morocco (effectively supported by central authorities) or to the decentralisation reform in Tunisia (enjoying limited ownership by the power holders). In recent years, this engagement has been backed up in both countries by budget support operations targeting national framework conditions and project approaches directed at local level. It is too early to know whether these EU programmes will create more space for LAs and foster their agency as autonomous actors. Much will depend on the capacity of the EU to carefully navigate the politics involved and calibrate its support, including embedded TA with a process facilitation mandate. It also requires experimental approaches aimed at testing what is feasible at local level and progressively capacitating LAs in a learning-by-doing logic. This includes capacitating LAs to elaborate bottom-up and participatory local development plans experimenting with the contractual delegation by sector ministries to LAs as a mean to localise service delivery while ensuring sufficient support by higher level authorities.

Limited potential of project approaches

Specific standalone project interventions only helped to a limited extent in improving LA capacity to deliver services. Across the board, the EU has funded specific project interventions in certain sectors (e.g. local economic development, energy efficiency, climate change, tourism) using both bilateral and regional programmes (e.g. Covenant of Mayors in the Neighbourhood East, or ReLOaD in the Western Balkans, SUDEP in the Neighbourhood South). These projects have shown valuable gains in terms of service delivery and enhanced LA capacity, including to leverage additional financial resources (CoM). Yet, this aid modality has obvious limitations in terms of inducing wider institutional changes beyond the sector targeted or influencing national framework conditions.

Lack of a clear vision of 'LA empowerment'

Furthermore, available evidence also points to the need for a clear EU vision on what 'LA empowerment' actually means. Project interventions often lack an explicit LA empowerment perspective as they tend to only ascribe a marginal role to LAs in service delivery (and often not in line with their legally enshrined competences). A

case in point are the CBC interventions in North Macedonia. Two out of the three projects funded did not give a central and explicit role to LAs in implementation. They are rather seen as secondary stakeholders, to be informed and consulted about the operations. However, in the other intervention municipalities were put more in the driving seat. This allowed the LAs involved to go beyond delivering project outputs, but also consider how they could take complementary measures as local public entity (in the framework of their general mandate). The lack of a comprehensive perspective on empowerment is also reflected with regard to the viable scale for LAs. In many of the countries examined there are many municipalities that are too small to ever become an effective and efficient service provider. The policy option to amalgamate LAs (like in Ukraine) or scale up to the regional level (as in Morocco) should be more systematically explored.

4.7.2 LAs better respond to local challenges (JC7.2)

Effective but unsustainable response to local challenges

In several sample countries, EU support has effectively helped LAs to respond better to local challenges, either through comprehensive approaches following a multi-governance analysis (e.g. Ukraine) or in a more project-related, problem-oriented manner without supportive nation-wide programmes of a more systemic nature (e.g. Georgia, Lebanon, North Macedonia). The latter approach is often problematic. In the absence of fiscal decentralisation, the funding available for LAs is mainly coming from (ad hoc) donor sources, which, by definition, is not a sustainable solution. The CoM has increased the resources and management capacities to respond to climate change, but, by the nature of the initiative, this was often in somewhat narrow project-specific ways.

Prominence of central level when identifying LA needs

A recurrent challenge encountered in many countries is the tendency of central government to take the lead in the process of determining priorities at local level, thus reducing the role of LAs to mere implementing agencies of national plans. Donor agencies can exacerbate the marginalisation of LAs in determining priorities for service delivery. A recent donor mapping in Tunisia shows that very substantial amounts of funding now target the local level in order to address a wide range of challenges. However, these funds are usually channelled through national or international implementing agencies which remain largely in the driving seat. The resulting projects are enhancing the actual delivery of services on the ground. However, they do little to enable LAs to make their own choices (in local development plans produced from the bottom-up) and to engage on an institutional learning curve by exercising agency themselves.

Box 6

Nascent initiatives to help LAs respond to local challenges – examples from case studies

Several EUDs are exploring ways and means to engage more directly with LAs and provide funding allowing for local priority setting of critical services to be provided. In Tunisia, the COVID-19 crisis provided an opportunity to make direct grants to municipalities participating in the Ettamkeen project to determine for themselves priority needs and responses. In North Macedonia, the EU launched, in 2020, a new programme targeting directly municipalities in order to better address context-specific local challenges.

Anecdotal evidence of EU support tackling emerging challenges

There is limited evidence of EU support tackling emerging local challenges. However, interesting examples could be collected of timely and successful EU support to help LAs in Lebanon handle the influx of 1.5 million Syrian refugees or LAs in Serbia to cope with heavy floods. There is also limited evidence of engaging with LAs to address issues of security or reconciliation – though several programmes may have indirectly contributed to these concerns (see JC 6.1).

4.7.3 Sustainability are addressed in programming and implementation of EU interventions (JC7.3)

Despite improvements, sustainability

There is still room for improvement regarding how the EUDs use their knowledge on national reform dynamics and LA challenges to address sustainability during identification and implementation. Most EUDs have gone through a learning curve regarding engagement strategies with LAs, as reflected in a growing though unequal

issues need more attention

use of political economy analyses on reform conditions at national level (prominent in Ukraine, Tunisia and Morocco, much less in Georgia, North Macedonia) as well as on the institutional requirements at local level for sustainable changes (much more widely practised across the board). ReLOaD integrated well prevailing political realities on the ground. However, despite the existence of solid analysis on the political incentives of power holders, several projects clearly had overoptimistic expectations as to the results that could be achieved in a given context, with less than optimal national framework conditions and poor capacities at LA levels. Some adopted too technocratic approaches to implementation (e.g. North Macedonia, Lebanon) which did not address underlying power relations (e.g. reflected in systems of local state capture), ownership issues at central and local levels or incentives for local actors to assume responsibilities.

The quality of exit strategy is variable

Sustainability issues of EU supported interventions for LAs, including relatively realistic exit strategies, are generally integrated into design and monitored during the implementation, though with important variations in the scope and quality of the analyses. EU response strategies equally vary, usually encompassing one or different of the following strands: i) close alignment to national policies that can be of a solid nature in terms of altering intergovernmental relations (e.g. Ukraine, Morocco), ambivalent and timid (e.g. Georgia) or fragile (e.g. Tunisia); ii) ensuring the buy-in from local actors; iii) investing in both capacity development and sustainable funding for LAs; iv) pushing for innovative partnerships between central and local level; v) adopting a longer-term perspective in support complex transition processes to genuine forms of local power (e.g. Morocco and Tunisia).

Three pathways less conducive to sustainable changes have been identified: i) over-reliance of LAs on external funding (from different sources) as opposed to a sound and transparent system of fiscal transfer and local taxation (e.g. North Macedonia and Serbia); ii) an EU support portfolio only consisting of projects, with limited scope for scaling-up of innovative practices and subsequent institutionalisation / mainstreaming in national policy framework; iii) the absence of a clear and integrated EU strategy towards empowering LAs, also targeting changes in national framework conditions, using budget support and non-financial means of leverage (e.g. political dialogue).

Regional programmes create positive dynamics but face major sustainability challenges

Sustainability issues need to be faced more upfront in regional programmes aiming at strengthening the autonomy and agency of LAs. While the resulting programmes enjoy some more liberty - as they do not require the explicit authorisation by central governments - they also need to consider better how the support provided through projects can lead to transformational and sustainable changes.

The sustainability of the CoM initiatives is helped by robust political commitment to the SECAPs and subsequent projects, as also evidenced by solid co-financing commitments by the signatory LAs. Nevertheless, LAs struggle with systemic issues of inadequate budgets and constrained access to finance. Moreover, there may also be an unfinished agenda of reforming the governance structures that promote the sustainability of the CoM initiatives. The evaluation of the ReLOaD raises major questions about the sustainability of the impressive project outputs and the follow-up process. Only a few municipalities sought to establish a more regular and institutionalised dialogue platform with CSOs. While ReLOaD has been able to influence national policy debates regarding the transparent funding to CSOs at local level, progress has been generally slow in changing the formal norms, let alone the practices. The Achilles' heel is the financial sustainability of the project. This holds particularly true for the many small municipalities in the region. This shows again the importance of having a necessary link between project approaches such as ReLOaD, with a huge capacity to test out innovative approaches to local governance and service delivery. Investments in national framework conditions for LAs to become autonomous and accountable development actors are also essential.

5 Overall assessment

Growing EU interest in engaging with LAs

During the evaluation period (2010-2018), the EU has displayed a **growing interest in the incorporation of LAs and ALAs in EU external action** - in line with the evolving EU policy frameworks that call for a stronger strategic engagement with LAs, in order to localise the SDG agenda amongst others.

Mixed results of EU support to LAs

The **track record of this integration process is mixed**. In some countries, the EU has been able to support major reforms launched by central authorities in the realm of decentralisation and regional development. This led to **more politically savvy and sophisticated intervention strategies**, which target both the national and local levels and smartly use the rich toolbox of instruments and aid modalities. **In conducive environments** where central authorities see an interest in reforms to the multilevel governance framework and in enhancing the autonomy / agency of LAs, **significant results** have thus been achieved in terms of reinforcing LA autonomy and accountability.

Lack of support from EU HQ...

However, the **drive** for these more ambitious engagement strategies **comes primarily from responsive EU delegations and committed staff**. There is generally **limited political and institutional encouragement from EU HQ** to risk political capital in promoting decentralisation or engaging directly with LAs in less conducive environments. The core EU policy documents regarding LAs (particularly the 2013 Communication on empowering LAs) are little known and not consistently internalised. This is reinforced by the lack of a dedicated and well-endowed thematic unit to deal with the expanding LA agenda. The capacity development support provided by the EU often lacks broader agency ambitions regarding LAs and their associations. Limited progress has generally been achieved in terms of opening space for LAs and ALAs to participate in core (sector) policy and political dialogue processes or in programming. Ensuring direct funding for LAs has often proven problematic - also reflecting an insufficient use of EU political clout and leverage.

...creates a gap between an ambitious agenda for LAs and effects of EU support

The net result of these structural constraints impeding an effective LA integration, means that **opportunities** to facilitate bottom-up territorial development dynamics (with LAs acting as catalyst) or to improve local governance, **are not optimally seized** by the EU. The decentralisation- and LA-related policy frameworks lack the normative power of the EU's values agenda (as in e.g. human rights and gender) and are also not an explicit part of the IPA fundamentals. Yet, there is undoubtedly a need as well as a level playing field for bolder and more coherent EU approaches towards LAs in the next years. Otherwise the **gap** between increasingly explicit EU agendas in favour of LAs, coupled with pro-active EU Delegations, and actual practices on the ground **will continue to grow**.

6 Conclusions

6.1 Overview of conclusions

Three sets of conclusions

For analytical clarity, the conclusions are grouped into three clusters as summarised in Table 6 below.

Table 6 Overview of the conclusions

Cluster	Conclusion	Main related EQs
Strategic framework	C1. Place and weight of LAs	EQs 1, 2, 4 and 5
	C2. Leverage	EQs 2, 4, 5, 6 and 7
Results	C3. Coordination and partnerships	EQs 3 and 5
	C4. Innovative engagements	EQs 2, 4, 5, 6 and 7
Tools and approaches	C5. Internal leadership and knowledge management	EQs 1, 2, 4 and 5
	C6. LA autonomy	EQs 4, 5, 6 and 7
	C7. Appropriately engaging in unconducive contexts	EQs 2, 4, 5, 6 and 7
	C8. Comprehensive and targeted approaches	EQs 2, 4, 5, 6 and 7

6.2 Cluster 1: Strategic framework

6.2.1 Conclusion 1 on place and weight of LAs

The visibility and place of LAs in EU external action has been enhanced.

This conclusion is based mainly on EQs 1, 2, 4 and 5.

Over the past decade, LAs have become much more visible in EU external action. They are increasingly and formally recognised in EU policy and operational frameworks as a distinct state actor with its own general mandate and related set of legally enshrined roles and responsibilities⁴⁴. A first generation of Framework Partnership Agreements (FPAs) between the EU and international and regional ALAs has been concluded. The need to address issues related to decentralisation, local and territorial development, the autonomy and agency of LAs in a multi-level governance system appears in a growing number of bilateral cooperation agreements. Several regional programmes have been launched in support of LAs (e.g. CoM, CORLEAP/ARLEM with CoR or the recent City-to-City partnerships). While the thematic LA budget line has been abandoned, the proposed NDICI regulation and related (draft) programming guidelines (MFF 2021-2027) call upon the EU to incorporate LAs more explicitly as actors to be consulted and mainstreamed in future geographic programmes. While these HQ-led initiatives helped to enhance the overall visibility of LAs, the driving force pushing for a better incorporation of LAs in external action and cooperation processes were EU Delegations. They responded not so much to evolving EU policy frameworks (which remain little known at field level and not particularly pushed by DG NEAR) but to major windows of opportunities arising from new national reform agendas or local level dynamics. This resulted in a growing number of EU initiatives which reached out with varying levels of ambitions, depth and coherence to LAs. This, in turn, helped to gradually reinforce the place and weight of LAs in the overall EU cooperation process with partner countries, across sectors and units of the EUDs. In this process, it became clear how important the local level was (e.g. to localise the SDGs, to increase the impact of EU support, or to ensure the effective implementation of the *acquis* in accession countries). The experiences gained are coalescing into a growing demand from the field (emanating from both LAs/ALAs and EUDs) to accelerate the effective integration of LAs in future EU external action and the next programming cycle.

6.3 Cluster 2: Results

6.3.1 Conclusion 2 on leverage

The EU has generally been a significant supporter of initiatives aimed at LAs, but it has not been using its full political clout for leveraging more systemic reforms in its partner countries.

This conclusion is based mainly on EQs 2, 4, 5, 6 and 7.

In most countries, the EU is one of the main donors and has significant political clout due to its size, market and core values, to which many aspire. A number of partner countries formally aim to approximate significantly to core EU standards and approaches, as an overriding policy ambition. EU's actions, policies and recommendations thus carry quite a significant weight in these contexts. Nevertheless, the EU has seldom pushed the case for structurally improving the national framework conditions of LAs, arguably a reflection of the relatively low level of priority this issue has been granted, as well as the wish not to be seen as intervening in partner countries' domestic affairs.⁴⁵ On the one hand, there is a balance to be struck between not intervening and imposing a normative view of how third countries should organise their intergovernmental relations. On the other hand, most partner countries in the Neighbourhood East and the Western Balkans have signed the European charter on Local Self-Governance. Many partner countries also have policies and legislation in place that will necessitate much wider multi-level governance reforms than is currently the case, in which LAs should enjoy sufficient levels of autonomy and accountability to deliver on their mandates defined by law. Moreover, in the case of countries in the Enlargement region, LAs will need to be better equipped to effectively implement the *acquis* requirements, including the Maastricht Treaty obligation

⁴⁴ Examples of increased LA visibility include the revised Cotonou Agreement (2010), the landmark 2013 Communication on empowering LAs, the 2017 European Consensus for Development as well as numerous Council Conclusions in which LAs are seen as critical allies in addressing pressing development, migration or security challenges. CoR has similarly increased its engagement in JCCs, CORLEAP and ARLEM. More fundamentally, the list of roles and responsibilities that stems from the Maastricht and Lisbon treaties is even longer.

⁴⁵ This especially concerns EC and EEAS. CoR has pressed for better framework conditions but its clout on its own is comparatively limited.

of respecting the principle of subsidiarity. The CoR has been advocating for a more ambitious and pro-active EC approach towards LAs since many years through Opinions, Resolutions and dialogues. Besides political clout for pushing needed reforms, the EU also has a unique basis for supporting its partner governments. The EU is a truly global organisation working in more third countries than any of its Member States. In addition, the EU represents a wide range of LA configurations among its members – a richness and diversity that provides a robust source for technical expertise, guidance and support, that has only truly been put to use in a few countries (most notably Ukraine). The EU also has a strong partnership with European local and regional government associations – as reflected in the work of the Committee of the Regions. This provides great potential for learning both from EU and third countries' experiences of decentralisation reforms as well as territorial development and for disseminating these across the three regions and possibly even beyond. However, this potential has not been pro-actively leveraged, not only due to the above-mentioned political sensitivities but also partly because the EU internally has not been pushing and providing systematic support. EUDs are largely operating with limited political steering and guidance from the EEAS and Commission HQ.

6.3.2 Conclusion 3 on coordination and partnerships

LA empowerment efforts are most effective if country-led and with strong coordination of development partners, leveraging the comparative advantages of donors ensuring complementarities of support.

This conclusion is based mainly on EQs 3 and 5.

The way development partners engage with LAs and how they support efforts to improve the framework conditions facing them are key determinants of effectiveness and sustainability of EU's efforts in this space. If uncoordinated and fragmented, interventions to capacitate LAs by EU may be undermined by gap-filling from another. Similarly, proliferation of PIUs at LA level (as seen in e.g. energy projects) can also lead to dispersion of resources and a focus on catering to project specific needs as opposed to managing core LA functions properly.

The EU has generally aimed to promote better coordination and has adhered strongly to the principles of coherence, coordination and complementarity (3Cs). Where central governments have taken the lead in such efforts and encouraged other development partners to follow suit, the results have been impressive with mutually supportive reforms and where donors could use their comparative advantages in suitable areas.

However, donor incentives for complying with the 3Cs principles are often weak and without strong government led efforts in this space, support is likely to fragment, undermining a coherent and effective reform process. EU has generally been leading in promoting the 3Cs principles, but unfortunately, there are only a few cases of strong government-led efforts to coordinate other development partners and their inclination to adhere to the 3Cs principles (and the wider aid effectiveness agenda) has also been declining.

6.3.3 Conclusion 4 on innovative engagements

Innovative approaches to engaging with LAs have been tried out but in the absence of complementary national reforms the impact of EU interventions is hampered

This conclusion is based mainly on EQs 2, 4, 5, 6 and 7.

In many ways, the past decade has offered opportunities for innovation where EU could test how best to engage with LAs in different contexts. In the initial phase of the evaluation period, most EU interventions were targeting the local level with short-term projects to address specific challenges, yet without necessarily putting LAs in the driving seat⁴⁶. Building on reform dynamics in several partner countries regarding decentralisation and regional development, the EU seized new opportunities and developed much more sophisticated response strategies. These integrated well the lessons learnt with past support as well as the insights acquired into the politics of the reform processes involved (based on a growing use of political economy analyses). They sought to influence both national framework conditions which determine the operating space for LAs and to engage directly with LAs from an agency perspective, focusing on transforming LAs over time into legitimate, capable, autonomous and accountable institutions.

⁴⁶ Most projects did not factor in the specific mandate and roles of LAs, but rather included them as mere implementing agencies or beneficiaries of policies, plans or programmes conceived elsewhere.

In this process, an increasingly smart use was made of the various policy dialogues, financing instruments and aid modalities available in the EU toolbox. As an EU institution, the CoR has opened valuable channels for structured dialogue with LAs from partner countries. Comprehensive approaches were followed in both conducive environments (where ruling elites see an interest in empowering LAs and display genuine commitment to reform) and less conducive environments (where ruling elites have formally launched reforms yet where there is limited willingness to let go and allow the emergence of autonomous local powers). In conducive environments, significant results could be achieved by EU support provided. These include positive effects in terms of i) enabling LAs to put forward their own priorities in terms of territorial development; ii) sustainably enhancing their resource base (through transfers, local taxes, external support, leverage investments); iii) forging mutually beneficial partnerships with civil society and the private sector; iv) improving both the access and quality of public service delivery; or v) deepening downward accountability. In less conducive environments, the existence of formally agreed joint priorities to foster decentralisation and strengthen LAs has not necessarily much practical value - considering the incentive structure of powerholders. In such cases, the EU generally managed to navigate the highly sensitive political contexts of the reforms. Fostered by increased levels of knowledge and capacity (both internally and externally), windows of opportunities were identified, and various instruments were carefully activated -without creating opposition. However, in such restrictive contexts, evidence clearly indicates that the EU has less influence on the impact of interventions (in terms of reinforcing LA autonomy, participation as well as local public service delivery). This can be explained by resistance to change from a variety of central actors, the numerous incongruencies and limitations of the national frameworks and the structural weaknesses of LAs, which for decades acted as passive recipients of national policies instead of developmental actors in their own right.

6.4 Cluster 3: Tool and approaches

6.4.1 Conclusion 5 on internal leadership and knowledge management

The EU at HQ levels has displayed limited leadership in terms of putting in place the right incentives, knowledge management processes and capacities to engage with LAs

This conclusion is based mainly on EQs 1, 2, 4 and 5

The above-mentioned reluctance of the EU to optimally use its political clout and leverage when it comes to creating more space for LAs or pushing for supportive national policies is also reflected at institutional and managerial level. Despite the growing policy importance attached to LAs, there have been no corresponding efforts at HQ level to put in place a dedicated thematic unit in DG NEAR (or jointly with DEVCO) with a clear mandate and relevant expertise to accompany EUDs that venture into decentralisation and regional development support or seek to engage and/or fund LAs in a more direct manner. At DG NEAR, there was no institutional focal point to ensure collective learning or establish knowledge management systems that could help to catalyse new modalities of engagement with LAs. The knowledge repository at CoR, with more than 25 years of accumulated experience, has also been underutilised. Useful guidance has been produced regarding the role of LAs in TALD or on ways and means to integrate them in budget support operations. However, there are no processes in place to help with disseminating and internalising these new sources of knowledge beyond ad hoc support to selected EUDs. This helps to explain, for instance, why the whole notion of empowering LAs is generally poorly understood. The evaluation found abundant evidence of EU support programmes which do not adequately consider and respect the legally enshrined roles and responsibilities of LAs as elected political entities. They rather tend to see LAs as an actor like many others or a mere often passive beneficiary. Such a *de facto* marginalisation, in turn, leads to ill-conceived, project-oriented and technocratic approaches to capacity development not linked to a genuine LA agency logic.⁴⁷

Neither have institutional incentives been provided for EUDs to push for and experiment with direct funding approaches to LAs. A case in point is the proposed NDICI Regulation (still to be negotiated with the EP), which calls for the 'mainstreaming' of LAs into the geographic programmes (as there would no longer be a dedicated thematic line for LAs) but the EU still has to provide the required operational guidance on what this means in practice.

As a result, many EUDs develop their own internal knowledge base and capacities, which clearly have been robust and context sensitive, but with limited guidance and also with limited take-up in the

⁴⁷ An exception here is CoR's platforms such as CORLEAP and ARLEM, however they focus on dialogue, joint learning events and networking, with few support activities and even less funding.

form of institutional learning from HQ. Finally, there has also been limited systemic engagement with the CoR's external-action bodies.

6.4.2 Conclusion 6 on LA autonomy

Across the three regions, many LAs, at the lowest level, are too small to act as autonomous viable entities -which calls upon the EU to foster national policy changes regarding scale.

This conclusion is based mainly on EQs 4, 5, 6 and 7.

In all regions and countries examined, many LAs are too small to have realistic prospects of becoming financially viable and having a critical mass for acting as catalysts of territorial development or providing appropriate levels of service delivery. Based on current trends and projections, these LAs are getting progressively smaller as especially young people emigrate and rural areas depopulate. LAs find it difficult to attract and manage resources through regional programmes for much needed energy and climate resilience (e.g. under CoM) or to attract private investments (e.g. under M4EG or the WBIF) due to lack of critical mass. They also struggle not only to recruit competent staff but also retain their current staffing levels and capacities, as more capable local civil servants often migrate when offered the opportunity. Some countries, most notably Ukraine, have conducted a process of amalgamating LAs, with very pertinent support from the EU as part of the decentralisation programme (which, in this case, is actually also partly centralising at the lowest level). Here, more fundamental reshaping of old boundaries and division of authority may be needed. In Morocco, the issue of limited scale is addressed through an EU-supported process of regionalisation, aimed at transforming over time the 'regions' of this vast country into nodal points for planning territorial development and investments. However, most countries have not fundamentally addressed this sensitive issue and EU has generally not pushed for action.

The few encouraging examples are and a timely reminder that change is possible especially if part of a wider reconfiguration of intergovernmental relations. However, such amalgamation / regionalisation processes are highly political and sensitive which makes them difficult to implement. EU has also supported second-best solutions in terms of overcoming lack of critical mass, by bundling LAs for e.g. energy related projects with centralised project management. Also, there are encouraging examples of LAs collaborating on joint public private partnership in waste management, again with strong EU support. In the Neighbourhood South and the Western Balkans, the option of cross-municipality cooperation is poorly understood and not widely pursued -leaving scope for the EU to push more for such an approach to overcome issues of scale and capacity.

6.4.3 Conclusion 7 on managing mixed commitments

Appropriately engaging in contexts with mixed commitment to LA empowerment remains challenging for the EU, but a long-term, strategic and patient perspective can yield results.

This conclusion is based mainly on EQs 2, 4, 5, 6 and 7.

Unconducive contexts with limited real commitment from central authorities to improve multi-level governance and enable LAs as autonomous and accountable actors, pose significant challenges for the EU in terms of identifying appropriate entry points that can maintain a critical and result-oriented dialogue. Such critical dialogue at the central level is important for seizing both small and bigger opportunities when they emerge. Thus, in several cases EU has aligned with national policies (despite limited levels of reform commitment and uncertain scope for enhancing LA agency) supporting central governments in making only gradual and incremental improvements in the framework conditions. These often involved working on related, but often less politicised issues of e.g. regional policies (e.g. in Ukraine, Georgia, Morocco), which also offered more and faster scalability once major reforms become possible (e.g. Ukraine) as the EU was already in place, with knowledge of the key actors, policies and options. In other contexts, progress has continued to be more limited, but also here EU can play a role in engaging with the central level (as currently is the case in e.g. Georgia, Tunisia), while attempting to link and leverage localised engagement for increased demand for accountability and wider reforms (e.g. Tunisia).

Direct engagement with LAs such as the CoM offers a robust entry that has the potential to catalyse more comprehensive planning for wider territorial development. However, this potential is too often not realised, as the framework conditions (e.g. limited autonomy, lack of finance, too weak/small LAs) do not allow for the realisation. Instead, LAs may choose to focus on small, too incremental projects (e.g. energy efficiency through kindergarten renovations) that do not fundamentally respond to the challenges the LAs are facing and tend to be time limited (i.e. stopping when the specific project ends). However, there are on-going initiatives to link the information on the bottlenecks facing LAs in

improving e.g. energy efficiency, with a view to inform and catalyse changes in the national framework conditions. These initiatives may allow for broader and more long-term planning for territorial development. It is thus important to use discreet smaller projects more instrumentally as steppingstones for developing the capacity and vision for more comprehensive territorial planning with complementary efforts at national level to improve the policy and regulatory framework.

6.4.4 Conclusion 8 on comprehensive and targeted approaches

LA empowerment requires comprehensive approaches, targeting both improved framework conditions and capacitating LAs. The EU has seldom been able to progress evenly on both aspects. Piecemeal approaches have limited transformational potential.

This conclusion is based mainly on EQs 2, 4, 5, 6 and 7.

Impacting and sustainably empowering of LAs needs action at both local level as well as EU pressure and support at national level, to improve critical framework conditions enabling LAs to exercise their authority and have their mandates financed. At local level, the EU has shown that smart and demand-driven capacity development strategies over a longer period of time, can yield significant outcomes and build momentum that locks in the reforms. However, equally important is to ensure that the reform process encompasses a comprehensive package that clearly defines the transfer of mandates, the financing that is needed and the capacities that have to be in place (e.g. to operate and maintain services), all elements that require substantial cooperation at national level.

In only a few contexts have both national and local level conditions been simultaneously conducive to deliver on both fronts. In these specific cases, the results have been impressive with the EU using all relevant and available instruments at its disposal in a longer-term perspective of political and institutional change.

EU's comparative advantage in terms of empowering LAs appears to centre around supporting larger initiatives that have more a systemic and long-term perspective. While smaller, discreet and highly localised projects have generally produced valuable outputs, the scope, leverage potential and duration of these piecemeal approaches are generally too limited to induce more sustainable changes at LA level or to scale up innovative practices at national level. In the absence of accompanying EU pressures to influence national framework conditions (e.g. by complementary budget support operations) the operating space for LAs is not likely to structurally improve. Moreover, they tend to impose a management burden that EUDs may struggle to deliver on. Without fiscal decentralisation there is also a risk LAs become highly dependent on external funding to expand their capacity to act.

Furthermore, outsourcing projects carries its own risk. Here, the focus tends to be on output delivery while the role of the EU is generally limited to monitoring project implementation. This can undermine EU opportunities to build strategic partnership or engage in policy dialogue. The use of contractors or delegated cooperation (e.g. with member states, UN agencies) also carries significant risks in terms of compromised capacity development outcomes and opportunities for policy dialogue. Here, UN agencies/consultants, facing limited pressure from central authorities to capacitate LAs, often resort to focus on delivering tangible outputs in a timely manner thus substituting and gap filling for LAs, instead of working to make themselves superfluous. This unhealthy incentive structure may be even more pronounced if they can be awarded the next contract. This, in turn, would call for incentive alignment by the EU in the design of the ToR and subsequent monitoring of contractor for compliance.

The need to work at both local and national levels also clearly appeared in EU attempts to integrate LAs into EU investment schemes, as experienced with the WBIF. Before this can happen, capacities have to be developed at local level to identify priorities and defend their project. Yet, the investment schemes were also confronted with major bottlenecks at national level (weak policy guidelines, poor central coordination and support) which further reduced the scope to involve LAs.

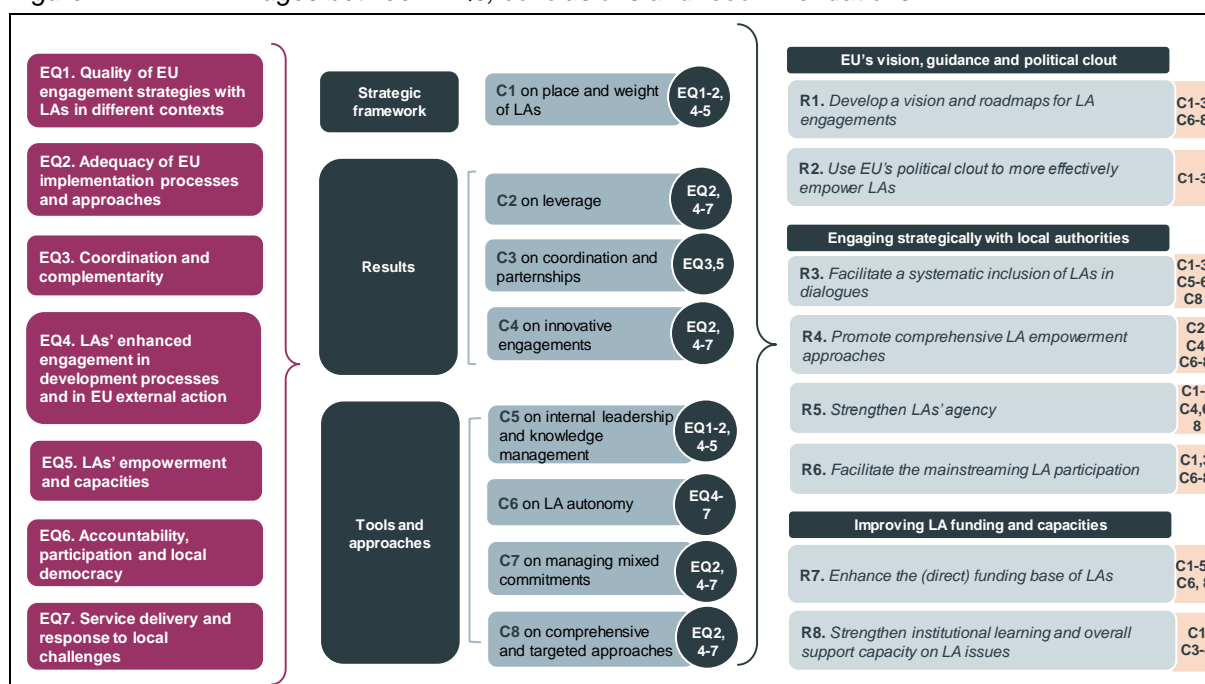
However, the EU can work directly with LAs in e.g. more peer-to-peer LA partnerships such as the CoM where LAs, especially in the Neighbourhood East, have been capacitated in terms of implementing energy efficiency measures and also been able to better plan and execute energy and climate plans.

7 Recommendations

7.1 Overview of the recommendations

How to strengthen EU support The following eight key recommendations emerge from the conclusions. The linkages between EQs (findings), conclusions and recommendations are illustrated in Figure 11.

Figure 11 Linkages between EQs, conclusions and recommendations



Prioritising recommendations

Table 4 provides an overview of the level of priority in terms of importance of the recommendations and the urgency of their realisation. Addressing these priorities requires actions by different actors. Therefore, each recommendation includes suggestions for operational steps to put it into practice and proposes implementation responsibilities.

Table 4 Overview and prioritisation of the recommendations⁴⁸

Recommendation	Importance*	Urgency*
R1. Develop a vision and roadmaps for LA engagements	1	1
R2. Use EU's political clout to more effectively empower LAs	2	2
R3. Facilitate a systematic inclusion of LAs in dialogues	1	1
R4. Promote comprehensive LA empowerment approaches	2	2
R5. Always engage with LAs with a view to strengthen their agency	2	2
R6. Facilitate the mainstreaming of LA participation	2	2
R7. Enhance the (direct) funding base of LAs	1	2
R8. Strengthen institutional learning and overall support capacity on LA issues	1	2

* 1 = high, 4 = low

7.2 Cluster 1: EU's vision, guidance and political clout

7.2.1 Recommendation 1: Develop a vision and roadmaps for LA engagements

Develop an EU vision for LA engagements guiding an accompanying realistic country-specific roadmap

This recommendation is linked to Conclusions 1, 2, 3, 6, 7 and 8.

Main implementation responsibility: DG NEAR, EEAS, EUDs

Main associated actors: CoR, EU MS, CoE,

Core lessons and learnings

In some contexts, the EU has developed a vision of how it intends to engage with LAs, with a defined purpose and perspective on how genuinely empowered LAs could help drive development forward, including through the JCCs. This has generally allowed for more coherent and consistent support to LAs, with a sharper strategic focus on support to LAs also across different sectors, aid modalities and instruments. Such a vision does not need be overly futuristic or lofty, but has to serve a uniting purpose in terms of providing EU (and ideally other

⁴⁸ Average ranking, some recommendations could be more important and urgent in some context than others.

development partners) support with a clear direction and plan for what LAs should evolve into and how. In the absence of such a vision, there is a high risk that LA related engagements are not pulling in the same direction and the associated risk of reducing LAs to more passive beneficiaries (see also recommendation 5). As part of the visioning process, a roadmap of the steps needed to get there can be used; outlining how the various engagements can constitute elements in realising the vision, their sequencing and complementarity actions. Both the visioning and roadmap should ideally support governments' strategies and priorities and also be shared with other development partners active in the LA space to encourage wider uptake and more coherent response to the LA challenges.

The exact elements of such a vision and roadmap should clearly be context- and country-specific but could include an analysis of how to engage in national framework conditions; how to enable LAs' directly and what role sector and wider PAR reform can play in driving local improvements.

What should be improved?	How should this be done?
Where there is no clear direction and common purpose, develop a country specific vision	<ul style="list-style-type: none"> Develop the vision with the EUD in lead, but possibly also including HQ, CoR, ALAs and other development partners. Use appropriate flexible tools such as the Problem Driven Iterative Adaptation (PDIA), as a step-by-step approach which breaks down LA challenges into its root causes, identify entry points, search for possible solutions. The product could be a 'living' theory of change that is updated to reflect progress and set-back.
Develop an integral roadmap that aligns all relevant on-going and future engagements along the vision	<ul style="list-style-type: none"> Map ongoing engagements of relevance to LAs and assess pipeline projects/programmes with a view to develop a roadmap that will contribute to the realisation of the vision. The roadmap should be used to guide action, reflect upon what has been learned, adapt the roadmap and then act again.
Share the vision and roadmap with both government entities and other stakeholders not involved in the design process	<ul style="list-style-type: none"> Organise workshops if there is demand, otherwise use bilateral means for dissemination and dialogue. This is to get more coherent and coordinated engagements for structurally enhancing the agency of LAs to fulfil its general mandate while participating effectively in a multi-level governance system.

7.2.2 Recommendation 2: Use EU's political clout to more effectively empower LAs

Be proactive in advocacy and in identifying ways of empowering LAs while respecting country ownership

This recommendation is linked to Conclusions 1, 2 and 3.

Main implementation responsibility: EUDs, EEAS

Main associated actors: CoR, EU MS, CoE

Core lessons and learnings

As this evaluation has shown, the EU has been able to provide substantial political, technical and financial support that helps partner countries in a multiplicity of ways if it has defined a clear vision on the place and role of LAs in a given country (see also recommendation 1). In such circumstances, it can help enhance the agency LAs to better deliver services to their citizens and businesses -by ensuring fairer and more adequate financial resources from both intergovernmental transfers and through assisting LAs to raise their own revenues. It has also assisted in fostering innovative local governance practices in contexts characterised by unstable political settlements and thus helped reduce fragility; all this on the basis of the countries' own (formal) policies, but clearly instrumental in improving both service delivery and accountability. Where the most comprehensive reforms have been implemented, the outcomes have generally been correspondingly substantial. The EU should continue to offer such comprehensive and substantial support to governments that request it. Member States can and do play an important role in complementing EU's efforts. Moreover, EU has a normative backing from the European Charter on Local Self-Government (promulgated by the CoE) and related core principles (especially subsidiarity and LA autonomy). It can fall back on policy frameworks (such as, the Commission's 2013 communication on LAs as well as its policy guidelines on territorial approaches to local development). Combined with its partner governments' own policies and need for improving participation, accountability and service delivery at local level, there is a powerful platform available to be more upfront and proactive on the need for accelerated reforms aimed at enabling LAs as actors in a multi-level governance system. Below are some elements of how such advocacy could be shaped:

What should be improved?	How should this be done?
Undertake in a more consistent manner an analysis of the countries' political economy, at both national and local level.	<ul style="list-style-type: none"> Engage with a multiplicity of partners, starting with line ministries. Identify who has an interest in decentralisation and LA empowerment and those that seek to undermine genuine reforms. Analyse the incentives and disincentives to reform. Identify the ways in which actors will attempt to game the system in the future, including windows of opportunities for win-win solutions.

	<ul style="list-style-type: none"> Propose strategies for overcoming these obstacles and entry points for discussion.
Provide better and prominent evidencing, creating more effective advocacy platforms.	<ul style="list-style-type: none"> Engage strategically with credible ALAs for advocacy and voice. Commission research from academia and think tanks evidencing and awareness raising in the public discourse.
Maintain and deepen conversation with central ministries on the importance of enhancing the agency of LAs through supportive national policies (see recommendation 3 below)	<ul style="list-style-type: none"> Stay engaged with projects and/or dialogues in the ministry responsible for LAs (e.g. ministry of interior/home affairs/local self-government). Also engage with other ministries of relevance incl. MoF in the context of fiscal decentralisation or PAR and sector ministries for better service delivery (e.g. health & education). Engage in more structured political and policy dialogue with key actors raising LA issues and jointly identify pathways for progress, respecting country ownership.

7.3 Cluster 2: Engaging strategically with local authorities

7.3.1 Recommendation 3: Facilitate a systematic inclusion of LAs in dialogues

Create space for LAs to meaningfully participate in core policy processes affecting them as well as in EU-driven political, (sector) policy dialogue and programming EU programming

This recommendation is linked to Conclusions 1, 2, 3, 5, 6 and 8.

Main implementation responsibility: DG NEAR, EEAS

Main associated actors: EU MS, CoR

Core lessons and learnings

Over the past decade, LAs/ALAs have become more visible in the overall EU external action, particularly at macro level. Structured dialogue opportunities have been created through Framework Partnership Agreements with leading continental/regional ALAs while the CoR facilitates dialogue with LAs through Joint Consultative Committees (Enlargement region) and through CORLEAP and ARLEM. Regional initiatives such as CoM have also facilitated dialogue and interactions between LAs and the wider EU family. However, the growing prominence of LAs has been less reflected in the EU external action with partner countries. In conducive environments where the EU has applied comprehensive approaches towards enhancing the autonomy and agency of LAs, new channels of dialogue have been opened between central and local level actors as well as in EU related programming and cooperation processes. Yet on the whole, the inclusion of LAs in political dialogue, (sector) policy dialogue and programming processes remains limited in most countries. Also, in EU-supported investment schemes, the voice of LAs is often not heard. Recently, the EU has been more pro-active in trying to include LAs in a structured manner in donor working groups. However, there is still an unfulfilled agenda in creating space for LAs/ALAs to genuinely participate in core policy processes. This will require the use of the EU's political clout to encourage central governments to be more inclusive as well as innovative approaches in terms of ensuring multi-actor dialogues.

What should be improved?	How should this be done?
Use the EU's leverage and clout to open-up space for effective LA participation in relevant political/policy processes.	<ul style="list-style-type: none"> Develop a consistent narrative on why LA inclusion is important (based on national policy frameworks, EU high-level priorities and the global SDG agenda). Analyse the political space and available windows of opportunities for progressively integrating LAs into core policy processes. Focus on improving intergovernmental dialogue and collaboration between central and local level, e.g. on how to accelerate the decentralisation reform Activate the EU's power and leverage to push for LA inclusion, in close coordination with Member States (who increasingly also engage strategically with LAs). Use the EU's political clout to integrate LA issues in budget support operations (particularly indicators trying to enhance LA autonomy). Build closer links / partnerships with LAs (particularly major cities) and ALAs to ensure local anchoring and demand.
Exploit all windows of opportunities to involve LAs in programming, designing and implementing EU support.	<ul style="list-style-type: none"> Ensure the full-fledged participation of LAs into programming processes by e.g. having sessions with ALAs when preparing next cycle. Foster multi-actor dialogue processes involving LAs for all relevant sector support programmes, by e.g. having joint sessions with line ministries and ALAs. Reinforce current attempts to foster multi-actor dialogues at local level around projects or wider TALD initiatives.

	<ul style="list-style-type: none"> • Encourage and facilitate, where possible, a structured dialogue between central and local governments on core reforms such as decentralisation and regional development. • Facilitate multi-actor and multi-level dialogues on innovative approaches to local development / local governance to ensure scaling-up and mainstreaming of good practices. • Better exploit the potential of initiatives such as the JCCs, CORLEAP, ARLEM, CoM or ReLoaD for triggering multi-actor dialogues on how to address wider sector challenges.
Enable LAs and particularly ALAs to become relevant policy interlocutors.	<ul style="list-style-type: none"> • Integrate dialogue with central government and other actors in all support programmes oriented towards LAs. Where needed, include capacity development measures for LAs and ALAs to improve quality of participation. • Foresee dialogue and TA facilities to accompany LAs to gradually become relevant policy interlocutors. • Explore more deeply how strategic partnerships with ALAs could be developed to empower these structures to speak for LAs (particularly smaller municipalities).

7.3.2 Recommendation 4: Promote comprehensive LA empowerment approaches

EU should promote as comprehensive LA empowerment strategies as possible to optimise chances of success

This recommendation is linked to Conclusions 2, 4, 6, 7 and 8.

Main implementation responsibility: EUDs, DG NEAR

Main associated actors: EEAS, CoR

Core lessons and learnings

Where the EU had a clear vision on its engagement with LAs and has been able to support comprehensive reforms at both local and national levels, the outcomes have generally been more impressive and sustainable. Often, piecemeal project approaches, concentrating on the local level fail to tackle additional aspects that are crucial to achieve positive outcomes. For example, devolving political authority to LAs without providing the financial means is counter-productive. Conversely, supporting improving the fiscal position of LAs, without appropriate transparency and accountability mechanisms in place may undermine local governance quality. The encouraging examples of this evaluation were characterised by combining political incentives with changes to the intergovernmental fiscal transfer systems. These allowed to expand the political mandate of LAs, facilitated the involvement of core line ministries in the process and had strong interrelationship with wider public administrative reform initiatives. These successful initiatives also had strong dialogue and cooperation between various levels of government, with the EU acting as a convenor and assisting in designing and implementing change processes, thus improving the multi-level governance system in which LAs can effectively play their roles defined by law.

There is thus a need to thinking through change processes both from the point of direct support to LAs, but also from the perspective of how national framework conditions either impact on the LA conditions (e.g. governance and wider public sector reforms) or where LAs are expected to deliver services (e.g. environment, energy, health and education).

In all these processes, the EU has been supporting, at times nudging and encouraging the changes, but ultimately the ownership and drivers were local stakeholders. It will be important that such ownership is ensured and subsequently respected to ensure sustainability. The EU's substantial financial volume that it can mobilise also positions it well to engage in comprehensive reforms, particularly through a smart mix of aid modalities (budget support, complementary projects and TA). The EU should build on and augment these qualities in its support to reform work and learn from the successful experiences.

What should be improved?

In most contexts a starting point would be to build on the EU's vision and roadmap (see recommendation 1) and to make both the analytical and planning frameworks more comprehensive

How should this be done?

- Include both technical and political economy factors in a comprehensive analysis. This analysis should also map out the interdependencies that are mutually supportive to allow for effective LA empowerment. There is much scope for better recognition of how the elements of change work together, even in conducting analyses that are primarily focused on specific features of reform. CoR can provide valuable inputs to such analyses.
- For this to work, the EU must ensure wider dissemination and effective uptake of core EU guidance and tools for analysis and planning including EU's guiding on political economy and decentralisation process (TALD from 2017 and the Communication on LAs from 2013).
- Combine different financing instruments and aid modalities to influence needed reforms at national level (in particular fiscal

	<p>decentralisation) while creating space for bottom-up processes of territorial development and inclusive governance driven by LAs.</p> <ul style="list-style-type: none"> • In smaller engagements, still consider the interplay of LAs with both national frameworks and local actors to ensure both respect for LA mandates and sustainability
Monitor and possibly mainstream LA aspects in relevant and related areas of support	<ul style="list-style-type: none"> • Ensure better coordination between all engagements related to public sector management. • Consider more the spatial dimension of development and the need to territorialise public policies and investment schemes to ensure improved relevance and impact. • Ensure detailed analyses of implications for LAs where they are either affected or have an implementation role according to the legal frameworks of the country. • Increase focus on LAs role in acquis implementation in the Enlargement region.

7.3.3 Recommendation 5: Strengthen LAs' agency

Always engage with LAs with a view to strengthen their agency, especially when using contractors

This recommendation is linked to Conclusions 1, 2, 4, 6 and 8.

Main implementation responsibility: EUDs, DG NEAR, EEAS

Main associated actors: EU MS, UN agencies and other implementing agencies of EU programmes

Core lessons and learnings

LAs have a dual role of both being development actors (elaborating their own local public policies) as well as acting as implementing agencies on behalf of central government of national plans and programmes. Both roles are important for having a vibrant and accountable nexus between the LAs and their constituencies and efforts to improve both aspects have generally been more sustainable and garnered high levels of local ownership. This has materialised not only in wider, more fundamental reform settings, but also in smaller project-level engagements, such as the CoM, where LAs are driven the process of priority setting and identifying the deliveries and services to be provided, with EU support such process with technical expertise and financial backing. Thus, even if framework conditions are constraining for improving LAs' agency, it is still possible to design and implement projects that respect and nurture their unique role as being close to citizens in terms of both service delivery and as a legitimate actor for the development of the territory. The EU should continue to support such engagements which respect the legally enshrined roles and responsibilities of LAs across all their interventions (budget support operations, localised projects, TALD initiatives, CBCs). This is equally necessary when delegating implementation of LA support programmes to intermediaries / contractors such as Member States, UN agencies and consultancy firms. Their incentive structure often leads to a situation whereby they are in the driving seat of the process rather than LAs.

What should be improved?	How should this be done?
All relevant EU interventions should contain analysis of how LAs agency will be affected and how their specific mandate and role could be recognised and supported.	<ul style="list-style-type: none"> • Avoid supporting local level projects dealing with LED, local governance or service delivery that marginalise LAs or treat them as mere beneficiaries. • Engage with LAs and their associations on how projects and programmes can expand LAs' space for defining and deciding about their own priorities in matters regarding their mandates. • Create space in sector budget operations or investment schemes for the LAs to express voice and help in the implementation. • Support the demand side of better local governance by fostering collaboration of civil society and the private sector in local affairs.
Focus on LAs long-term capacities to produce relevant and mandated services and goods to its citizens.	<ul style="list-style-type: none"> • Make the LAs' capacity to produce outputs a key outcome in e.g. results frameworks / logframe, thus avoiding consultants' gap filling. • Accept that in many countries LAs are not (yet) in a position to exercise agency and experiment therefore with contractual delegation of responsibilities between state and LAs (as a learning by doing approach including fast iteration). • Where possible ensure better nexus between citizen and LAs in service delivery (and the improvement hereof) thus strengthening the localised accountability compact. • Systematically encourage horizontal partnership and co-production of services between LAs, civil society and the private sector
Design contracts with implementing agencies that align project	<ul style="list-style-type: none"> • Make sure contracts do not provide incentives for output production by the contractor that LAs should do.

modalities with agency improvement.	<ul style="list-style-type: none"> • Ensure that incentives encourage contractors to increase LA agency to gradually make themselves superfluous. • Attempt to design projects that aim at making the contractor superfluous in the mid- to long-term. • Closely monitor programme implementation from the perspective of progress achieved with enabling LA as autonomous and accountable actors.
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7.3.4 Recommendation 6: Facilitate the mainstreaming LA participation

Encourage more mainstreaming of LA participation in both sector and macro level reforms

This recommendation is linked to Conclusions 1, 3, 6, 7 and 8.

Main implementation responsibility: EUDs, DG NEAR, EEAS

Main associated actors: EU MS and CoR

Core lessons and learnings

As stated above, LAs generally have better ability to deliver accountable services when comprehensive approaches are applied to improve both framework conditions and the agency of the LAs themselves. This also applies to sectors where the EU often has major support programmes such as health, education, energy, environment climate, public financial management/PAR and migration. Here, the first challenges for the EU is to think through how their sector-work can support LAs in delivering on the many aspects required for the implementation of sector programmes, again while simultaneously respecting and nurturing the legally enshrined mandates of LAs as autonomous actors. In some contexts, the EU has been able to do so, but in most there have been limited efforts and resources invested in exploring the scope for mainstreaming LA participation in sector operations -in line with constitutional/legal frameworks of the partner country. Going forward it will be important to link sector work with LAs, as detailed in the recommendations below.

Secondly, and arguably even more important, is to encourage partner governments at central level to ensure that both its sector policies and the more macro level issues pertaining to financing and governance are sensitive to and supportive of LAs, thus boosting the effectiveness of national level policies and potentially also improving LAs standing and connectedness with its citizen. Again, this has materialised in a few contexts, whereas many others have had limited focus on these issues and with the EU not being particularly proactive in ensuring the mainstreaming of LAs, despite the availability of operational guidance on how to facilitate this. However, where EU has managed to work with governments to integrate LAs in their sector and macro policies the outcomes have been impressive and also inform the below recommendations:

What should be improved?	How should this be done?
Support LAs integration in sector analysis and programming where LAs have assigned roles and responsibilities (according to the legal framework).	<ul style="list-style-type: none"> • Facilitate LA inputs when designing EU sector interventions which could include engaging ALAs • Encourage partners, especially central government ministries, to mainstream LAs in their policies, approaches and strategies by e.g. including ALAs and the ministry responsible for LAs in drafting and coordination. • Emphasize analysis of impact of central government fiscal transfers and investments on recurrent budget implication for LAs. This is especially important in case of service delivery where a comprehensive analysis on the use of local revenue generation and user fee contributions is needed to enhance sustainability of local investments as well as cover inclusiveness issues. CoR may also contribute to the analyses.
Integrate LA analysis in major macro-economic and governance engagements	<ul style="list-style-type: none"> • Work with e.g. CoR, SIGMA and local efforts to strengthen analytical capacity to include implications for LAs (financially and capacity wise) when designing packages for improved public governance and wider public administrative reforms. • Work with central level institutions (e.g. civil service commissions) to ensure that human resources policies and strategies which are fairly and consistently applied also at local level, including merit-based, non-political recruitment and promotion, transparent and fair remuneration, and professional development system of civil servants. • Ensure that anti-corruption initiatives are translated into realistic and implementable programmes at local level, with budgeting for staff, IT and capacities to be in place. Consider learning from phased approaches (such as the 'integrity cities' in Ukraine).

7.4 Cluster 3: Improving LA funding and capacities

7.4.1 Recommendation 7: Enhance the (direct) funding base of LAs

Facilitate access to funding for LAs by advocating fiscal decentralisation and putting in place appropriate mechanisms and modalities to access EU aid resources

This recommendation is linked to Conclusions 1, 2, 3, 4, 5, 6 and 8.

Main implementation responsibility: DG NEAR, EEAS

Main associated actors: EU MS, EU financing institutions, CoR

Core lessons and learnings

LAs cannot act as autonomous and accountable actors towards their own citizens in the absence of funding they can use in a discretionary manner (provided through central government transfers, own resources or external funding). This explains why genuine decentralisation, particularly at fiscal level, is key to creating the conditions for LA to fulfil their mandates defined by law and act as catalysts of bottom-up processes of territorial development. In countries with a conducive environment, the EU has been able to influence positively national framework conditions, particularly in terms of enhanced resource flows accruing to LAs. This led to impressive results in terms of reinforcing the capacity of LAs to chart their own development path for the territory and gain legitimacy in the eyes of citizens reflected in e.g. increased willingness to pay local taxes.

EU programmes or initiatives (e.g. CoM and ReLOaD) which managed to inject resources directly into municipal budgets also triggered genuine dynamics and innovative practices in terms of local governance, territorial development or energy efficiency. These approaches should be continued and expanded.

However, in most partner countries, the funding of LAs is highly centralised, earmarked and erratic. The growing flows of donor funding to the local level is seldom transferred directly LAs, thus impeding their agency and capacity development. This - compounded with the limited LA capacity to raise own resources, benefit from investment schemes or attract external grants - leaves many LAs with unfunded mandates which is detrimental to their autonomy and accountability. If the EU considers LAs' ability to deliver services and improve local democracy as high-level priorities, it should use its political clout to push for systemic changes in resource flows towards LA within partner countries and facilitate direct access to EU aid resources in the new MFF (where a specific thematic line for LAs would in principle no longer exist). The CoR has consistently stressed the need for the EC to develop adequate instruments and procedures to fund LAs as sub-national public entities.

What should be improved?

How should this be done?

Foster genuine fiscal decentralisation as a pre-condition for turning LAs into legitimate, enabled and accountable actors in their own right

- Use the EU's political clout and leverage to convene and facilitate dialogue with central and local governments on how to deepen decentralisation reforms particularly in fiscal terms
- Encourage the central government to increase the level of discretionary transfers to LAs in order to ensure their financial viability
- Encourage central governments to progressively enhance the own resource base of LAs -while ensuring LA capacity development and improved local PFM
- Encourage central governments to relax too strict regulations impeding LAs to access loans and blending facilities
- Provide targeted assistance to core ministries involved to design and implement feasible reforms
- Reinforce the capacity of LAs/ALAs to advocate for fiscal decentralisation and other tax reforms

Facilitate direct funding for LAs in the EU support provided

- Ensure that dedicated funding is reserved for LAs in the (ongoing) programming process of the geographic instruments (bilateral and regional) and relevant thematic budget lines.
- Open-up (sector) budget support operations for ensuring that resources can be directly channelled to LAs (using national systems)
- Building on national legislation and financing procedures, explore ways and means to provide direct grants to LAs for carrying out their general mandate or piloting innovation
- Ensure that contractors acting as implementing agencies respect the agency of LAs and their prerogative to make their own choices
- Continue to provide resources for regional programmes in support of LAs with an agency perspective and direct access to funding
- Set up a task force at HQ level to make a comprehensive analysis of the challenges involved in providing direct funding (also through blending) to LAs in different contexts -with a particular focus on adequate procedures and modalities to effectively reach out to LAs (e.g. by recognising the substantial limitations "Call for Proposals" approach to funding local governments)
- The work of the Task Force should lead to users-friendly operational guidance for EUDs, to be supported by adequate TA facilities

7.4.2 Recommendation 8: Strengthen institutional learning and overall support capacity on LA issues

Create an enabling institutional environment for engaging effectively and coherently with an expanding LA agenda

This recommendation is linked to Conclusions 1, 3 and 4.

Main implementation responsibility: DG NEAR, DG DEVCO, EUDs EEAS

Main associated actors: EU MS and CoR

Core lessons and learnings

Over the past decade, EU HQ has produced an increasingly sophisticated set of policy frameworks that acknowledge the role and added value of LAs and calling for their effective integration into EU external action. Simultaneously, the CoR has invested heavily in developing partnerships and dialogue platforms to engage with LAs and their associations. More dialogue opportunities exist (e.g. the strategic partnerships with leading ALAs). Growing amounts of funding are available for LAs through a variety of EU initiatives. This enhanced visibility and profile of LAs in EU policy discourse is a positive evolution, which merits to be pursued in the coming years. The voices of LAs/ALAs will continue to become stronger as will their demands to be taken more seriously as independent development actors in their own right. This will be exacerbated by the increasing need to invest at the local level e.g. to localise the SDGs or ensure the implementation of the *acquis* in accession countries. However, a key lesson derived from this evaluation is that this wider recognition of the specific role of LAs at policy level has not been consistently translated in the EU institutional architecture and at operational level. Particularly at EC HQ level, there has not been a clear strategy and coherent action to provide incentives for the integration of LAs, to disseminate and internalise relevant guidance produced nor to put in place effective systems for learning and knowledge management. No dedicated efforts have been made to structurally enhance HQ capacity to provide political steering or offer EUDs relevant forms of (demand-driven) expertise. As a result, EUDs are largely left to their own devices when it comes to charting out how best to engage with LAs and build knowledge and capacity to that purpose. The key lesson is thus to create incentives and institutional structures that will allow to capture and institutionalise such learnings at central level in order to provide better support and backstopping. This is more detailed below.

What should be improved?	How should this be done?
Provide political and managerial incentives to ensure an effective integration of LAs	<ul style="list-style-type: none"> • Present a more explicit narrative on why a stronger strategic engagement with LAs is crucial for a more effective and coherent EU external action (building on the Maastricht Treaty principle of subsidiarity, the European Charter for Local Self Government, the 2013 Communication as well as the Opinions, Resolutions, studies of the CoR on the matter) • Give clear political instructions on how the integration of LAs could be translated into practice (including their mainstreaming in sector operations) • Help to open space for the inclusion of LAs in political and policy dialogues as well as programming processes • Put in place effective quality control systems on country specific roadmaps for LA engagement • Clarify lines of responsibility and accountability at HQ/DG NEAR to deal consistently with LA issues and draw on CoR expertise
Spell out a comprehensive strategy to strengthen the EU's overall institutional capacity to engage strategically with LAs	<ul style="list-style-type: none"> • Identify core gaps in knowledge and expertise in relation to dealing with LAs and related national reforms and define on that basis a plan of action in terms of institutional development over next 5 years • Ensure the existence of a dedicated thematic unit at the level of DG NEAR – endowed with a strong mandate, influencing power as well as the needed financial and human resources) • Make better use of the experience, best practice and policy advice contained in the CoR Opinions, and of the CoR's external-action bodies • Specify how the EU could make a better use of local sources of knowledge and expertise (including from ALAs)
Strengthen the processes for institutional learning and knowledge management	<ul style="list-style-type: none"> • Enhance the dissemination, internalisation and effective uptake of valuable policy frameworks and operational guidance, using e.g. the above-mentioned thematic unit as focal point • Facilitate a substantial upgrade in the quality of M&E systems to assess the effectiveness and impact of EU engagement strategies

	<p>in different contexts, support institutional learning and inform future policies and practices</p> <ul style="list-style-type: none">• Further invest in (demand-driven) facilities with flexible TA and other resources that can help EUDs and local stakeholders to engage in joint experimentation and learning• Provide an attractive menu of practical learning opportunities on possible approaches and good practices in terms of LA empowerment (through trainings, exchanges, networking, exposure)
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