

PEFA Assessments of Local Governments in Tunisia: Summary of Results and Reconciliation with the National PEFA

CONTEXT

The new Constitution that was enacted on January 27, 2014 introduced a new decentralization system that must be effective and break with the previous system, which was limited to ostensible decentralization and failed to address the needs and aspirations of Tunisians. Implementation of a reform agenda aimed at transforming local governments into true local development actors began in 2014. As is the case with any multi-actor process, decentralization reforms require the involvement of several stakeholders, such as local governments, the ministries of local affairs and finance, and the Court of Auditors.

PROCESS

To support this decentralization process, the World Bank financed the preparation of a concept note for PEFA assessments of the seven municipalities (2011 framework) in 2017. This note incorporated the national assessment (2015 pilot framework) and focused on providing a draft multi-year action plan, outlining in detail the measures that must be taken at the central level and in the communes in order to pursue reforms.

Once the PEFA assessment reports were consolidated, the team of assessors met with the relevant stakeholders in order to compile and formulate recommendations. The results and broad strokes of the national action plan were presented during a feedback workshop.

RESULTS

The summary of the results from the various reports clearly showed the existence of strengths that must be leveraged, in particular the clarity of the legal framework, the administrative organization of public revenue and expenditure, the adoption of a participatory approach to budgeting, and expenditure planning. Weaknesses relating primarily to fiscal discipline, strategic allocation of resources, and efficient service delivery were also identified.

The results of the concept note were used to prepare an action plan aimed at improving the public financial management system in local governments. This action plan has the following five objectives:

- Ensure transparency in the public financial management system;
- Build capacity;
- Include the budget in a multi-year public policy strategy;
- Ensure control in budget execution; and
- Improve internal and external financial control.

The various stakeholders worked closely together to formulate these objectives, ensuring consistency with measures already adopted by the State in this area.

The concept note proved extremely useful in discussions held during the State's reform process, with the results serving as a source of inspiration for the drafting of the Code of Local Governments enacted in May 2018 and its 38 implementing decrees (under development). The note also introduced a new culture of dialogue between the central and local governments for the establishment of a joint reform development approach.

LESSONS

The mission to prepare the concept note provided an opportunity to:

- Assess the public financial management performance of municipalities as an efficient public financial management system that is critical to the implementation of local development policies, public investments, and public service delivery, addressing the aspirations and expectations of citizens and narrowing disparities;
- Adopt a participatory approach to better define and plan the reforms required in the area, in the context of joint reform development;
- Harmonize the multisector reforms required to promote decentralization and ensure overall logical consistency;
- Compare the performance scores for subnational governments and the national government assigned using two different PEFA frameworks. The indicators for each pillar in these two PEFA frameworks were therefore cross-referenced to make the comparison.

The heterogeneous nature of the communes covered in the PEFA assessment resulted in reforms with two types of actions plans. The first category is general in nature and covers all communes, while the second category of actions is designed to address the specific needs and contexts of the assessed communes.