

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	R1	<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
	R2	<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	R3	<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
	R4	<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
	R5	<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
	R6	<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	R7	<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
	R8	<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