



DECENTRALISATION IN THE MASHREK REGION: CHALLENGES AND OPPORTUNITIES

Dialogue and capacity building of
local and regional authorities
in EU partner countries
in the fields of development
and local governance

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Decentralisation in the Mashrek Region:
Challenges and Opportunities

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Authors: Omar Abdulaziz Hallaj, Myriam Ababsa, Karam Karam, Ryan Knox

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EXECUTIVE SUMMARY

Decentralisation has been one of the main tools advocated in recent years as a process for empowering local communities to engage more effectively in leading their own processes of development, improve service delivery, enhance social cohesion and, above all, support fundamental democratic changes. Many of these objectives have guided international aid programs in recent years. This paper aims at looking at how such processes have fared in the context of the Mashrek region of the Near East, with strong lessons learned for future aid programs, particularly those supported through the EU and other European bilateral programs. A broad review of current issues and themes has been presented to allow both regional stakeholders and European ones to open a discussion on the issue and build new visions and entry points for framing further cooperation on the issue.

The paper is structured in three parts. The first part provides a broad overview on the progress of decentralisation in the Mashrek region by contextualizing the process within global transformations, as well as within regional discourses and trends. Different countries in the region have focused on different approaches to decentralisation. Some have limited their approach to greater transfer of central competencies to the periphery through centrally-controlled bodies, or what we call more specifically de-concentration. While others went for a deeper transfer of powers and resources in what could be truly dubbed decentralisation, or alternatively, devolution. The main motors for such processes were discussed from the point of view of their impact on local development and eradication of poverty, democratization, maximizing of public resources, as well as their impact on conflict resolution and social cohesion. In each case, a broad level of mapping the field was provided to explain how the discourses on the issue and how the practice is taking place.

The first part of the paper also brings three case studies from Jordan, Lebanon and Yemen, to illuminate the different factors at play in steering the momentum towards decentralisation in the region. The three case studies document different national priorities and concerns while also exhibiting some structural commonalities. The focus on the Mashrek region has been considered in a very flexible manner beyond the narrow definition of the Mashrek in many classical geographical text books. The emphasis is on how the historical processes in the region have developed. In that sense, experiences from other countries in the region (both the non-Arab and the Maghreb region) provide important parallels. However, the Mashrek provides a special area of focus both for historical reasons as well as for framing the events in that region since 2011.

In the second part of the paper, the focus is set on how European policies affected the process of decentralisation in the past. This part examines the European experience itself with its own trials and tribulations and the lessons learnt that the European aid paradigms have tried to advance in developing the European Neighbourhood Initiative and other donor modalities in the Mashrek region. Successes and failures are looked at to draw further lessons for the future. Thus, while years of failed reform programs addressing national governments have led donors to focus on the smaller scale projects and programs and avoid the entangled bureaucracies and corruption at the national level, today there is a need to bring the next wave of programs to empower local authorities themselves to address national structural problems.

In the third part, the paper provides general recommendations for the region as well as specific recommendations to enlist debate and dialogue among policy makers in the EU as to the next generation of development and poverty alleviation aid destined to the region. Recommendations are purposefully left broad in their nature, focusing on situating the next round of projects and programs, rather than fixing their types and scope.



This paper is meant to support dialogue among a wide number of stakeholders and participants. As such it is meant to draw attention to points that can and should be discussed but it does not pretend to hold the ultimate word on any of these subjects. The main methodology adopted was to review the broader field of literature framing the question of decentralisation from as wide a perspective as possible. In the preparation for the post 2015 Sustainable Development Goals, the issue of local accountability for development should be seriously reconsidered, as it will have direct implications on future donor policies towards the region. It is hoped that this paper could contribute towards that discussion. However, it is also hoped that this paper will provide a broader scope on the issue than the current paradigms constraining the discourses of the different stakeholders at present.

PART 1. OVERVIEW OF THE DECENTRALISATION IN THE MASHREK REGION

The area extending from Egypt to Iraq, known today as the Mashrek, is part of a wider geo-political context that includes a broader zone of political, economic and social influences. In their modern history, most countries in the region had their own trajectories of how they evolved from being part of the Ottoman Empire (or part of its zone of direct influence and interference) to becoming modern nation-states. While strong cultural and linguistic ties have framed close parallels among them, similar and / or different ties link them up to their regional neighbours. As such, different ideological constructs have been proposed in the past to demarcate a clear and specific definition of aggregating the historical experience of these countries. It is not the intention of this paper to prove or disprove any specific demarcation for the Mashrek region. Administrative systems have been borrowed and transferred across the wider region, legal statuses are influenced by cultural norms that dominate a wider regional context and economic models are influenced by the political economy of a globalizing world that extends well beyond the boundaries of the Mashrek. To that extent, the term 'Mashrek' itself is used in this paper with a strong caveat with regards to its territorial limitations. Moreover, as the scope of this paper covers decentralisation, a topic that spreads across the political, economic and socio-cultural fields of study, important links to broader regional and global trends have been identified and incorporated in the analysis.

Economically and administratively, however, the countries that came to be defined as the Mashrek, share certain undeniable commonalities that distinguish them from the unfolding of historical processes in the Gulf region (the Gulf Cooperation Council) and the Maghreb (the Arab countries west of Egypt). While certain parallels exist with these regional neighbouring, there are sufficient grounds on which to explore the development processes of the Mashrek collectively and to draw regional lessons learnt. To that extent, Yemen, which fits beyond the classic definition of the Mashrek, has shared common experiences with regards to decentralisation. Its core processes since its break away from the traditional monarchical system in 1962 has followed paradigms closely linked to those of the Mashrek. Thus, for the purpose of this paper it is incorporated integrally as part of the study.

1. Local Government and the Local Public Sector in the Mashrek Region

Most of the published research on decentralisation in the region has focused on two main themes. On the one hand it has focused on political representation. The ability of local institutions to be inclusive is then often analysed in terms of its impact on empowering local stakeholders to engage in national politics or in the opposite direction in codifying patronage patterns and alliances from the national to the local levels (Maghames, 2005). On the other hand, a genre of research has looked at the balance sheet of local municipalities to assess the competencies at the municipal level and to suggest a widening of the resource base available to local authorities to match the increasing level of responsibilities they are supposed to undertake. Where research fails to cover sufficient ground is on the level of territoriality, in essence studying the political economy of localities and the ability of local authorities to play a leading role in expanding the

resource base for the benefit of communities. This of course would also touch on the ability of local governments to develop stable frameworks to negotiate with central governments on solid grounds. Most of what had been described as advancement in decentralisation in the region had concentrated on shy manoeuvring of local administration units to maximize resource despite the legal and political deadlock that constrains their work¹.

The majority of the Mashrek region had traditionally experienced decentralisation in its most rudimentary level. Technically under the banner of “Administrative Decentralisation”² only the lowest level of local governance units had elected councils to represent them and to oversee the delivery of services still being managed by central agencies. The upper level local authorities have remained under the tight control of the central government. Even when some level of regional level representation was accepted in the territorial management framework, it was often carefully checked by veto powers of appointed governors or the critical balances between appointed and elected council members³. The real weight of budgetary decision making and the ability to unleash investment funds were not in the hands of the elected councils (Attallah, 2012). The ability of local authorities to negotiate collective frameworks for development and mutual benefits was often perceived as a threat to national unity in the context of fragile national social contracts.

To that extent, the issue most often raised about the level of funding for municipalities, is almost bypassing the real problem. In the Arab World, the Public Sector funds constitute the real motor of GDP growth. The bulk of these budgets are often designated for running costs and paying the salaries of large but ineffective bureaucracies, particularly at the local level (World Bank, 2007). Maintaining political patronage has often been a priority over developing sustainable local economies. The rentier structure of most national economies in the region has helped to codify unproductive and unsustainable Public Sectors (Fares, 2001, Ayubi, 2009). The decentralisation process for the most part has done nothing more than handing down these traditional budgetary frameworks to the local authorities. Funds are never going to be sufficient; they were not sufficient on the national level to begin with to be sufficient on the lower level. As we have seen above, the theory of maximizing the impact of limited resources through decentralisation has not worked in practice, since the essential instruments for reform remained locked on top.

The focus of the debate in the region has been confined to a very limited set of priorities. On the one hand, there are central governments that see local authorities as nothing more than a buffer to make local communities a bit more satisfied with a slightly more equitable framework of distributing national rents to improve services and create modest local multiplier effects. In that sense, the decentralisation process becomes a purely technical process of enhancing the absorption capacity of local authorities to handle new mandates and competencies. Invariably, this was the discourse presented by many regional and international organizations (Arab Organization for Administrative Development, 2007, World Bank, 2007). On the other hand, there are local municipalities, often representing the interests of local elites, demanding a higher share of the national rents to be used to expand their political patronage while improving services. In many cases, local calls for further decentralisation were not based on demands for more empowerments, but on the fact that more layers of government on the local level would create more entitlements for local bureaucracies and local elites⁴. Stakeholders are often fighting over the small pie rather than thinking about enlarging the pie. A great deal of that competition would then be manifested in terms of sectarian and ethnic conflicts. In the context of the highly divided local identities of the region, the fight over national rents has created a vicious cycle. Dependence on rents limits, the emergence of new paradigms for sharing resources, and the inability to share national resources productively recreates political systems that thrive on controlling the distribution of national rents (Ayubi, 2009). The experience of European societies and how they negotiated their post WWII local governance systems might be a relevant process to reflect on, and to consider how decentralisation can be used as part of re-negotiating the social contract in a deep and fundamental way and not just on a utilitarian and administrative level.

² A historical review of the territorial control of the centre over the peripheries is beyond the scope of this paper. However, it should be alluded to that the paradigm of administrative decentralisation has often been more acceptable as a framework in the region because it matches the parallel structures established at the end of the Ottoman period, where the policing, taxation and delivery of service were organized for increasing the efficiency of territorial management by the sovereign rather than empowering local communities and enhancing their ability to maximize their productivity. Local authorities were part of the rentier economy of the central government. Productivity was only pursued with the mindset of asset preservation rather than investment and growth. The land reforms of the Late Ottoman Empire and their close correlation with municipal reforms should be seen in that light. See for instance (Hallaj, 2003).

³ While the role of the central government representative in managing regional affairs is a standard feature in many countries' territorial administration systems, in the Mashrek region, the issue is rooted in age old models where the governors hold almost total and unchecked power. In many countries in the region, the post is often given to a military commander.

⁴ This attitude was expressed in countless meetings and discussions with local authority figures in the region over the last fifteen years.



Nonetheless, to imagine that municipalities are passive bodies, awaiting the will and generosity of central governments, is to grossly miss the point. Particularly in the wake of the Arab uprisings of 2011, local communities are becoming ever more demanding in terms of rights and jurisdictions. Civil society as well has played a critical role in dislodging the status quo on many levels. The shy and progressive advancements of the last two decades (mainly supported by international aid) are starting to come to fruition. First, we shall look at global trends and their manifestations in the region. Then, later in the paper, we shall look at three case studies where long processes of change have dislodged old paradigms. Patronage, consolidating the status quo, and the impossibility of expanding the funding pool through the agency of rent seeking elite reached their limitations and new paradigms of negotiation and inclusiveness are emerging and codifying new values for local governance. At a critical impasse, local authorities have tried to maneuver and negotiate, often successfully. However, success remains slow and limited in scope and may not match the ticking time bomb of entitlement to the region's youth. The three case studies represent three systems that were designed and negotiated beyond the classical frameworks of broadening competencies, expanding resources, and building capacities. In each case, there is a fundamental transformation at work.

2. Global Trends in Decentralisation with Implications on the Mashrek Region

The last forty years have witnessed major paradigm shifts concerning local governance. Since the later Middle Ages, the transformations that aggregated local feudal powers into central state functions resulted in a natural mistrust by central authorities towards any reverse transformations that could undermine the nation state. Modern political theory had mostly focused on legitimizing central frameworks of sovereignty (Toulmin, 1992), be it monarchies at first, or republics later on. Some nations fought major wars to establish the central role of the nation-state (the cases of Spain and the USA are prominent examples). Other nations were born from the negotiations among smaller fiefdoms to create a central government in order for them to aggregate their resources and increase their chances to compete economically and politically in a world where the nation's survival and independence was at stake (the unification of Italy is one such case). In recent years, however, that dominant centralizing paradigm waned. Several new paradigms have emerged to usher a more relaxed attitude towards decentralisation. In this section of the paper, the focus will be on describing some of the most important paradigm shifts that shaped the theory and practice of decentralisation and local governance in the last decades with a focus on understanding how global trends affected the Mashrek region in particular.

2.a Decentralisation as Democratization

1. The political origins of decentralisation, a global perspective

In the post-World-War II Europe, an attempt at learning from past experiences to prevent the recurrence of war pushed for stronger scrutiny of political institutions. Better systems of accountability were needed. Many European countries underwent some constitutional reforms during that period. The classic separation of powers between legislative, executive and judiciary was no longer viewed as a sufficient framework for checks and balances. Local governance provided one additional measure to keep central governments in check by transferring powers through the subsidiarity principle to the appropriate levels of governance (Caracassone, 2011). This was further codified by the European Union's recognition of Local Governance as an essential part of the European political system in its various treaties. The establishment of the Committee of the Regions (CoR) was the direct political manifestation of this strong local emphasis. The CoR assembly allows regional and local authorities a strong say on the promulgation of European law.

By contrast, in the USA, while the Federal institutions played a major role in advancing major civil and human rights as well as ushering deep democratic transformations, mainly through the commitment of the Chief Executive office and the Supreme Court, the trend of concentrating powers in the centre was in reverse as of the mid-seventies of the twentieth century. State powers were being asserted by the courts on all other issues. Some would argue that this level of decentralisation was actually to curb the democratic momentum of the sixties (Graeber, 2013). In either case, decentralisation moved to the centre of the political debate on democratization in the last thirty years.

The paradigms evolving in the more advanced economies often became a normative structuring factor for the international organizations. The UN, the World Bank, EU, OECD and other major players adopted the shift. Research was commissioned to link decentralisation and democratization to anti-corruption and economic development (Binder et al., 2007). However, the role of decentralisation as an essential framework for democratization was also important for its own merit. Willingly or unwillingly, developing nations still struggling with their nation state identity, started receiving some compulsory dose of local governance programs in conjunction with other aid money. In many fragile states, the attention of donors to local capacity building has actually created a disincentive to development (Menkhaus, 2010). Power elites have learned to capitalize on poor local governance to usurp more international aid programs.

Nonetheless, in a few regions of the world, the transition towards decentralisation was successful in leveraging major democratic transformations, though by no means perfect ones. In Latin America, the strengthening role of municipalities and local government enabled communities to ensure a more equitable distribution of urban local revenues, involve people in managing their own affairs and thus indirectly reduce some of the tensions that were undermining the political process on the national level (Torné, 2005). These processes may have mitigated some of the most pressing changes that accompanied the political transformations of the Latin American countries towards democracy, but they still have to go deeper to resolve the more entrenched equity distribution problems. The case of Porto Alegre remains a rather rare experiment in decentralisation being able to effectuate real change in the poorest favelas of the main metropolitan areas (Garnet, 2003). The association of local governance with democratization is perhaps better understood as a result of formal and informal systems of governance working together, than a strictly formal decentralisation processes (Hendriks, 2010).

Turkey is another case where decentralisation played a major role in ending years of instability born of failed national level governance systems. The reformed legal framework for local governance gave local communities a great deal of power to aggregate their resources and form greater municipal entities that can generate major funds to provide better services while safeguarding the specific conditions of the smaller municipalities to manage ethnic and sectarian differences. Mitigating the political difference and aspirations of Alavi and Kurdish minorities has always been a source of contention in Turkey (Massicard, 2013). Turkey on the other hand is a striking case of how political parties can build on their achievement on the local level to build the necessary political capital needed to muster national political processes, in essence demonstrating the power of decentralisation to effectuate not only local politics but also national ones (Kumbaracibasi, 2009). The success of the model has actually worked as a disincentive for many countries in the Mashrek region to carry on further decentralisation for fear of allowing Islamist parties to build local roots that can then be used as leverage for national level political aspirations.

2. Contested models of national sovereignty in the Mashrek

In the Mashrek region, the political discourse has often been framed by specific parameters of governance strictly embedded in religious and political discourses inherited from the middle ages (al-Jaberi, 1990). Sovereignty is codified through various symbolic and linguistic instruments. The legitimization of power is often trickled from the top down. In the 19th century, there were several attempts to break away from Ottoman central state controls. The power of the state was most manifest in the tax farming system that enabled a class of local elites to build their wealth to the point they no longer saw fit to continue to send the central government's share to Istanbul. This tendency, combined with the growing ethnic and religious awareness of their disenfranchising status, encouraged demands for formal decentralisation, if not outright independence.



Aware of brewing discontent, the Ottoman Empire embarked on serious land reforms and instigated legal, municipal and institutional reforms. Highly influenced by the contemporaneous political theory at the time, the reforms focused on government effectiveness. Local elites were to be reined in; the best way was to transform them into local bureaucrats and tightly control their ability to claim representational mandates. Traditional administrative municipal services controlled by a “mohtaseb” became a modern bureaucracy called the municipality and engaged a few of the learned sons of the urban notables (Kawtharani, 1988).

The Ottoman reforms, however, were created top down and often reflected contradictions between the written text of the law and the inability of the state to monitor its implementation. The Mashrek region suffered greatly from the inability of the state to maintain the Ottoman domain’s centrality as the global economy was witnessing major transformations. The elite of the Mashrek particularly lamented the failed governance framework of the Empire, but their main perception was that the Turks were taking more than a fair share of the wealth and resources of the Khilafat, as far as the Muslim local elite were concerned; while religious minorities were no longer willing to accept a situation where they were treated a second class citizen. Voices for decentralisation were raised loudly, in the Paris convention of 1913 (Hallaq, 2013). Yet, the call for decentralisation was not perceived as a new democratic order of governance as much as a first step towards local independence. Little in the remaining archives suggests that building power from the bottom up was on the minds of the delegates as much as carving little territorial entities where power could be again exercised from the top down.

Yet within this political context, one should not ignore the emerging experience of local municipalities of the larger urban centres in the wake of the 1877 Ottoman Municipal code. Evidence from different municipalities clearly points to the growing powers of local elites to stand up to the centrally appointed governors. Slow and progressive changes in the administrative structures did indeed create new counterweights to the central authorities, albeit still modest ones (Sharif, 2014).

The fragile nation states that emerged in the post Ottoman era however, were wearied about divulging power to the peripheries. Fear of ethnic and sectarian splintering undermined many of the initial decentralisation experiments in the region, such as the Levant’s federal constitution of 1920 approved by the Syrian delegates just before the French mandate forces took over Damascus (Sabbagh, 2010), or the attempt of the south Iraqi communities to forge a Gulf republic (Visser, 2005). Subsequently, decentralisation was often identified with colonial mandate powers attempting to codify local governments on the basis of ethnic and sectarian identities.

Upholding national sovereignty has framed both nationalist and Islamist political discourses ever since. Moderate Arab Islamist theorists did not emulate the Turkish model of legitimizing power through bottom up realpolitik processes. Instead theorists like Abou Ya’rob al-Marzouqi and Rashed al-Ghanoushi elaborated frameworks of holding the central power of the sovereign to democratic checks and balances, but did not go as far as questioning the very aggregation of power on the central level (al-Marzouqi, 2008, al-Ghanoushi, 2012). These two Tunisian theorists have had tremendous impact on defining the theoretical framework of governance that ushered the advent of the Arab Spring in Tunisia. Subsequently, they are now being revisited by many of the opposition groups hoping to follow similar processes in the Mashrek. But the issue of the centrality of the state has not been confined to the Islamist political theorists. Even liberal theorists tend to completely skip the bottom up process of governance. When they address the issue of democratization they often concentrate on mechanisms to institutionalize and empower civil society as a counterweight to the state hegemony on the national level (Salameh, 1987, Badawi and Maqdisi, 2011).

In the Arab world in general and the Mashrek in particular, democratization has not worked as a major incentive for decentralisation. With the exception of Yemen where that objective was at least nominally articulated throughout the process (see case study). Most countries in the region have adopted diluted discourses of reform and optimized prioritization of community needs (to be met by national policies and national executive bodies) as the pretext for their decentralisation processes (Naser and Masri, 2005). Surprisingly, decentralisation has rarely featured into the political discourse of reform in the region, even among the most vocal advocates of democracy. The rare exception is perhaps that of Lebanon, which saw a frenzy of discussion on decentralisation as an entry point for democratization in the wake



of the 1998 elections, but that enthusiasm was to die down subsequently after facing major resistance from the traditional elites controlling the central government (see the case study below).

The all-too-often cited Arab Development Reports produced by the UNDP made a most daring proclamation in 2002 that the Arab World was lagging behind on governance and human rights and that these issues have slowed any real advancement in the quality of life for the people of the region (UNDP, 2002). Subsequent reports kept warning that failure to bring in good governance to the region will have serious repercussions on unemployment, the ability to maintain social cohesion and security. The reports tackled just about all areas of reforms needed but did not go as far as clearly pointing to local governance as an essential layer of change.

Fighting corruption was often more tolerated as a subject of political discourse in the region. Corruption was eating at the vital resources of the wealthiest as well as the poorest nations of the region. Today, a great deal of discontent from the growing impact of corruption on people's daily lives is brewing in the region. Central governments in general tolerated some level of discussions on the issue as a way to absorb popular discontent. Yet, discussions and literature on curbing corruption use local government as a scape goat for failed governance, rather than focusing on deeper accountability questions linking decentralisation to local democratization (Fawaz, 2005). Indeed, in many cases, mayors and local administrators talk in private of being set up to fail by central governments.

3. A gender perspective on the failed decentralisation-as-democratization paradigm

To illustrate how the issue of decentralisation bypassed the question of democratization in the region, one can examine the participation of women in local governments to gain a deeper understanding of the process. Women feature relatively well among the voters in local elections, but appear much less frequently among candidates and council members, and virtually never among mayors and governors. Two trends can be discerned. On the one hand, the first trend involves authoritarian systems, who use a token or symbolic level of women participation as a way of proving inclusive representation without actually meaning to cede any power. Caught between the need to showcase progress on women's political inclusion and reform to external audiences, and the fear of disturbing sensitive alliances with local conservative elites, women often feature more in parliaments than in local councils.

On the other hand, in more open electoral systems, women's ability to break through the national elites' hold on power is weaker than their ability to break through on the basis of merit at the local level.

In Yemen's last local elections that took place in 2006, less than 1% of candidates for local elections were women. Less than 20% of them actually ended up winning seats. Then the government's declared goal of securing at least 15% of candidates to be women never materialized. On the national level, women were often represented by a small number of token candidates. The level of representation nationally is only slightly higher than on the local level, mainly because the long-time governing General People's Congress Party wanted to show to the Western donors some advance on the issue. Yemen's political system was heavily controlled from the top but it had to maintain very complex balances. The electoral process enjoyed vivid participation and strong contestations. Membership in a political party is essential for anyone to succeed to attain local and national office. Women comprised less than 2% of the top leadership of political parties. Only parties that feel totally secure about their majority in a district are likely to advance a woman candidate. By contrast, 40% of the voters are women, and political parties are eager to encourage them to vote. The conservative Islamist parties often mobilized women voters against the more liberal opponents; women are grudgingly encouraged by the conservatives to vote as a way to stand up to secularism. In a context where political patronage governs elections and not merit, women are not likely to make any real breakthrough as candidates, but they are often morally and socially pressured to vote for the very forces that want to keep them out of power (Manea, 2011). Foreign pressure has actually proved useful to bring a wider level of women's participation to the more recent National Dialogue process that was devised as a mechanism to resolve the current crisis raging in the country since 2011. But it remains to be seen if the process will produce any substantial deviation from the traditional way of doing politics.

In Syria, the situation is even more exemplary of tokenism. There, the government has always ensured that women were represented on the Baath party tickets. Nonetheless, even among the rank and file of the self-proclaimed secularist



Baath and other Progressive Front Partners, women are often scratched out from the party tickets in the voting booths. On the national level, government's instance on a minimum of women representation will ensure that at least 10-12% of the parliament seats go to women. Scrutiny on the lower level is less systemic as the government often uses these elections as a means to consolidate local patronage networks; women's highest performance amounted to only about 3.1% of local council seats⁵. This is again an example of how even authoritarian governments are wearied about disturbing local patronage systems (Manea, 2011). The close examination of gender mainstreaming can reveal important insight into how democracy is undermined for the whole of society and not just for women.

In Lebanon, despite major progress over the last three local elections, the numbers of women candidates in the 2010 local elections was about 11% but women only won 4.7% of seats⁶. But this is still by far better than their performance in the national elections, where their representation has actually been dwindling dramatically over the years. Women often run to national political office on party lines; however, they win local elections by being independents with good reputation and proven educational and professional merit (al-Hilou, 1998). Political parties wearied about consolidating their traditional bases of power, often prefer not to run women candidates. In the patronage framework closely fostered by the national political elite, candidates often represent families and clans rather than communities; and families very often feel ashamed to send women to represent them. International donor pressure has actually allowed some leverage for better visibility to women candidates. Yet, that has not enabled a better access to seats per se. The strongest women success stories of being elected to local councils take place in smaller communities where women are likely to be known and their merit recognized⁷. Gaining the position of a mayor is another story. Political parties are likely to take notice of successful women candidates and to promote them to the office in a limited number of cases, often as a compromise to maintain balance among powerful traditional sectarian stakeholders.

Thus, the paradigm of democratization from the bottom-up becomes clear when seen from the gender magnifying glass. The political economy analysis advanced by many of the top theorists on the Arab region, in the last few years, remains fixated on the top of the political pyramid (the patriarchy) rather than on the structures of political patronage that runs deep into every strata in society (patriarchy) as a governance paradigm in the region⁸. For the most part in the Mashrek region, the issue of decentralisation as a form of democratization has had little formal political support from central governments or from reformists alike. As shall be seen below in the case studies, the main justifications for decentralisation were based on utilitarian objectives and not on political ones. To that extent central governments have always been able to fake out deep decentralisation by promulgating de-concentration policies. Policies designed to reduce the distance between central government and local communities (mainly by fostering stronger patronage networks with local elites) were favoured over policies for empowering local communities to take charge of their own economic, social, cultural and other vital interests.

2.b Decentralisation and Economic Development

Globally, the paradigm of decentralisation as a means for advancing democratization has been facing some serious criticism, not least because of perceived inability of liberal democracy to meet the challenges of globalization (Berggruen and Gardels, 2013). The economic flows and competition on a global level have required a more flexible framework of linking the local to the global directly bypassing national accountability frameworks. More importantly, to compete on the global level, a stronger alliance between state and non-state actors is needed, bringing into question classical models of governance. Managing multi-level governance systems has posed challenges both in theory as well as in practices for the region.

⁵ Figures were listed in a special report prepared by previous MP Najwa Qassab Hassan to Parliament in 2007.

⁶ Figures were listed in: <http://www.nclw.org.lb/Statistic> aggregated from the official results announced by the Lebanese Ministry of Interior and Municipalities.

⁷ See for instance: <http://www.al-akhbar.com/node/48432>.

⁸ For some sample on the type of literature that emerged recently in the region see (Badawi and Maqdisi, 2011), (Bishara, 2012) and (al-Issawi, 2014).

Democracy was also being challenged on the grounds that in many countries it amounted to nothing more than enabling the dictatorship of the majority. Devoid of justice and lacking the scrutiny of other accountability instruments, democracy leads to populist policies (Sen, 1999). Work had to be done on two levels, on the one hand economic development was put forward as the primary guarantor of democracy and freedom; on the other hand, equity and justice were necessary to ensure that growth is not reduced to the benefit of the few. In many countries of the world, decentralisation was promoted not as an instrument for democratization per se, but as an instrument of economic development and poverty alleviation. Moreover, donors not wanting to challenge existing national governments accepted the notion of pushing for further subsidiarity and devolution of national powers to the local level using the poverty alleviation paradigm.

In the wake of the Second Habitat conference that took place in Istanbul in 1996, the previous momentum that had been launched since Habitat I (held in Vancouver 1976) had to be re-focused on developing more enabling conditions to reduce urban poverty. Local governance was codified in Istanbul as an essential pillar in the global fight to provide the growing poor urban populations with decent housing and services. A focus on decentralisation as a primary motor of local economic development and a guarantor of effective, efficient, realistic and flexible response to local problems was codified in the final declaration of Habitat II. Beyond the formal declarations, the Habitat agenda guided the work and ethics of most international aid focused on poverty reduction. UN-Habitat became the competent UN organization to deal with both local governance issues and housing issues as two inseparable themes.

Evidence was being collected worldwide to link advances in local governance to local economic development. The institutional “thickness” at the local level showed very strong correlation with better integration into global economic flows (Amin and Thrift, 1995). The EU development aid was closely inspired by that language (Binder, 2007). The enabling of European aid to flow from one local government to another had the double objective of strengthening the EU localities in integrating into their global context as much as it intended to help poverty alleviation in the Neighborhood region⁹. Beyond the direct mandate of the UN-Habitat to work on the issue of local governance, UNDP, UNCDF, UNFPA, the World Bank and other competent international organizations incorporated major work on the local governance structures to advance cross sectorial agendas that seemed in earlier phases as independent issues. The enabling of closer inter-linkage between public participation and the delivery of services was practically affirmed through countless programs and projects focusing on widening the competences of local government. The case study from Yemen clearly exemplifies this trend.

The unfolding of the Habitat Agenda has also unlocked important resources to develop the administrative capacity of local governments, build their capacity to monitor their urban economics and environment through the establishment of urban observatories as well as intensify the exchange of know-how between local governments worldwide. In the Mashrek region that work was being advanced through an intense collaboration of the UN-ESCWA, UN Habitat, the Arab League and a myriad of regional development networks such as the Arab Bank for Economic and Social Development, the Arab Urban Development Institute and the Organization of Arab Capitals and Cities.

⁹ No empirical evidence is available to assess the actual balance between impacts on European partners and those in the neighboring countries. This author has had the chance to work on several such projects and / or collaborate and coordinate with them. In most cases observed, anywhere between 30-40% of the aid is retained by the European implementing partners. In some cases that ratio can go up to 70%, on purely technical projects.



ESCWA organized many regional expert meeting and commissioned several studies in an effort to map new trends and assess their potential (UN-ESCWA, 2003). The emphasis on local economic development as opposed to democratization has provided an easier entry point on the issue of decentralisation. Nonetheless, the process enabled many local and national institutions to bypass the closed central political systems and focus on bottom up approaches. However, in many cases the discussion focused merely on the competence of local government in facilitating information flows to the central government. The process was truncated and limited to fine-tuning national development agendas for better targeting local developmental needs. Decentralisation in that sense was not allowed to focus on true empowerment of local authorities to manage their own local economies¹⁰. The limitations faced by many UN organizations could be traced to the very nature of the UN mandate to work with state parties¹¹. In the Arab region, bypassing the central government filters to reach out to local governments faced major challenges (Fawaz, 2005). Local government was one way the central regimes of most Arab countries channelled their patronage, and that was a red line facing further reforms (Naser and Masri, 2005).

The more effective trends in overcoming national governments' resistance to change came through bilateral work on the economic development frameworks associated with local governance. The model of opening up local administration to manage local economic development was tested heavily in Egypt and was not necessarily successful in and of itself (Sawi, 2005). However, the absorption capacity of the local administration to receive international aid was greatly enhanced. The major breakthroughs that took place in the region in terms of building a stronger framework for decentralisation was certainly influenced by the donor countries, particularly the EU, to channel an increasing part of aid through local level programs. This was as true of the Mashrek region as it was for many other parts of the developing world. Being able to effectuate change at the local level and evolve a closer collaboration with local government and local civil society was emerging as a major paradigm (Mitlin and Satterthwaite, 2004). The main problem however, was to ensure a true empowerment of local stakeholders and not create a dependency on international aid. Though in principal, most aid programs are designed with exit strategies in mind to ensure local ownership and gradual self-reliance and avoid the typical problems of dependency, final project evaluations were often done with the last payment schedule. Only a few donors committed to long-term monitoring and evaluation, fewer were those who helped their partners institutionalize monitoring and evaluation frameworks, beyond the two pages required with the last report to be issued before closing project accounts.

Successful programs in this regard have often focused on bringing in incrementally higher international support as local absorption capacity was improved. Matching funds rather than conditional grants proved to be more effective tools to leverage local and national resources. Simple grants actually acted as a type of disincentive for reform by providing funds into a bottomless pit. Nonetheless, many municipalities developed important competences and were able to negotiate further access to national resources as a result of their engagement in programs ranging from strategic urban development, urban heritage conservation, women empowerment programs, and housing rights, etc. Stronger alliances with the EU were deemed strategically important for national governments on the political level; they were willing to allow some concessions on the local level as a result. The MEDA and the Euro-Mediterranean initiatives were clearly framed under that logic¹².

The ability of local authorities to provide concrete results in terms of improved services was made visible in many cases, however, the ability of local authorities to scale up operations to cover large scale interventions and transfer impacts from one sector to another, was often hampered by the inability of local authorities to aggregate their achievements and to codify them through changing legal frameworks. The developments were happening too slowly to match the growing economic and congruent social problems. The recent evaluation of the MDG's shows very little progress in the Arab region as a whole. Improvements in GDP were not matched by expanded access to jobs, or by reducing the dependency gap on the few working members of the family (UN-ESCWA, 2013). In essence economic development in the Mashrek didn't spread equitably on the national level, on the local level, or even within the micro level.

¹⁰ For an example on how the discourse on decentralisation was unfolding in the region refer to the proceedings of the conference "Local Administration and Municipalities in the Arab World" organized by the Arab Organization for Administrative Development in 2007. The structure of the topics was framed less on empowerment and more on efficiency and effectiveness.

¹¹ The same dilemma is of course present within the framework of most external donor aid, the World Bank, EU, and most OECD partners operate through partnerships with State parties. The main problem however, has often been to allow local level governance to cross the glass ceilings of their own centralized governance systems and tap on donor funds directly. USAID sometimes, as in the case of Lebanon, has been able to capitalize on weak central state's controls to enforce direct access to local authorities. But for the most part such efforts remain on the level of small grants and never achieve policy impacts.

¹² This was particularly the case for instance in Syria, which was an exceptional case in the reticence of the central government to reform (Kawakibi, 2007).

Recent consultations carried by UN-ESCWA to draw lessons learnt from the MDG's to the Post 2015 Sustainable Development Goals (SDG's) reveal an almost total absence of any real data to aggregate development indicators on the subnational level. The commissioned background papers on accountability address everything from parliament, civil society, private sector; but, local governance fails to attract any credible level of consideration as an accountability framework for development. To that extent, the discourse used by most countries in the region to justify the modest progress towards decentralisation in the region in terms of empowering local communities to take command of local development has very little empirical evidence to support a serious intention among central governments to yield even on this seemingly less politically charged front.

By the time of the eruption of the Arab spring uprisings and revolutions, the tipping point had already been crossed. Despite its theoretical logic, the paradigm of decentralisation as leverage for economic development had reached its limitations. In the rush to save their regimes from the fate of other Arab leaders, many central governments were ordered to rush investment programs and to create a visible role for the state in solving poverty problems. The time-consuming and incremental logic of development from the bottom up was often deemed too slow to appease angry masses. Instead many countries in the region opted for quick populist responses by bypassing local government altogether and rushing major new projects from the centres with total disregard as to their validity, developmental logic or possible externalities. The same rush was also seen in countries that had just undergone their revolutions. Many quick fixes were made to the local governance frameworks not to empower reform but to reassert the patronage frameworks with local tribes and traditional elites (Bou Taleb, 2012).

2.c Decentralisation and the Scarcity of National Resources

While economic development was on the mind of many donors when they supported the agenda of decentralisation, most central governments became more amenable to the idea of decentralisation only when their national resources were no longer deemed sufficient to cover the development agenda. Subsidiarity was not looked at in the positive sense of maximizing local options and empowering local authorities to innovate solutions. Despite all the rhetoric, decentralisation was not moved by a need to leverage public resources and create multiplier effects that would lead to economic development. Instead, divulging central responsibilities to the local level often took place to absolve central governments of their duties and obligations (Fawaz, 2005). Transfer of responsibilities was not matched by transfer of resources and rights. The decentralisation of service delivery was not matched by fiscal decentralisation (Bahl, 2002).

Even when some resources were decentralized, the bulk remained as discretionary funds that local authorities had to plead for on a case by case basis, often competing over the same pie. Fiscal decentralisation was often carried by maintaining the same logic of spending that was carried by central authorities. In essence, all that changed was the bank account number, but the regulations, modalities, rational of spending remained the same. Local authorities had increased their capacities to build their own patronage networks but did not have funds that could be used as investments for leveraging further economic development (Rao, 2002). While this enabled local authorities to have some more flexibility in building direct trust with their communities, more often than not, this was used as a mechanism for buying support to political parties (Klitgaard et. al., 2000). In the absence of true accountability measures, fiscal decentralisation became a useful tool in extending the patronage of the national political elites to reach the most local of clients. In essence, absolving national political elite from the negative image of imposing taxes while retaining control over how funds would be spent and reaping the political benefits.

While the logic of decentralisation to maximize the use of resources is certainly correct, the implementation has often been less than optimal (Mitlin and Satterthwaite, 2004). At the core of it, local authorities are better at assessing needs, understanding priorities and being able to leverage local civil society and other local actors to effectively reduce spending on wasteful grant schemes. The underlying logic is that the central government is not easily "reformable". By switching the burden and the limited resources to local authorities who had not had the splurging habits of the central government, they would be thrifter with their resources. Indeed, local governments are often not at ease to raise additional



taxes¹³; taxes are likely to affect them directly in terms of re-election. In many countries, especially in the Mashrek region, national resources are motors for national rentier economies. The need to balance between entitlement to national rents and the need for taxation is purposefully left ambiguous by the national elite. However, it is often perceived that local authorities are more adept at recuperating fees for their services, as they are better qualified to understand the real costs of these services¹⁴. Yet even here, it is often hard for most citizens to distinguish between local taxes and local fees, as very often they are seen as extractions rather than financial instruments to improve services. Moreover, to compensate for limited central government funds and to expand their local resource base, local authorities are perceived to be more flexible to partner with the private sector and civil society and to leverage their own resources with those of the community (Arab Organization for Administrative Development, 2007).

The reality, however, is that even in the most developed countries, civil society partnerships do not participate substantively in providing local services as promised by the theory (Lewis, 2001). A much easier route was often to partner with businesses and for-profit corporations who are more adept at providing important technical support and not just funds. In poorer countries, local governments often dispensed of public assets and sold them to private stakeholders rather than thinking of investing those assets, and even when they invested their assets, they did it without proper consideration of adequate discount rates or other real alternatives (Abou Omar, 2003). In richer and more resourceful countries, local authorities often attracted foreign investors and FDI's. Indirectly, however, the bulk of these investments would be carried in the real estate sector, through rent-seeking fake real estate booms. The net result would lead to overpricing real estate beyond the capacity of local economies to capitalize on local growth. Gentrification and dispersal of poor citizens would ensue. While some FDI's would eventually trickle to the local level, the overall impact of that kind of decentralisation is to push neoliberal economic transformations, by bypassing national political hurdles and moving the process to unsuspecting local communities (Smith, 2010). In the Mashrek region, many of these issues are gaining prominence as a result of the few highly publicized real estate projects in the Gulf Countries (al-Shihabi, 2012).

To that extent, many of the projects that aimed at advancing decentralisation had to tackle the knowledge gap on the local level. For instance, bringing in more technical capacities to local municipalities reduces their knowledge asymmetry when dealing with the private sector partners and increases their control over the partnership process (Arab Organization for Administrative Development, 2007). In many cases, it was noted that local authorities had substantive decentralized fiscal powers to invest in new projects, but, the competent national institutions responsible for assessing and preparing the technical files for projects were not included in the initial decentralisation processes. Local authorities could spend millions on projects but very little on feasibility studies, design and monitoring. They became totally dependent on potential donors and private partners to do this work on their behalf (Mitlin and Satterthwaite, 2004).

Various technical support programs to local authorities and municipalities proved extremely successful, yet modalities of support were not replicable. Technical cooperation aid has had certain limitations. Its main focus was on innovation, piloting, testing the feasibility and creating best practices. As such, a great amount of resources was allocated towards the success of these pilots, which reduced their validity as workable models. It has been argued that international technical development aid has often been led by external tools that may theoretically sound reasonable but does not contribute to improving the lives of their target beneficiaries (Easterly, 2013). In the Mashrek region, for instance, despite the great pioneering work of some municipalities and the tremendous push by the official discourses of governments as well as international and regional organizations, evidence for good governance on the level of local authority remains poorly documented (Fawaz, 2005). It would be worthwhile to undertake a comprehensive review of this issue and assess what really worked over the long run and what did not.

¹³ The experience of Eastern Europe undergoing transition to the market economy has exemplified this dilemma; see (Malme and Youngman, 2001).

¹⁴ Most government accounting systems are organized around simple cost categories not cost centres, for ease of disbursement and tracking of budgetary cycles. To that end, real costs are often very hard to track. See for instance (Ives et. al., 2009). Real costs of services are supposed to be better defined in local budgets, and thus fees are more reflective of the real cost of service. However, indirectly central governments still subsidize local services indirectly through differential tax systems (Bouvier, 2013).



Replication of impacts and transferring of local successes into national policies are prohibitively costly endeavours. Beyond their financial costs, they may also be costly politically in terms of disrupting patronage and corruption networks. International donors have often preferred to work on these issues at the local level, rather than trying to develop national frameworks for reform. The latter are generally perceived to be ineffective (Klitgaard et. al., 2000). A vicious cycle was thus established. The capacity building of local authorities is costly and can only happen by leveraging real national resources and channelling them to support local reforms. On the other hand, tapping onto national resources requires knowledge and experience that most local authorities do not have. In the Yemen case study, we shall review one initiative from the Mashrek region that attempted to build the human infrastructure of local authorities from the bottom-up and move the decentralisation process beyond the normative legal and political paradigms. Thus, a central deficit in the European framework of local authority-to-local authority transfer of knowledge is that it cannot impact larger processes of dissemination. New models of channelling aid to support inter-municipal collaboration and strengthening the capacity of local governments to engage in advocacy for policy change may prove more effective¹⁵.

Hence, while decentralisation has often been justified on the basis of maximizing the use of scarce resources, the bulk of support programs for decentralisation have not looked at how to maximize local resources in doing so. The investment budgets of municipalities in the Arab region remain much lower than other regional neighbours (World Bank, 2007). Furthermore, municipalities move much smaller parts of the public sector overall budget. Thus, on both counts, the ability of local authorities to create real multiplier effects through their investments remains limited. Beyond the emphasis on obtaining a larger and more secure revenue base for municipalities, there is a need to expand the fiscal autonomy for local authorities to create new opportunities for attracting real investments into their communities, expand the pool of revenues available locally and ensure an equitable distribution of revenues.

2.c Decentralisation and Conflict Resolution

Another important paradigm has emerged in recent years to justify decentralisation with particular relevance to the Mashrek region, mainly the issue of mitigating civil wars and/or ethnic and sectarian conflicts. While power-sharing paradigms have often been at the centres of conflict resolution mechanism, in recent years, this has been translated into territorial power sharing and not just institutional power sharing (Roeder and Rothchild, 2005). The model effectuated in Lebanon of curbing local powers in favour of consecrating national unity was only made possible through a very broad international and regional consensus and a very expensive reconstruction plan financed by Gulf States. That model is now widely perceived to be un-replicable. Top down peace building operations are giving way to building stability incrementally in various parts of a failed nation and progressively rebuilding the consensus to aggregate the nation on the basis of a new social contract. The ultimate solution is often being directed towards some level of federalism, with models like the Spanish or Canadian ones as a reference (Gangnon 2008).

¹⁵ SKL International (<http://www.sklinternational.se>) has pioneered a new approach to municipal partnerships entitled "Thematic Local Partnerships", which are ostensibly collaborations between local authorities in developing countries, countries in transition or countries in the process of EU-approximation, and Swedish local and regional authorities. The work is often supported by national associations of local governments. Partnerships are focused on the delivery of local outcomes in clusters of 3 - 4 local authorities, where the end product is analyzed, disseminated, scaled up and/or used in national policy advocacy by the concerned association of local authorities. The tool provides a mechanism for ensuring sustainability of policies and programs through mapping of existing practices on the local level and testing out innovations and novelties. It has been applied in Turkey and Serbia.



However, such processes are often not directed by a clear logic of peace building as much as by processes of competition among various regional and / or international stakeholders as happened in Somalia (Leonard and Ramsay, 2013). And even when the process was dominated by a powerful external agent, as was the case of Iraq, the question of federalism was only codified in ideal end-state constitutional frameworks (Shimmari, 2013), with the understanding that implementation would only happen incrementally over many years (UN-Habitat, 2011). The case of Lebanon is explained at some length in the case study below. It reflects the difficulty in re-negotiating status quo agreements even years after civil wars have ended and delineates the importance of painstaking dialogues in reasserting a development priorities that would dislodge the monopolies on power held by warlords turned local politicians. The case of Somalia is not discussed in this paper, but it is one of the relevant models to study in terms of renegotiating the national framework on the basis of collective interests of the different regions that became in many regards stronger than the central state. The building of the federal system will depend on how much power these now-local entities will be willing to cede to a federal government (Bryden, 2013). This is in essence a reversal of the decentralisation paradigm in that, in post-conflict situations, there is a need to re-anchor renegade local authorities into a coherent national framework.

This new paradigm is being repeated with increasing intensity in different parts of the world. Most recently in Yemen (see case study below); neighbouring Gulf States hoped the conflict that led to the eventual removal of President Ali Abdallah Saleh would be contained in a national dialogue process. In the Yemeni case, however, the central government had not been totally fragmented to the same level as Somalia. The central government today is still perhaps the only viable institutional guarantor of services and welfare, but it is no longer trusted to lead development despite all the progress it had made in previous years on the level of decentralisation. Thus, the national dialogue moved the country in the direction of federalism; again, necessitating the look at the issue of decentralisation from the perspective of ceding power from the periphery to the centre, to secure a win-win situation with separatist protagonists. In realpolitik terms, disengaging old rivals is proving to be more realistic a strategy than attempting to negotiate a new framework for democratization and sharing of national resources. In the foreseeable future, the model will certainly have a normalizing effect on future conflicts in the region. The cases of Syria and Libya may be particularly susceptible to such solutions.

How this trend will affect the decentralisation process in the Mashrek region is still not known. Central regimes will certainly not be able to hold onto their privileges and powers much longer. Some will attempt to push for further administrative decentralisation to avoid having to compromise on deeper issues of political and fiscal decentralisation; this may be the case of Jordan (see case study below). Others like some of the Gulf monarchies may actually opt to bypass their figurative local authorities to speed up delivery of long promised services and economic development, even if this comes at the cost of efficiency and consensus-building. What is certain, however, is that the issue of decentralisation can no longer be discussed from narrow frames of technical efficiency, curbing corruption and deepening political patronage. Beyond the typical questions of service delivery, the issue of decentralisation has de facto been linked to questions of social cohesion, political reforms and creating equitable development processes, to ensure that national wealth is not limited to rents closely monopolized by the national elite. The reticence of Arab government to deal with decentralisation in a reasonable manner over the last thirty years means that the issue will have to be tackled in the most unfavourable of conditions now. Processes that require decades to build capacities and develop normative practices need to happen sooner than the unfolding of events in the region



3. Case Studies (Jordan, Lebanon, Yemen)

3.a First Case Study: Jordan

1. Brief history of decentralisation

Centralization has prevailed in Jordan since Independence on the 25th May 1946. From 1949 until 1988, Jordan's territory included the West Bank, occupied by Israel since June 1967. Development policies included both banks of the river Jordan in order to give jobs to the population, including 350,000 Palestinian refugees. From 1957 until 1989, Jordan was under martial law and no political party was allowed, nonetheless, municipal elections were maintained. Since 1992, political parties were introduced, but they count for less than a third of the seats in the Parliament, as most of the seats go to independent candidates, members of major tribes and families.

Municipalities were established by law in 1955, three years after the adoption of the Constitution. There were four categories of municipalities: governorate centres (eleven plus the GAM), district centres (with a population of over 15,000), qada' centres (with a population of between 5,000 and 15,000), and a fourth category for all other municipalities. The 1955 Municipal Law was inspired by the British system; it gave wide responsibilities to Mayors. The Municipalities have lost progressively many of their responsibilities since the creation of the Municipality Law in 1955. In practice, the central government provides all basic services: water, electricity, gas, sewerage, primary education, healthcare, civil defence, public transport, housing and environment. Municipalities are now only responsible for urban planning, waste collection, road maintenance and lighting, markets and building permits. They have no political power and very little budgetary resources.

The first decentralisation policy dates back to 1993; it came along within the process of democratic opening. At first, some Local Development Units were created inside the main Municipalities, under the Ministry of Municipal Affairs. They became arenas for public participation with a focus on economic development and new investment projects. During 1994 - 1996, UNDP and the World Bank pushed for the amalgamation of the 328 municipalities and 324 village councils; a major reform was implemented in just a few months in 2001. The number of Municipalities was reduced to 99, and all village councils were dissolved. The amalgamation of Municipalities was intended to solve the problem of insolvency by cutting down on municipal staff (optimizing the number of staff to citizens served), while promoting greater participation of the population. It also forced minor tribes to create new alliances to keep some control over Municipalities covering their traditional terrains.

Decentralisation was announced by His Majesty King Abdallah II on 27th January 2005, stating that "political development should start at the grassroots level, and then move up to decision making centres and not vice versa". Plans prioritized three regions, which were to create their own indirectly elected assemblies and regional capitals. The intention was that each region should manage its own services and decide on a policy to encourage local development. Local authorities were to be given greater leeway in guiding the implementation of development programs on the local level. However, the creation of regions was not pursued, partly because of a lack of political preparedness, but also owing to a lack of inter-ministerial coordination. In October 2008, in a new discourse, HM King Abdallah II called for more public participation at the level of Governorates. Local development programs were then transferred from the Ministry of Planning to the Ministry of Interior. In November 2010, His Majesty promised Parliament a draft law on decentralisation, including the creation of Governorate Councils. A ministerial Committee on Decentralisation was created, including four subcommittees (Legal, Institutional Framework, Finance, and Capacity Building).

During the Arab Spring, the decentralisation project was brought back to light in response to the heightened democratic aspirations of the population. The need for citizens' participation in decision-making processes and for the management of infrastructure and local development projects became a priority as it seemed to meet some of the demands for greater local self-determination. Decentralisation was strongly linked to an urgent need to create jobs. The enablement of local authorities to engage the participation of private sector companies in the fight against unemployment

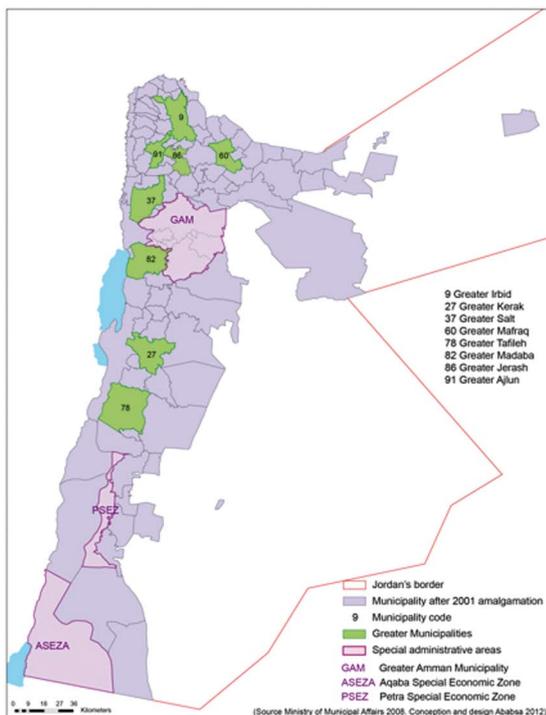


was deemed an important part of the strategy. The creation of jobs across the country in both rural and urban areas was part of a critical need to slow the exodus towards the capital. Various projects were subsequently been created to support Local Economic Development, such as Baladyati, PLEDJ (EU) and LENS (USAID). A culmination of nationally-led directives and international support program played an important role in creating a meaningful momentum, as shall be seen below. This resulted in the development of a draft regulation concerning Governorate Councils and proposed amendment to the Municipalities Law in April 2014.

2. Current status

Local governance operates on two complementary administrative levels in Jordan: Governorates under the Ministry of Interior, and a municipal system including Municipalities and Joint Services Council under the Ministry of Municipal Affairs. It is important to note that Greater Amman Municipality (GAM), which includes a third of Jordan's population, exists under different democratic preconditions from other Municipalities in Jordan. To this structure, one must add the Aqaba Special Economic Zone, managed independently with broader jurisdictions than typical local authorities and supervised directly by the Prime Minister. Also, the Petra Region Authority is placed under a competent minister for its extreme sensitivity as Jordan's primary tourism attraction (Figure 1).

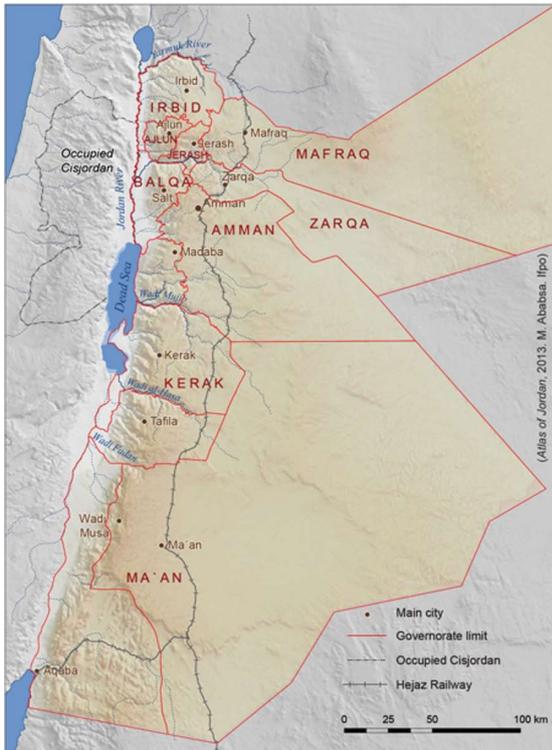
Figure 1:



The Governorate Level

Jordan is divided into 12 Governorates (Amman, Irbid, Zarqa, Mafraq, Balqa, Jerash, Madaba, Ajloun, Karak, Tafila, Aqaba) (Figure 2). The Governorates are subdivided into districts (liwa') and sub-districts (qada'). All Ministries and public services agencies (except the Ministries of Defence and Foreign Affairs) have departments or regional offices in the Governorates. Each Governorate is managed by a Governor who is designated by the Council of Ministers based on the recommendation of the Minister of Interior.

Figure 2:



The Governor is currently assisted by two councils: the Executive Council and the Advisory Council. The Executive Council is composed of the Regional Managers of the various ministries, particularly the ministries concerned with the delivery of public services. The Advisory Council is composed of 15 members designated by the Minister of Interior based on a recommendation by the Governor and chosen from local stakeholders (deputies, mayors, trade unions, private sector, organizations, civil society, etc.) Having a purely advisory role, this Council makes recommendations, which are submitted to the Executive Council and to the Governor. The latter could may either adopt or reject them.

Despite successive policies to foster public participation and develop local governance since 1993, Jordan remains highly centralized. Twelve Governors 'coordinate' the work of governmental departments and public services in the Governorates. They have responsibility for approving the budget of 93 municipalities, except for GAM (which falls directly under the jurisdiction of the Prime Minister). But Governors have very little autonomy and can only make decisions on projects of less than JOD 100,000 (US\$ 142,000).

In 2003, Local Development Units were created within each Governorate, with the aim of developing participatory mechanisms to engage local stakeholders in local development processes. In February 2008, the Prime Minister's office issued an ordinance transferring 92 functions from the level of line ministries, to Governorates. The intention was to make public services more accessible to the population, but these services were limited in scope and neither the Governors, LDUs nor the local authorities were sufficiently empowered to adopt more proactive roles.

Today, LDUs continue to operate within a de-concentrated system. While LDUs have in theory assumed a position where they can play a major role in the preparation of local development strategies, and local development action plans for their respective Governorates, the reality is that their primary focus is on reporting to the centre on the implementation of projects by other government authorities at the level of Governorates. The legal and institutional framework in fact presents a complex picture within which the roles of LDUs are not clearly defined in relation to the Governorates, Governors, Executive and Advisory Councils, Ministries, Municipalities and Development Zones, all of whom have a stake in local development.



In some cases, LDUs exist under rudimentary arrangements with a very limited staff base, which perform reactive data-entry roles related to financial disbursements of capital projects in concerned Governorates, as well as other tasks which are not assigned elsewhere. In the best cases, they have expanded their roles, including actively participating in Governorate-level strategic planning processes. However, LDUs are by-and-large rarely involved in local development planning that goes beyond capital infrastructure projects, for example in examining the LED potential of the Governorate, coordination with private sector interest groups and environmental impact analysis.

While it is possible to conclude that LDUs are performing basic functions as outlined in concerned MoI regulations, these tasks are performed to varying degrees of intensity and initiative and the foreseen role of LDUs as a catalyst for local development and participation has not therefore been fulfilled (Knox and Al-Mothaffar, 2014).

The Municipal Level

Jordanian Municipalities represent a partially-devolved component of a wider local governance system involving vertically de-concentrated line ministries. The municipal elections in 2013 represented a first steps towards fulfilling the promise of a politically-decentralised system of local government. However, the absence of genuine political will to introduce measures aimed at administrative and fiscal decentralisation, as shall be seen below, represent a major stumbling block in Jordan's pursuit of decentralisation.

To quote the World Bank, "one of the most outstanding aspects of the municipal situation in Jordan is the big gap between the wide functions and responsibilities that the Law assigns to the municipalities and authorizes them to exert, on the one hand, and the extremely limited number of services which they provide and functions which they assume, on the other" (WB, 2005). According to Article 41 of the Law of 1955, Municipalities have responsibility for 39 functions which primarily relate to urban services, such as cleaning, spraying insecticides, street lighting, construction and maintenance of roads, slaughterhouses, markets, public parks, libraries and town planning. Municipalities also have a general local development mandate. The Ministry of Interior and the Ministry of Municipal Affairs exhibit major tutelage roles over the sector and only 3 per cent of total government expenditures occur in Municipalities.

In practice, most Municipalities are only responsible for urban planning, waste collection, road maintenance and lighting, markets and building permits. Joint Service Councils were created to provide services (especially waste collection) for several groups of Municipalities and villages (their number was reduced from 44 to 21 in 2001), but only 16 of them manage waste collection, and the majority operate under the impetus of the Ministry of Municipal Affairs.

The Municipalities are not able to develop their own local policy in response to specific local needs. The law does not permit Municipalities to influence service delivery policies prepared by public and private agencies. They are not even involved in, or consulted by, the agencies delivering basic urban services, such as water and electricity. This creates major distribution issues.

Municipal budgets (excluding GAM) are heavily dependent on a transfer allocation system that date back to 2002 and take into account a number of socio-economic factors, including population. More than half of the municipal budget comes from government transfer (8% tax on fuel derivatives and 40% on car sales). The transfer formula was being re-adjusted in 2012 – 13, but this is yet to be finalized and Mayors have expressed concerns about the lack of predictability in the system, with the central government repeatedly renegeing on its full commitments as foreseen by the share of fuel derivatives and car sales (Ababsa 2015). The second source is property tax¹⁶ and building permits. Until 2011, only the three biggest Municipalities (Amman, Zarqa and Irbid) actually managed to collect substantial part of this resource (JD 55.1 million for GAM and JD 19.1 million for the other 93 municipalities). The other Municipalities were dependent on the Ministry of Finance to do this on their behalf. The MoF used to keep 10% of the amount collected. But in order to start progressive fiscal decentralisation, municipalities are collecting property taxes since 2011. Municipalities can also acquire loans from the Cities and Villages Development Bank (CVDB).

¹⁶ 15% of the estimated annual rental value of the property (including the municipal property tax (10 percent), the sewerage tax (3 percent earmarked for the water authority) and the education tax (2 percent earmarked for the Ministry of Education).



In addition to the above, Jordanian Municipalities currently suffer from a number of capacity deficiencies: out-dated equipment and logistical means to ensure delivery and maintenance of services and assets; limited attention to urban growth and local development planning; de facto authority vested in the hands of the Mayor with limited checks-and-balances; patronage-based system of recruitment; inadequate civic engagement and a steady decline in approval ratings; an inherited and crippling salary burden and unsustainable debt service; outdated financial management practices and systems; severely limited investment capacity (National Resilience Plan 2014).

The above picture is by no means uniform, with large variations, dependent on the size and capacity of Municipalities. To compound these challenges, there is an insufficient regulatory framework to guide Municipalities in their administrative duties and insufficient clarity in role division between Governorates and Municipalities.

3. Main challenges related to enabling environment

Jordan is a small country of 7.5 million inhabitants (6.5 million inhabitants according to DOS in 2014), which counts the highest number of refugees in the world: 40% of its population is of Palestinian origin (and were given full citizenship in 1954) as well as the more recent arrival of Iraqi and Syrian refugees. Refugees are concentrated in the main conurbation of Amman-Russeifa-Zarqa, which gathers about half of the population.

Jordanian decentralisation was mainly envisioned as a tool to support the development of peripheral areas. This explains why, in terms of political decentralisation, GAM is treated differently from other Jordanian Municipalities. It also explains the somewhat experimental nature of government policy regarding the adoption of different institutional mechanisms for local development, including the establishment of Governorate Local Development Units, Municipal Local Development Units, and Development Zones (following the creation of Aqaba Special Economic Zone Authority and Development Zones Law in 2008) (Knox and Al-Mothaffar, 2014).

After some Islamist Mayors were elected in 1993, several changes to the municipal law were made. Mayors along with half of municipal councils were appointed by the central government in the years between 2001 and 2007. The performance of municipal councils during this period has subsequently been brought into question, with some members of new municipal councils (elected in 2013) alleging that the currently poor financial situation in Municipalities can in many cases be attributed directly to a lack of accountability within the previous system.

In 2009, the previous Minister of Planning initiated an inter-Ministerial Committee on Decentralisation with technical support from UNDP. His main goal was to give the Mayors the possibilities to express their community needs and visions by increasing their engagement within the existing centralized system, in essence incorporating them upward rather than decentralizing competencies downward. This strategy was considered to present too many risks for the central government; in order to control the tribes and to prevent the Islamists from assuming a powerful base in Municipalities, reform was proposed only at the Governorate level. In May 2009, a Technical Working Group on Decentralisation was created by the Prime Minister in order to prepare a "Decentralisation Strategic Framework". This framework was to incorporate all elected mayors in Governorates into a "Governorate Council of Municipalities". This was paralleled by a first intention to reform the municipal election law to redefine electoral districts and ensure a broader level of citizen representation, as opposed to simple majority rule.

Following the Arab spring uprisings of 2011, protests pushing to curtail the powers of the constitutional monarchy and put an end to corruption were accompanied by demands for the creation of new Municipalities. All previous appointees to municipal councils were dismissed on 1st March 2011; new Mayors were appointed until Municipal elections in 2013. The 1955 Municipalities Act was also amended in September 2011. It increased the quota of seats for women from 20% to 25% and raised the share of fuel taxes allocated to municipalities from 6% to 8%. Six municipalities included in GAM in 2007 gained their autonomy in 2011. However, these moves were perceived by some commentators as populist appeasement measures, rather than a genuine attempt to create opportunities for empowerment and local development.



Today, another major challenge has emerged, mainly that of coping with the influx of Syrian refugees into the country and the burden this has created on all levels of government but especially on Municipalities. The crisis exasperated a range of systemic and capacity issues that prevent Governorates and Municipalities (newly-elected Municipal Councils) from meeting demands for services, and exceeding pre-crisis service delivery and local development requirements.

UNHCR figures (2013) indicate that 65% of Syrian refugees have settled in urban areas and, across Jordan's 12 Governorates, 240 thousand (39.1%) are living in Irbid, 135 thousand (22%) in Mafraq, 119 thousand (23%) in Amman, 46 thousand (7.5%) in Zarqa and 47 thousand (7.6%) are spread across the rest of the country. All Municipalities in Irbid and Mafraq Governorates have witnessed an increase in population as a result of the crisis, while some have experienced an unsustainable population surge (Mafraq – 128%; Ramtha – 47%; Al Serhan – 45%). Consequently, initial assessments on the impact of the crisis have focused almost exclusively on Municipalities in the two Northern governorates of Irbid and Mafraq. More data is required in order to develop a comprehensive understanding of the effect of the crisis on the overall local governance system, and on affected populations. However, it is evident that the sudden Syrian population influx has created the following notable impacts:

- Heightened pressure on municipalities to deliver more and better municipal and social services, address housing deficiencies, induce local economic development, and support social cohesion of communities.
- Increased local tensions particularly from Jordanian citizens in host communities that are starting to demand a more effective response to their own needs from state institutions and local authorities, particularly in smaller communities.
- Temporary reprioritization of electoral and planned development programmes and investment frameworks in affected areas, with the longer-term potential to derail efforts to introduce and sustain a new system of horizontal sub-national planning.
- Critical decisions on the future shape of sub-national governance threaten to be delayed further as a consequence of the urgent need to respond to the pressing needs of host communities.

The number of Syrian refugees residing outside the refugee camps in Jordanian communities adds additional pressure on municipalities already struggling to provide essential services. Solid Waste Management (SWM) is a particular concern; the influx of refugees means in principle an increase of an estimated 340 tons of waste to dispose of daily. Prior to the crisis, SWM capacity was in many respects already exceeded, logistical means were outdated and insufficient, financial means overwhelmed by increasing fuel cost, and technical and institutional processes inefficient – and environmentally not sustainable. There are other major resilience (sustainability) challenges related to the full optimization of provisions of the Law of Municipalities (eg. the role of Joint Service Councils in the latter stages of the SWM cycle - handling, volume reduction and treatment and landfilling).

A number of other municipal services and planning functions are impacted directly by the crisis: (i) urban management capacity and development control (related to urban growth and new constructions); (ii) lack of roads, storm water drainage and street lighting in new settlement expansion areas; (iii) road degradation as a result of heavy transport loads; (iv) overutilization of public spaces and parks as transit areas for refugees; (v) inadequate capacity of municipal cemeteries; (vi) inadequate housing solutions; (vii) poor water and sanitation conditions as a result of inadequate infrastructure (provided by central government agencies); (viii) lack of prioritization of earlier LED gains/initiatives as urgent service delivery, humanitarian assistance and social cohesion efforts take priority, etc.

According to a recent report released by MOPIC, the presence of Syrians outside the refugee camps in the northern Governorates will have incurred an additional cost for municipal finances of approximately USD 40.5 million annually by the end of 2013 (MOPIC, 2013). A limited analysis of municipal budget estimates and property tax collection for Irbid and Mafraq Governorates for 2012, 2013 and 2014 indicates that municipal income in most-at-risk areas has decreased for the majority of Municipalities at a time when there is a soaring demand for services. Data for estimated municipal expenditures carried out as part of the same review indicated that current expenditures increased in the majority (67 per cent) of 21 municipalities reviewed between 2012 and 2014. Furthermore, there are large disparities between municipalities (from +22 per cent increase to -10 per cent decrease), with a total volume increase of 6 per cent. Certain



Municipalities have significantly increased their current expenditures plan, while others have contracted expenditures. A feasible explanation stems both from the variance in municipal capacities and challenges associated with current municipal income sources, namely: (i) Municipalities do not have the capacity to meaningfully increase their own revenues; (ii) central government allocations are not strongly correlated to population figures; and (iii) most Municipalities are already too indebted to borrow more.

Municipal services have been adversely affected by the Syrian refugee crisis, and delivery performance is for the most part declining rapidly. Without a significant adjustment to the mechanisms for calculating, collecting and utilizing own-revenues and transfers, the outlook with regard to municipal service delivery will remain bleak given the prospect of a sustained increase in the refugee population in affected areas. Jordanian host communities are witnessing declining service levels and social tension is rising. It is unlikely that these challenges will be met without a fundamental re-envisioning of the overall system of local governance in Jordan.

4. Initiatives, policies, drivers of change

Since 1989, Jordan has sought to encourage public participation. Jordan is a major recipient of development aid; the role of the United Nations and the European Union is therefore crucial. A main driver of policy had been affected by these agencies, and other development partners, putting public participation as a condition for assistance. From 1980 - 1997, Jordan was a model in the field of regeneration of urban slums in the Middle East, being the first Arab country to apply the new developmental frameworks advocated by the World Bank in Latin America and Asia. Inhabitants of informal areas participated in all the stages of renovating their homes and were empowered to become homeowners through better access to long-term loans guaranteed by the State.

The new Municipal Law adopted in 2007 allowed citizens to elect all the municipal council, including the Mayor, with a quota giving 20% of seats to women. Most recently, new elections were carried out rather successfully in 2013¹⁷. In addition to formal participatory tools, local authorities have at their disposal a wide range of informal tools to maneuver the system as long as the central government is guaranteed that, in a small country like Jordan, local-level politics do not impose on national-level political concerns. One example of informal participatory tools involves the way GAM engaged consultations to ensure the inclusiveness of the widest possible social stakeholders during the preparation of its Master Plan. These meetings included the Mayor, several ministers, investors and a broad spectrum of civil society.

In April 2014, the Council of Ministers endorsed the preliminary blueprints of the draft by-law governing the decentralisation of Governorate Councils, in addition to a draft amendment of the Municipalities Law.

A specialized committee was created to handle the legislation concerning the Governorate Councils; a subsequent draft put to Parliament in October 2013 was escalated to the level of a Decentralisation Law. Under the new proposals, the Governorate Councils will have a role in approving governorate budgets, to be prepared by Executive Boards. They will also be able to assign preparation, supervision and investigation tasks to Executive Boards, in addition to examining and approving government employment procedures at the level of Governorates. They will be responsible for reviewing strategic and operational plans and programmes, to ensure they respond to “governorate requirements of the development projects and services brought up by the executive boards and its priorities”. In this regard, they will be expected to “identify areas within the governorate which suffer from a lack of services and development or they suffer from emergency problems and propose solutions with the relevant authorities”. Within this system, it is envisaged that Governors will take on a strong role related to the integration of efforts of different actors towards the goal of local sustainable development. Both the Governor and Executive Board will have a stake in preparing the annual Governorate budget and discussing it with concerned government authorities.

¹⁷ GAM was not concerned by the law, and its mayor and half of the municipal council are still designated by the PM office.



Some actors within Jordanian civil society have highlighted a number of challenges and opportunities within the current draft legislation. The creation of Governorate Councils has been viewed as “a progressive act in the democratic development of the Jordanian state, as it raises the capacity of local councils to express citizen’s hopes and needs, enhances decentralisation, and gives the chance to the municipal authorities to have a closer body to the citizens than the central government.” (Al Hayat, 2014). However, a deficiency highlighted as particularly problematic includes the repetition of the experience of the single non- transferrable vote (One-Man, One-Vote System) at the level of Councils. Given the prevalence of tribal allegiances in Jordan, this is seen as fundamentally problematic by many observers, and a preference has been articulated for more proportional electoral system to ensure fairer representation for voters on the governorate level, and to enhance systematic and collective work.

The amendment to the Municipalities Law has been drafted separately from the Decentralisation Law. This is in itself problematic. However, following the local elections of 2013 a number of new voices have entered into the debate on Jordanian decentralisation, and new local leaders are now in a position to negotiate local concerns and influence the debate on the draft of the Municipal Law. While the proposed draft will enable Municipalities to form coalitions and implement joint projects, it remains rather abstract and some newly-elected leaders have concerns that more powers will be removed from Municipalities, primarily through the introduction of a range of additional regulatory control functions (articulated within and outside both pieces of legislation).

The new legislation introduced in 2014 can be seen as an amalgamation of different forms of decentralisation, since it introduces **delegation** as a third pillar of Jordanian decentralisation through the installation of a new, quasi-democratic entity in the form of Governorate Councils, supported by Executive Boards¹⁸, whilst also introducing **horizontal de-concentration** through Governors, and retaining aspects of **vertical de-concentration** through central government line ministries Governors, and **devolution** through Municipalities.

A major challenge regarding the current debate, as during previous phases, is the need to align the thinking and priorities of different Ministries, and development partners, under a common framework for national development. It therefore seems necessary to align current proposals under a common package of legislation that is clearly tied to a set of national development priorities. The debate is on-going and the current period can therefore be seen both as a potential enabler, as well as a long-term inhibitor, of Jordanian decentralisation. Jordan’s donor partners have a vital role to play in this discussion and current deficiencies in their own coordination also need to be addressed. If implemented correctly, the EU’s new Decentralisation Programme (initiated in October 2014 by UNCDF) represents a golden opportunity to achieve these objectives and take the first step in a long, and much overdue, process of decentralisation in Jordan.

3.b Second Case Study: Lebanon

1. Brief history of decentralisation

In 1989, Lebanon ended over 15 years of civil war through a political pact organized through the mediation of the main regional stakeholders, who sponsored the various militant groups. A major package of aid for reconstruction enabled the war-battered country to provide a rudimentary level of functionality and regain some of its basic economic grounding. Since that day, however, two main issues have defined the political conflict in this small country. On the one hand, the balance of power among the main political elites was held through a very fragile zero-sum formula whereby any gain for one side would always be perceived as a loss by the other. On the other hand, that stand off situation was blocking the economic development of the country and hindering the creation of a more balanced public investment framework that would distribute national resources equitably to gradually remedy the main root causes of the conflict. The issue of decentralisation in Lebanon has been defined between these two poles.

¹⁸ Executive Boards are to be composed of Administrative Governors, Government departments and offices, Development zones and industrial estates, Security and civil defence departments and the Executive Managers of Municipalities..

The national elite (political party bosses, large landholding families, ex-warlords, sectarian religious leaders, etc.) controlled the national parliament and derived their power from being the bridge through which their constituents could access public sector jobs, benefit from infrastructural projects, receive services or be protected from sectarian infringements. Decentralisation is in effect a challenge to the very processes through which the national elite maintains its power base (Favier, 2002).

The argument for decentralisation often advanced through civil society demands and under pressure from international donors has been halted at key junctures under the pretext of preserving national unity. The 1989 pact signed in Taif was supposed to chart a necessary temporary phase to redraft a new constitutional framework, where issues of transitional justice, equitable development, democratization and the eradication of the root causes of the conflict would be tackled through various political reforms, including those of the local governance framework. Little of those reforms materialized concretely, as the status quo was mutually beneficial to the powerful post-war elite, often staking their claim on national politics through a critical balance of power in the parliament. In a small country that requires no more than two hours from its furthest end to reach the capital, the members of parliament are often seen to provide that essential link between citizens in local communities and services provided by the central government.

Several drafts for reforming the law had been proposed in the last twenty years, to be subsequently watered down or halted entirely in parliament. Nonetheless, the law of 1977 that defines the main framework for municipal structures is operative and in theory provides a wide spectrum of freedoms and competencies for local authorities. In some respects, the history of decentralisation has not always moved towards greater mandates for the local authorities but into further infringements on their jurisdictions. Extra judicial ordinances by the central executive branches and / or the parliament have chipped away at the ability of municipalities to carry their mandate of overseeing “all work of public benefit within the municipal jurisdiction”, as mandated by law. Theoretically the law gives local authorities the power to assume all work normally handled by the central government with the exception of what is normally dubbed the sovereign ministries (defence, justice, foreign affairs). However, in its formal interpretation it only allows the municipalities to propose projects to the central ministries and to object to central projects, but not to implement them directly.

Most decentralisation efforts in Lebanon, in effect have amounted to no more than de-concentration of central government decision-making to territorial regional management units, administered by appointees from the central government (Sleiman, 1999). The municipal law provides very poor linkages between the elected layers of local governance and the appointed regional and district managers. Furthermore, as appointments to regional de-concentrated powers are handled by appointed figures, the persons in question must go through the filter of post-conflict sectarian balances codified in parliament, thus, creating an additional leverage for the political elite to usurp local power. When these balances cannot be met, the positions have purposefully been kept vacant. At critical junctions, the positions of Governors or District Managers had no competent managers and were delegated to centrally-appointed officials in neighboring units to cover on a temporary basis. Nonetheless, the Lebanese political elite have not been able to bypass certain clear entitlements such as local elections. Despite the political deadlock, local elections have ensured that new faces emerged periodically at the local level, and a new class of stakeholders has thus been able to stake progressive claims to legitimacy, even with the limited mandates left to the municipalities.

2. Current status

The 1977 law is a culmination of a long tradition of local administration in the region that inherited basic tenets of the Ottoman and French territorial management systems, and even maintains some of their basic nomenclature. The system is based on two parallel layers of governance. First, there is the de-concentrated level of governance represented by the governor who presides over basic security functions in addition to his duties in backstopping and supervising the elected municipal councils. Each governorate is then divided into several Caza's, which are administered by appointed Kaemmaqams. These functionaries oversee local policing as well as providing some basic supervision over the elected councils to ensure that they do not transgress their jurisdictions. There are 25 Caza's in Lebanon distributed over eight governorates. Each governorate has regional branches of the main line ministries; the governor retains considerable



power in overseeing their work, though at the end of the day, the governor is a centrally-appointed public functionary and can often not go against central mandates. In that sense, most governors have defined their mandates mainly as facilitators of central government work, problem-solvers, and guarantors of social cohesion, rather than advocates of local hopes and aspirations (Antoun, 1999). Beirut the Capital has a special status in that it has only one layer of governance and special sectarian checks and balances over its main functions.

On the other hand, there is the elected municipality, which was imbued by law with the status of an independent legal personality. Municipalities have often been demarcated on the basis of a very critical sectarian basis. Thus, there is no standard definition of size for them. A Caza may have a large number or a small number of municipalities. There are over 975 municipalities in Lebanon. Many are too small to even have proper local councils. Elections for the municipal council seats are open for electors at large on the level of municipality. Established residency in a municipality is a condition for eligibility to vote. However, a high percentage of the Lebanese population has moved either as a result of the sectarian strife during the war or for economic reasons afterwards. Yet, as the residency in the Caza is a pre-requisite for voting for Parliament, and as the critical sectarian balance for sectarian representation can only be maintained through the archaic quota guaranteed through old residency status in the municipalities, the political parties representing the various elite groups have strongly discouraged people from changing their official place of residence. As a result, a substantive part of the people eligible to vote in municipal elections does not actually live in the municipality. In essence, even though municipal elections are a true representation of free public will in Lebanon, they represent more absentee landlords than actual residents in many of the municipalities.

To mitigate the small size of most municipalities, the law allowed for aggregating some basic services on the level of Municipal Unions. Municipal Unions are not elected bodies. They have administrative councils membered by the various municipal council presidents and chaired by a person they would mutually agree to appoint to the job. The Municipal Unions have a coordinating function among member municipalities and cannot supersede their jurisdictions. Indeed, they draw their budgets and core resources from their members. Municipal Unions however are not free associations. They follow the critical approach of sectarian balance. Most of the 42 unions are drawn with sectarian balances in mind. Many of the municipalities were not included, or chose not to be included on that basis. The success of unions in coordinating basic functions among their members has depended a great deal on the ability of the more powerful stakeholders to forge alliances with the weaker ones. Some unions manage to advance very sophisticated local development programs, while other unions cannot even agree on providing basic collective service to ensure a minimum level of economies of scale.

For the most part, municipalities have had little administrative staff to oversee their core mandates. For everything else they are entirely dependent on the regional offices of line ministries, or on central government administration to provide technical services, not to mention finance capital investment projects. Most municipalities lack reasonable human resources as they have little power to hire and fire, and have to follow central government ordinances in managing their affairs. Ensuring the application of central directives is guaranteed by the Kaemmaqams for the basic day-to-day functions, the governor for major bureaucratic and human resource issues and the Ministry of Interior for other regulatory statutes.

Municipalities receive percentages of national taxes and have a substantive range of local fees and transaction taxes at their disposal. Most, however, are dependent on discretionary funds advanced by the central government and on periodic disbursement of their share from specific national taxes. The collection of local revenues is often less than optimum as most municipalities lack solid bureaucracies, but most importantly as most councils are reluctant to collect local revenues vigorously for fear of antagonizing local electors. In any event, the largest part of their budgets comes from central funds, and the central government undertakes to cover all major infrastructural works. Municipalities have to cover for basic maintenance of capital assets and care for basic services such as solid waste, from their own budgets. For all other functions, municipal councils act as a board of supervisors over services provided by the line ministries. Where local councils derive much of their power is in issues of urban planning and local economic development. Councils can use their veto powers to block spatial planning work and to manipulate the outcomes of urban plans prepared by the central authorities. This vital function has been critical for creating some leverage for local communities to affect demo-



graphic transformation and to ward off unwanted sectarian intrusions into their communities. In many cases, however, this has been abused for real estate speculation, rendering real estate the main concern of local councils when considering local economic development. In principal, however, local councils have a great leverage to direct and advocate for different types of investments. Successful mayors have learned to use the intermediation of the regional parliament members and the lobbying of the powerful families and businesses, to promote projects and have the central government approve their financing.

3. Main challenges related to enabling environment

Despite the adaptability of most local councils to use the system and stake a part in the national budget, the fact of the matter remains that most municipalities are underfunded, and that their main tools to increase their resources are limited. Their inability to establish their own technical departments have limited their ability to challenge line ministries over investment priorities. Projects advocated by local municipalities tend to be capital investment projects as these are the main projects that receive funding from donors through the central government. Soft development projects are harder to make visible to local constituents and are thus less useful for lobbying potential electors.

A vicious cycle needs to be broken. Local councils can only bring about visibility to what they do if they manage to attract national funding and bring in large capital investment projects to their communities. These projects can only be ascertained through the patronage of powerful local and regional elite. The patronage networks of the powerful elite ensure that no decentralized powers are divulged from the central government to the municipalities. Without real powers and competencies, municipalities can only play a minor role in developing value-adding projects, so they cannot convince their constituents to pay real fees and taxes for services and the municipalities can only count on appeasing the key stakeholders to ensure the flow of minimal budgets to their communities.

Bickering among local political actors and the continuous reversal of direction has been played to its ultimate conclusions. Local economies have been reduced in many cases to quick manipulation of the real estate market, without any clear vision to steer the local economic development process. More dangerously, the deadlock has often led to further descent into conflict and poverty in certain urban areas. In some cases, this has threatened to reignite the sectarian strife, as has almost happened in Tripoli and Saida recently. The arrival of over one million refugees from the Syrian civil war has added another challenge on the services and economic prospects of local municipalities. Coping with externalities has always been one of the major challenges to a small country like Lebanon. Today, the whole country is facing a major crisis in meeting this challenge. The municipalities are bearing the major weight of the regional conflict. They are on the front lines to ensure the continuity of basic services, mitigate local conflicts as well as stop an escalation of crime and security threats from disturbing social cohesion.

4. Initiatives, policies, “best practices”, examples of “positive change”

Despite their limitations, or perhaps because of their limitations, local municipalities have had to learn to collaborate with local civil society and local businesses to bring in a myriad of projects, initiatives, and investments at all scales. Entrepreneurial mayors have established volunteer technical advisory groups to compensate for the weak human resource base, to solve particular problems. They have also created frameworks for job creation in collaboration with local and international NGOs and organized very successful cultural and touristic events, to put their municipalities on the tourist map. Additionally, Lebanon, unlike many other countries in the region, has not been terribly concerned about opening the door for collaboration with international donors. A great deal of soft projects as well as capital investment projects has been secured through personal contacts of mayors and city councillors with expats, regional donors in the Gulf, or European and US aid programs.

Several municipalities have actually used the opportunity of collaborating with international donors to leverage permission from central government or governors to bypass certain restrictions. Though in many cases, these achievements were not sustained beyond the commitments of the donors, in a few cases the process managed to normalize certain practices, and they were maintained afterwards. The main challenge, however, remains in the short-sightedness of local



councils towards long-term development goals. Their vision is most often fixed on the next elections. A change in the political party holding the majority of a council almost invariably means a reversal of direction and an abandonment of previous strategies and projects.

5. Drivers for decentralisation

The political deadlock on the national level and the continuous fluctuations on local development initiatives are no longer acceptable to many civil society groups and vocal advocates are emerging to challenge the status quo. Some entrepreneurial mayors have capitalized on this and used it as a leverage to create local dialogue among the different stakeholders within their jurisdictions. In some cases, there is evidence of longer-term pacts emerging to keep local development efforts away from the national political deadlock. Collaboration projects with EU partners are contributing to some level of dialogue to build consensus and win-win frameworks for long term development. These are still embryonic in many cases, but even the powerful elites are learning that they have to compromise if they want to survive.

Increasingly, donors are pushing for reform of institutions as a precursor for continuing their support to Lebanon. In the wake of the refugee crisis, Lebanon missed out on major opportunities for funding because donors did not trust the central government to manage the delivery of necessary services. Though the situation has reached near crisis levels, the donors prefer to deliver their humanitarian aid to local NGOs and local governments. In essence, a great deal of vital resources is not reaching Lebanon as the absorption capacity of NGOs and local governments is very limited. The previous pressure for further decentralisation is now gaining renewed momentum and urgency.

The national dialogue initiated by the previous president¹⁹ did not officially materialize beyond a general framework issued through what came to be known as the Ba'abda declaration (named after the presidential palace where it was made). Yet, on some level, a convergence of ideas has happened to allow for a new version of the decentralisation law to emerge. The gist of this new proposed law is to ensure a greater correlation between the different territorial governance systems, create a more inclusive framework of representation and create a transparent and equitable framework for coordination among municipalities on issues of collective benefit. The draft law also addresses the need to ensure maximal use of local resources in the service of local development (Attallah, 2014). The technical consultations over the law have brought a reasonable level of compromise, though it remains to be seen if a major transformation can be achieved in the current context of regional instability.

3.c Third Case Study: Yemen

1. Brief history of decentralisation

Decentralisation in Yemen emerged from a different paradigm than most other countries in the region. Power had never been fully consolidated on the national level due to the constant conflict between the nation-state and the region-tribe (Mundy, 1995). The decentralisation of power in Yemen was mandated de-facto through social and cultural realities before it became codified de-jure. The process of establishing a highly decentralized system had always been at the core of national politics. In essence, it was as much a negotiated tool to allow the central government access to local tribal regions as it was a process of extracting powers and resources from the central government.

In the North of the country, the revolution against the rule of the Imam in 1962, established a central government emulating the then popular Egyptian model of governance. However, for effective control over the rugged terrain, alliances between the army chiefs who led the revolution and the more influential tribal leaders had to be forged to maintain a balance of power among the strongest tribal federations (Al-Aini, 1999). In the South, the British colonial authorities favoured a decentralized model, and worked to consolidate a federation in the different regions by enticing or coercing the local Sultans into permanent peace treaties (Ingrams, 1936).

¹⁹ Lebanon has not been able to elect a new president because of the political deadlock. The previous president left office in May 2014 and the office is still vacant..

Eventually, when the British abandoned their colonies, the South was handed to a revolutionary leftist alliance that attempted to forge a Soviet-style central decision making process. Local popular committees had a wide margin of local leadership as long as they did not deviate from policies set by the central polit-bureau. Neither of the two governments in the North and South was capable of sustaining their modern ideals. The global context in the post-perestroika era deprived the South of its main international sponsor; its tenuous relationship with its powerful neighbour Saudi Arabia continuously interfered with the stability of both parts. The initial negotiation started in 1989 and culminated in unification on 22nd May 1990. The move was as much a necessity for the South as it was a fulfilment of a modern nationalist ideal of re-unification of the two parts of the Yemen (Al-Naqib, 2012).

The union of the two parts required strong guarantees for the autonomy of the much weaker South; decentralisation was at the core of the negotiation for national unity (Egel, 2011). A system of government based on national suffrage would have put the South at the mercy of the powerful interests of the tribal allegiances of the North (Al-Rabi'i, 2012). Though there was some agreement on principles, the details were to be worked out later through the political process. Priorities were given to merging the national bureaucracies on the central level to absorb the much larger public sector of the socialist-style government of the South. Nonetheless, the integration of the two systems faced major difficulties and some of the Southern leaders opted to secede from the union rather than risk being illuminated politically and physically. A brief civil war erupted in 1994, and was settled brutally in favour of the much more powerful tribal militias unleashed on the South by the central government in the North. The war was followed by a "victor takes all" mentality (Al-Naqib, 2012). The initial intention to move towards decentralisation slowed.



Failure to bring development and services to renegade areas was caused as much by a lack of national resources as by corruption and a culture of entitlements dominating the tribal social order. Development efforts were not reaching the local level, while political problems were growing as influential elites (military commanders, businessmen and tribal chiefs) from the North were acquiring major monopolies and land rights throughout the South. Through coercion and taking advantage of the fact that the poor southern local governments were cash-strapped, the Northern elite usurped major swathes of land in the less populated South and secured a stronghold on its oil and gas reserves. The decentralisation process, in a sense, was promulgated in part to facilitate the introduction of development efforts into the different regions, but it was also permitted to take place by the powerful Sana'a political elite because they could personally benefit from it (Romeo and El-Mensi, 2008).

Much of the decentralisation process that emerged subsequently was ushered by President Ali Abdullah Saleh who wanted to consolidate the loyalty of major tribal leaders, thus, subjecting his powers to substantive but not imperative parliamentary and judiciary checks. The General Congress Party (GCP), the ruling party of President Ali Abdullah Saleh, was created to solidify a network of clientelism across the country. Careful balances with the religious right, the remnants of the socialists in the South and a few smaller political parties were given a substantive margin to organize (Al-Rabi'i, 2012, Bertelsmann Stiftung, 2012). The opposition parties realized that they did not stand a chance to dislodge the GCP's power and created a strong alliance. To delay central-level reforms, President Saleh compromised on decentralisation so as to give his opponent some arena to compete for power without having to make true concessions on the national level. Local elections enjoyed a wide margin of freedom, with minor manipulations by local elites but never to the extent where the opposition was incapable of dominating major parts of the local councils (Egel, 2011).

Decentralisation was codified in the constitution, but ensuring its implementation required a long process of legal, institutional and economic transformations. In 2000, a progressive law for local governance "Qanoun al-Siltah al-Mahaliyah" was passed (Law Number 4 for the year 2000). The law ushered large local powers to elected councils. Over the next ten years, various legal tools were used to delineate its financial and technical details. The law established the moral/legal personality needed for local councils. In essence, the law was developed as a framework for effective local governance, with implementation taking place progressively as the institutional structures of the local councils were strengthened. The progressive transfer of jurisdictions from the centre to localities was codified by prime-ministerial decrees and allowed for great flexibility to move according to technical needs. A strategic framework was initiated in 2003, but it would only be ratified in 2009 (Romeo and El-Mensi, 2008).



The central government kept a constant political check on the processes through which appointed governors and local district directors were engaged. It divulged powers once it was sure of outcomes. Eventually, in 2008, the law changed again; Governors were elected through a second degree electoral process. Local council members in all the governorate's districts voted for a local candidate to the position. The Congress Party was assured majority votes as it was in control of over half the local councils. Local District Managers were also promised to be elected next, but that step never materialized; they were increasingly appointed to the job, especially in the South.

Despite major progress in transferring wide mandates, functions and congruent budgets, from national line-ministries, and despite relatively free local elections, the process could not reverse structural problems that tied the hands of local authorities behind archaic national law and corrupt national bureaucracies. The decentralisation process took a long time to resolve legal obstacles, unleash resources and build human capacities. During the ten years since its inception in 2000, the process failed to meet the deeper challenges of creating economic opportunities to absorb young entrants into the job market and provide them with decent housing and services. The combination of deepening poverty and political problems stemming from regional conflicts meant that there was ample fodder for discontent. At the dawning of the Arab spring, Yemeni youth, opposition parties, civil society and women groups were politically organized and had ample popular support to take to the street. The South was disenfranchised and was rallying behind leaders that demanded secession or at least a high level of decentralisation. In the North, several regions were at odds with the central government whether for cultural/religious reasons or because of unchecked corruption (Al-Rabi'i, 2012).

The sustained uprising against President Saleh culminated in a political deal that removed him from power. A transitional phase was mediated by the Gulf Cooperation Council. A process of national dialogue ensued. Demands for reform and decentralisation were a primary theme in the dialogue. The much-hated subject of federalism, often perceived in the Arab world as a precursor to outright secession, was suddenly perceived as an acceptable compromise (Hassan, 2014). The final document of the national dialogue came with a strong mandate for moving in the direction of federalism (Yemen Republic, 2013). Subsequently, a controversial debate was raised as to the logic and feasibility of such a system of government. The South wanted the federal units to reflect the old North-South dichotomy, while the North was wearied that this would actually create the enabling conditions for a secession to take place. A proposal to divide the territory into six regional governments (two of them in the South) under a federal government with substantive powers to ensure the fair distribution of resources, has been proposed, though by no means resolved at the time of writing this paper (al-Mazhaji, 2014).

2. Current status

The law defines two levels for local governance, the Governorate and the Local District. There were 21 governorates initially and one was created later to make a total of 22. Local Districts covered the whole territory of the Republic; a total of 333 local districts were eventually created. Each Governorate has an elected council. Council members are elected at large through universal suffrage based on a simple majority in each district. Every district is allowed one representative to the Governorate Council. Proportional representation is not considered by law, though each political party normally runs its candidates to be as representative as possible across the district lines to attract votes from different social and tribal constituencies. Governorate Councils have an Executive Committee, chaired by the Governor, with wide decision-making powers. In theory, the majority party could name its people to the Executive Committee therefore depriving minority parties from effectively influencing decision-making. Yet, most parties tend to consider consensus-building and voluntarily adopt some form of power-sharing. Governorate Councils generally approve plans submitted by the Executive Committee and related budgets. Other special committees are formed in the Governorate Council to supervise and recommend actions to the Executive Committee. On the administrative level, each Governorate Council is supported by an administrative unit (Diwan) composed mainly of non-elected bureaucrats. The Diwan provided a technical arm to help the Executive Committee in overseeing the now decentralized service departments. Line Ministry branches were progressively transformed into local institutions along with their congruent budgets. The line ministries retained technical supervision roles and focused on setting national policies and providing backstopping to the process.

Nonetheless, the true power broker on the Governorate level was the Governor (appointed until 2008 and then elected). As head of the Council, the Governor enjoys both executive and supervisory roles; he represents the Council before third parties before the law. But more importantly he is the designated decision-maker over the Independent Governorate Investment Budget (discretionary funds) (Romeo and El-Mensi, 2008). Also, the Governor has police and security powers. In that regards, he can command the National Guard and the state police in his Governorate. Though the police and army are kept vehemently under national centralized command, Governors often exercise command in national security situations as representatives of the central government rather than as local officials. This fine line of separating the governor's various powers would only very slowly be defined throughout the decentralisation process.

Local Districts were envisioned as a realistic solution to deal with Yemen's dispersed rural communities. The nominal benchmark for a local district was set to be about 35,000 people, though there are considerable variations between rural and urban districts. District Council members are elected according to electoral sub-districts, thus assuring a fair representation of the smaller and more remote parts of the District. Local District Councils have an Administrative Committee that acts as their executive organ to follow the day-to-day needs of managing district affairs. Along the same logic as the Executive Committee on the Governorate level. The District Director is the only non-elected member. Each district also has an administrative bureau (Diwan) comprised of hired bureaucrats that assist the district director and the Administrative Committee with secretarial, planning, accounting and general logistics.

The law gave the Local District Councils broad powers to define priorities for investments and development, supervise the work of service authorities and technical departments in their jurisdictions (including the right to remove local administrators from local departments of most line ministries). Local budgets were augmented progressively by transfers from the central government to the local councils to cover running expenses. However, local investment budgets were left entirely in the hands of Local Councils; they have over 27 categories of taxes and fees to collect. In theory, they can retain a substantive share for their own use and the rest can be returned to the Governorate level. The latter can in turn distribute its revenues on regional development projects and support less-developed Local Districts within the Governorate. Excess funds could then be transferred to the national level. In reality, however, the ideal finance structure set by the law was not to be reached, after considerable investment in building local capacities. The process of relinquishing national resources to the local level was first deposited (against the mandate of the law) at the Governorate level. The formal logic of moving resources to the Governorate level was to allow time for building local capacities; however this move was actually used as leverage for political patronage on the part of the Congress Party, to ensure its primacy in the transitional phase (Romeo and El-Mensi, 2008).

In general, after more than 10 years since the introduction of the law of decentralisation, the increase in revenue collection on the local level has gradually been consumed by inflation. As a result, local contributions to the Local District budget have never grown beyond an average of about 12-14% (DLDSP, 2008). The remaining part of Local District budgets came from central government subsidies (about two thirds, depending on the year) and from the shared resources collected on the governorate level (about one third). The bulk of those subsidies were line-ministries' contributions to cover recurring costs (90%), only a meagre 4% was provided by the central government for new investments to be managed by local authorities. The law clearly stipulated that running costs would remain the responsibility of the central government, directly implying that Local District own revenues would be left exclusively to carry investment projects. Most new investments were therefore financed through Local District own revenues.

However, national authorities continued to develop special projects and hand them over to local authorities. For instance, the Social Fund for Development operated on that basis for many years; only recently it started considering aligning its inputs to Local District plans (Jennings, 2009). The maintenance and operation as well as the depreciation of these projects was often relinquished to the local authorities without much consideration to their ability to finance, not to mention technically manage, maintenance and operations. A good deal of what is classified as new investments on the part of local districts is actually their contribution to these national projects.





Different models for decentralizing particular tasks and jurisdictions were issued under different legal frameworks. Solid waste, for instance, was decentralized legally as early as 1999 and was transferred completely to the Local Councils under the supervision of Governorate-level authorities. By contrast, urban water was decentralized through independent local water and wastewater corporations. The technical capacities for ensuring an integrated water management approach and securing equitable drinking water services was deemed too sensitive to leave at the will of local councils, who could abuse their position and resources. Local water corporations had to coordinate with Local Councils but were given considerable independence, to the point of setting their own local tariffs and cost recovery mechanisms (Al-Harithi, 2009).

Also in support of the decentralisation process, other laws enabling accountability and audits were issued or reformed (Hashem and Tietjen, 2004). The Central Organization for Control and Audit (COCA) was internally transformed to allow for local auditing procedures. By-laws were issued to change the process of initiating investigations and making them more responsive to local ownership. Furthermore, laws on the freedom of the press and public accountability were generally relaxed. For the most part, the press was free to act as a watchdog over local councils. The freedom of the press is however a question for big debate in Yemen; when it came to local politics, the press had for the most part a free reign to act without fear of political reprisal.

3. Main challenges related to enabling environment

The process of decentralisation was controlled from the top down and the final arbiter was the Ministry of Local Administration. On the other hand, the system was opened to public scrutiny mainly through the electoral process. Elections were the only institutionalized mechanism through which the sovereign will of the people would manifest itself. Other types of accountability were never discussed or developed. The role of the courts and the judiciary was hardly developed. Many issues were evidently lacking: the role of the courts to reinforce the constitutionality or legality of local ordinances, the ability of citizens to present litigation against local authorities, and even the capacity of judges to handle complex litigations emerging from the process.

Also absent from the decentralisation strategy was the ability to engage in cross-district work on regional planning, or to initiate regional development programs. Complex urban management functions, especially for the larger municipalities could not be covered by simple planning and implementation procedures designed to meet the needs of average size Local District. This shortfall was intentional as it was feared that regional alliances would enable them to forge political realities and gradually work towards secession. Both the southern peaceful secessionist movement and the northern militant Houthi insurrection were based in remote regions feeling disenfranchised from their fair share of resources and development. Regional planning remains one of the more enigmatic processes in Yemen; outside the framework of local governance.

Different urban development tools were introduced to test the waters beyond the model envisioned by the decentralisation law. The World Bank collaborated with local authorities on the development of City Development Strategies and Local Economic Development Plans for three port cities, creating the first ever initiative in Yemen to develop special investment zones that extend beyond the classic demarcations of the local districts (Wahba, 2008). The Governors were the key constituents to the program and the aim was to create a local development authority to support centrally-controlled regional coordination frameworks. Local districts were engaged as stakeholders but not as the direct constituents. The program faced major difficulties in superseding the hard demarcations of the local governance units set by law, in addition to a myriad other bureaucratic challenges. However, it became very clear as a result that the demarcation of sub-national units in Yemen would not be flexible enough to accommodate more modern and globalized economic processes. The decentralisation process in Yemen was meant to provide for local administrative governance but its ability to meet economic development challenges in an increasingly globalized world were certainly not on the agenda.



4. Initiatives, policies, “best practices”, examples of “positive change”

The push for local governance in Yemen was one area where the ruling party sought compromises on the political level to appease the opposition and ensure that the opposition would continue to play the political game and not be tempted to revolt (al-Rabi'i, 2012). As such, the process had its ups and downs, with political support being provided at times and withdrawn at others. Nonetheless, the net result was a progressive move towards greater local autonomy (Romeo and El-Mensi, 2008). In that regard, decentralisation was an area where genuine intentions were manifest but where skills had to be built progressively to accommodate the process. The process was not mandated by a desire to reduce central burdens and de-concentrate responsibilities. If anything, service delivery in many areas suffered at first to accommodate the process. Yet, the process, which was nationally prioritized, managed to make major progress since its inception. A wide range of services was decentralized from the centre to the Governorate level at first and subsequently down to the Local District level, along with all its budget allocations. Capacities were developed progressively, and responsibilities were increased accordingly. In the end, if the Yemeni delegates to the national dialogue could contemplate solutions like federalism today, it was because they had undergone a process where their local governments made major strides towards decentralisation, even if major gaps in skills remain in many parts of the country and in many sectors. The confidence built at the local level enabled most councils to develop new initiatives on their own and to forge alliances with civil society to resolve many societal issues. On the dark side, however, some of these alliances allowed radical groups to bypass the scrutiny of the national justice system.

Corruption and lack of coordination are still major problems, but the process is a testament that decentralisation can achieve much of its goals when there is a political will to advance it. In Yemen, that may have to do with the complex political balance between the army and the tribes, but nonetheless, it was real and allowed the process to move forward. Even among stakeholders that are typically reticent to decentralisation, like the Ministry of Finance, there was strong evidence of a supportive role in building capacities on the local level to manage budgets and carry the accounting (Hashem and Tietjen, 2004).

5. Drivers for decentralisation

The legal framework for decentralisation advanced mainly due to political priorities of appeasing the opposition. The speed at which it was done on the political level was not matched by the speed of ensuring its technical feasibility. This is perhaps a reversal of how the process went in many other Arab countries. Local councils found themselves with major political space to maneuver but little administrative capabilities to manage. The decentralisation process in Yemen was therefore not a reluctant process, but it was truly confined to the technical capacities and availability of resources. International donors who ventured to support the process were often surprised by the openness of the political process to adopt the transition only to be sobered by the difficult realities of transferring powers from the centre to a much less developed periphery (Hashem and Tietjen, 2004).

A great deal of international support went to help Yemen design and implement its decentralisation process. The largest program, the Decentralisation and Local Development Support Program (DLDSP), was co-financed by several donors through the UN Capital Development Fund (UNCDF) and UNDP in cooperation with the Social Fund for Development of Yemen, in addition to bilateral support through the USAID, the Italian, French and Danish governments. International resources were provided, mainly towards technical support. Budgetary transfers to the local councils (estimated at about 60% of the total budget of the project) used mainly national contributions, and only occasionally provided extra budgetary support to implement qualitative projects. Other donors supported particular sectors such as water and solid waste (e.g. German technical cooperation). Yet, despite all this support and associated pressure, the pace and primary direction of the decentralisation program were always closely guarded by the Yemeni government. The Government insisted on a process that it felt would be suitable to its needs, and international donors had to abide (DLDSP, 2008).





It remains to be seen, however, if the process of negotiating federalism will be carefully thought through and designed, building on the results of previous decentralisation achievements, or if it will be rushed through to appease the main tribal stakeholders. Despite its shortfalls, the previous process was able to overcome major hurdles because the central government was relatively strong, as compared to any regional opposition force, and could therefore push forward the process. In the current context, the central transitional government is weakened. A move towards political decentralisation at the level imagined in the national dialogue normally ensues either from a strong central social contract mandating and guaranteeing the process (e.g. Spain), or inversely from very strong regional entities that can confidently negotiate a unification scheme that would maximize their collective resources but still retain a great deal of local independence to accommodate difference in culture or interests (e.g. Germany). The main driver towards federalism in Yemen is born of neither reality. It is a political compromise that fulfills no one particular group's aspirations. International support to the Yemeni national dialogue is eager to move to the next step and the whole momentum is rushed to avoid secession or civil war. Yet, the way the issue is being presented may very well hasten both. The international community should take stock of the processes and carefully assess technical models not born from actual experiences and local context. In the rush to the magical and almost messianic federal solution, the evaluation of the recent lessons learnt from previous decentralisation work should not be lost.

PART 2. REVIEW OF DIFFERENT MODALITIES FOR EU SUPPORT TO DECENTRALISATION

The EU has been at the forefront of supporting decentralisation as part of its various aid programs, particularly to neighbouring countries in the Mediterranean region. Though many of these programs do not fall directly under the clear heading of decentralisation, they create a comprehensive ensemble of modalities to strengthen partner countries' move towards decentralisation, be it on the governance, administrative, technical or developmental levels. Aid to decentralisation is enshrined in the deep political convictions that emerged in parallel to the very foundation of the EU itself that development and services (welfare) are integrally connected to democratic accountability at the most fundamental levels. Aid modalities were to be regulated under numerous strategic instruments, not least of which is the OECD framework advanced to coordinate aid in the wake of the Paris Declaration in 2005.

4. EU Decentralisation Framework

At the core of the EU support framework for decentralisation is its own local government paradigms that emerged from historical processes of nation building, industrialization and urbanization. The transformations in most European countries in the nineteenth led to fundamental structural transformations with severe impact on poverty, particularly urban poverty, and consequently on political stability in these countries (Knox, 1989). Attempts to alleviate persistent urban poverty were made on different levels. A certain technical approach to the issue was prevalent in most reformist discourses (Rabinow, 1995). Each European country has had to devise its own mechanism of balancing territorial integrity with the specific context of its local and regional governments to advance a model for improving the welfare of its citizen. However, these structural problems persisted despite all national efforts to deal with them. At the core of all of the major upheavals and the two major world wars that were witnessed in Europe throughout the Twentieth Century was the need to address these fundamental challenges. In the wake of the Second World War, European countries, bent on avoiding any future wars, embarked on a long journey of integrating their economies and administrations to ensure that their common interests would supersede their differences. The subsequent rise of the European institutions was born out of a need to gradually achieve a high level of cohesion across the European territories, both national and local.

The different historical, legal and political frameworks of the European countries posed a particular challenge for the prospect of alignments. Most European countries had embarked on their own processes of decentralisation well before they joined the EU. The issue was not to homogenize the relationship of central government to local government but to devise basic modules that would encourage cooperation and interdependency (Charbit, 2011). Alignment of the various political and administrative systems involved a systemic and concerted effort of engaging all levels of governance to work in tandem within the supranational mandate of the EU. The need to establish equitable systems for coordinating funds geared to empower economic development and interconnectedness across different territories in Europe necessitated the development of normalizing tools to ensure a gradual convergence into parallel and compatible models of local governance. A critical balance had to be created between preserving national sovereignty while ensuring a gradual move towards greater territorial cohesion on the economic level across the EU (Bailo and Meynier, 2011).

To this day, there is no direct legal European framework to mandate or directly enforce any specific form of local governance. Instead there are various normative practices that have helped influence a closer alignment of local governance practices. Some of these practices were initiated early on in the context of the European Commission and the engagement of a wide European framework for cooperation. The Council of Europe's European Charter of Local Self Government, signed in Strasbourg in 1985, was one such tool. Over the years, the move towards closer alignment among the European countries has fundamentally impacted local governance. EU legislation was particularly influential in defining the various levels of regulatory, financing and service delivery modalities. Almost 60-70% of all EU legislation has direct impact on local governance in one way or another. Carefully navigated through national governments, policies related to environment, economic cooperation, democratization and human rights, etc. are woven into local governance funds and implementation mechanisms (Guderjan, 2012). Technical normative tools such as the establishment of the NUTS (Nomenclature of Units for Territorial Statistics) were also used to support further alignment. The EU has managed from the top to empower local governance in the various European regions with the aim of equalizing economic performance not only on the national level but also on the local level. Yet, to this day, this has not yet brought local actors to bypass national ones, though local governments have gained major experience and ability to address the European institutions directly.

In the context of aid and cooperation programs to neighbouring countries, the EU's lack of a single governance model to offer or to enforce would not permit it to promote any specific hegemonic model or prototype. Instead, the aid programs are rooted in the European values and experiences in linking democratization, local governance and welfare. MEDA and then subsequently, European Neighbourhood and Partnership Instrument (ENPI) were based on such strong values. Naturally the normative transformation of its own territorial management frameworks was also in the background of organizing many of its partnership and aid programs with surrounding countries. A framework of empowering local governments in the EU to advance partnership programs was made possible through a myriad of instruments focusing on capacity development, knowledge transfer and enhanced communication. The focus on non-state actors and local authorities was allocated over 700 million Euros in aid over the period from (2007 – 2013) out of a total budget of about 11.2 Billion Euros of aid disbursed through the ENPI in the same period²⁰. However, a great deal of the total budget was geared towards local authority-to-local authority programs. Decentralized institutions were one of the primary targets of funding. As such, the EU leveraged its own local government normative processes to support and benefit from aid programs. In the new European Neighbourhood Instrument (ENI), there is an even greater emphasis on leveraging Aid programs "to promote integrated and sustainable regional development and cooperation between neighbouring border areas and harmonious territorial integration across the Union and with neighbouring countries". Many of these programs are to be geared specifically to empowering less developed local authorities in Europe to engage in international partnerships. Funding for some programs is not accessible to more advanced decentralized countries, to encourage the less advanced ones to apply (see below for specific programs).

²⁰ Figures published on the European Commission's Development and Cooperation – Euroaid Web page.



5. OECD, the Paris Declaration and International Charters

One of the more important frameworks for guiding development aid, including that of the main European donors, was advanced by the OECD (Organization for Economic Cooperation and Development). The Paris Declaration of 2005 and its follow up Accra Declaration in 2008 adopted to reflect the OECDs concern for aid effectiveness codified a results-based framework to guide and coordinate development aid. The main gist of the new approach was to ensure higher ownership on the part of recipient countries over their own development processes. Aid programs had to be integrated into national development strategies. The approach involved higher coordination among donors to reduce redundancy, improve monitoring and evaluation of impacts and assure the aggregation of aid programs. The OECD developed several indicators to track progress. These indicators are published regularly.

Decentralisation does not feature independently as a theme in the OECDs framework, as most of the attention is on national governments and their ability to advance collective visions for development and poverty alleviation. The participation of local authorities is viewed as part of the process of creating that vision, and consultations with local authorities were part of the process of aligning national visions to local priorities. Despite the high emphasis on coordination on the national level, aid programs were not compatible to the local level. Donor coordination has often led to sectorial division of labour among donors, as evidence by the Jordanian case. Local governance was not perceived as an overarching cross-cutting issue in donor aid, but often viewed as a technical development sector independent of aid geared to other sectors. As such, development programs in the different sectors did not aggregate at the local level. While some sectors were decentralized; others were de-concentrated.

In many cases, support for governance reforms has been slow and central governments have been reticent in allowing reforms on the local level. Aid was channelled into less threatening sectors with the hope that change will be effectuated once local governments' capacities are strengthened on a technical level to challenge central monopolies on decision-making processes. Six years after Paris, in 2011, the OECD evaluated local government's empowerment towards deeper participation in setting development priorities rather negatively (OECD, 2012). Nonetheless, the OECD still imposes a strong weight on how aid is conceived and donor budgets are starting to reflect that priority.

Further emphasis has been allocated to the local governance as an instrument of economic and social development and a *sin-qua-non* for environmental sustainability. The Rio +20 conference has reinforced attitudes concerning the need for more integration of the local level in development processes. The discussions on evaluating the MDGs and setting the ground for the post-2015 Sustainable Development Goals (SDGs), must take an earnest look at the successes and shortfalls of the process of decentralisation. Donor aid in the future should move beyond delivery of services to examine the real costs of these services and examine the delivery structures, the environmental costs and other externalities, as well as the empowerment of local institutional structures to sustain the process.



6. Different European Approaches to Supporting Decentralisation Programs

Despite major shortfalls, EU support for decentralisation, combined by bilateral support programs and in collaboration with various types of basket funding approaches managed to have varying degrees of success in different countries in the Mashrek region. To that extent, EU programs should not be seen in a vacuum, but should be considered as part of a larger framework for supporting decentralisation. Within this framework, it is argued that economic development and the alleviation of poverty are clearly interlinked with reforms in local governance and a better management of territories (Binder et. al., 2007). European support programs have focused mainly on the following modalities:

→ **Municipal Support Programs:** These are often technical programs to build capacities of municipalities to administer their own processes, build more responsible frameworks of accountability towards their communities, develop better absorption capacity for future aid programs, and indirectly create a collective counterweight to central government monopolies on decision making. Dozens of programs were developed along those principals. Some were local in nature such as the MedCities Program on Urban Sustainable Development Strategy (USUDS), Cooperation in Urban Development and Dialogue (CIUDAD) and, more recently, the Sustainable Urban Demonstration Projects (SUDEP), which operates directly on developing skills and capacities of municipalities to handle strategic local development, service delivery and inclusiveness. These programs are often implemented through local government-to-local government collaborations. They involve incentives for knowledge-sharing, peer-to-peer programs and even substantive resources for implementing key developmental projects in partnership with civil society and private sector partners. Indirectly, these programs enhance local governance by expanding the interaction between local authorities and their constituent communities.

Other technical support programs were policy oriented and / or operated on the national level to develop a closer correlation between central government and local government reforms. Examples of these include the Municipal Administration Modernization (MAM) program in Syria, Baladyati and PLEDJ in Jordan. Alternatively, other programs are thematic in nature such as the NSA & LA (See below for more details). In all, these programs are being periodically reviewed to refine the instruments used²¹. Most of these programs, however, were concentrated on urban management, particularly medium and small cities were increasingly becoming a focus of attention of European cooperation programs, as this was also an essential priority for counterpart institutions in Europe.

→ **Local Governance and Decentralisation:** These tend to be more focused on political instruments of democratization; they were tackled either directly with local governments or with civil society groups to empower their advocacy in local governance affairs. Many of the programs supported in Iraq in the wake of the US-led invasion and the overthrowing of the centralized totalitarian regime in 2003, were geared to support the transformation of the Iraqi political system from the inside out (Bayati, 2013). The United Nations oversaw the bulk of such politically-charged programs through initiatives implemented by UNDP and UN-Habitat (UN-Habitat, 2011). Though the European support to political decentralisation has a strong basis in the EU policy framework (Binder et. al., 2007), the EU often supported indirectly by funding the competent UN agencies rather than leading political reform programs directly from Brussels. Many of these programs went into working with political actors and engaged in electoral frameworks and went into the depth of the political issues related to decentralisation. To that extent, they stand in a category separate from technical support programs to municipalities mentioned above.

²¹ See for instance: http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/2012/1300_docs_en.htm.



→ **Bilateral and Basket Funding Approaches:** Though EU support to decentralisation has played an important role in normalizing the discourse on decentralisation, the impact of bilateral programs carried by the different European countries' development agencies and cooperation bodies should not be underestimated. Various programs advanced by the German Technical Cooperation (GIZ), and some of the Nordic countries bilateral programs, have been instrumental in enhancing decentralisation policy and local capacity development. Moreover, some European countries have contributed greatly to basket funding geared to support more elaborate and complex processes of decentralisation. The Decentralisation and Local Development Support Programme in Yemen is a case in point. Though implemented by UNCDF, the need to report to European partners contributed to further promulgation of normative European standards, as shall be outlined in greater detail later on in this paper.

In the future, the issue of decentralisation will likely take increased attention. However, it has to be manoeuvred very carefully. Decentralisation in essence goes to the very heart of defining territoriality and hence to the very core of sovereignty. In Europe, the issue of subsidiarity was a sticking issue that encumbered the passing of the European Constitution. Most countries in the Mashrek region will treat intervention by outside donors to support decentralisation in a similar manner. Nonetheless, some positive cooperation programs have already been tested. The recent stepping up of aid to local governance and civil society as part of the European Neighbourhood Initiative is a natural step towards normalizing the need to bring decentralisation into the very core of the global development discourse. Yet, in the fragile context of post Arab Spring, the challenge will be even bigger. Many national governments as we have seen above are focusing on reinvigorating the role of the central government as a visible provider of services. The incentives provided through ENI will not compensate for the perceived risk of fragmentation and the defensive attitude of central authorities.

The advancement of further decentralisation proposals must be clearly linked to mechanisms of solidifying the national social contract. This approach, as has been explained above has had certain limitations as central bureaucracies are not likely to allow real funds and incentives to flow to the local level. The European experience of funding national reform projects has had a mixed rate of success, at best. The challenge will be to learn from past programs and define new forms of accountability to the local level as part of aid packages. Many European diplomats are wearied about such delicate manoeuvres. They would prefer to maintain good diplomatic ties to national partners and not risk upsetting them in this critical period. Europe, however, has to carefully balance its interest in maintaining the short-term friendly relations with nation states on the one hand, and responding to the longer-term challenges of inequitable development, on the other. A serious review of how failed local development has brought the fragmentation of states like Syria and Iraq must be undertaken by European policy makers. The threat to the rest of the region and to Europe due to the radicalization of rogue sub national entities, and the emergence of new local realities, will require an earnest rethinking of priorities.



PART 3. RECOMMENDATIONS

7. General Recommendation for the Region As a Whole

As has been demonstrated in the three case studies, each country in the region has undergone its own process of decentralisation and has gone through ebbs and flows, as the negotiations among various national and local stakeholders have evolved according to their needs of political positioning, personal and collective interest, as well as fears and aspirations. It would not be possible to make recommendations to all countries in the region, nor would it be advisable to project the successes and failures of any one country onto the others. Yet, there are important lessons learnt that can be helpful in devising further advancement of decentralisation processes within the region. To that extent, this section will concentrate on strategic questions that should be considered, based on parallel experience in different countries. This strategic approach will be qualified for different types of processes, and for specific country cases. Of course it is not within the scope of this paper to make specific country recommendations, but for the sake of example, occasional reference to specific decentralisation processes can be made useful.

7.a Local Self-Governance



At the moment of writing this paper, the region is witnessing secondary backlashes from the rapid transformation that emerged after the so-called “Arab Spring Revolutions”. In many parts of the region, countries that have either managed to oust previous authoritarian regimes or are undergoing change, have plunged into civil war. Others are on the brink of re-entering civil war. The State in most countries of the region is built on a weak definition of national social contracts (Ayubi, 2009). Even countries that are relatively stable have something to fear when their next door neighbours are undergoing major strife. Fears of secession, as we have seen earlier, are part of the political history of the region; today they are more real than ever. Major swathes of some of the largest states in the region are no longer governable from the centre. Neighbours will have to assess any relinquishing of authority to peripheral areas with that fear in mind.

There will most likely be two main tendencies among central governments at this stage. One is to slow down any decentralisation process to ensure a tighter grip on national unity. The richer countries are already bypassing many of the advances they have done in the past in creating and empowering local authorities. They are doing this to demonstrate the heavy hand of the central state (both in terms of incentives and deterrents). On the other hand, this is perhaps a ripe time to compromise on many of the political issues surrounding decentralisation, in order to bring measured and controlled doses of additional empowerment to local authorities. This latter approach has been favoured by less resourceful states. In some cases, however, like Syria, reforms came too little, too late, and even when they did, they were emptied out of their substance before they were even implemented. Perhaps the most important lesson in this regard is not to try to fool the process, occasionally referred to as ‘defensive decentralisation’ (Identity Centre). Decentralisation mandates some real entitlements. Messing with these entitlements is more dangerous than negotiating slower but more transparent processes.

Also along the same line, central governments have negotiated the decentralisation process mainly as a tool to expand its outreach. Many regimes in the region viewed decentralisation in terms of consolidating stronger patronage networks. They co-opted local elite and powerful stakeholders into processes where the tap on resources was opened only to a trickle. By creating artificial monopolies for accessing central government discretionary funds, grants and other budgets, the central state can manipulate the outcomes of political processes on the ground. This was the *modus operandi* in a great deal of the region’s states. This approach is no longer possible to maintain. Most Arab Spring uprisings were geared as much to the patronage networks of the central government as they were aiming the top echelons of the state. Again, decentralisation processes cannot be faked.



A stronger correlation will be needed to match political reforms on the national level with those on the local level. In a process where central governments still maintain the upper hand over national resources, parliamentary reforms will be needed to unblock the power of strong regional elite and allow decentralisation to trickle to the lowest level of local representation. To that extent, most countries in the region will have to re-envision not only their administrative decentralisation but also the whole way they define their territories. New paradigms for territorial management will need to be on top of the agendas for countries undergoing national dialogues or who need the national dialogue to resolve their on-going conflicts. However, at this stage, most countries in the region would benefit from carrying some level of open dialogue on the issue. Rather than continuing decentralisation from above, it is important to engage local communities in the design of the process and building a national consensus to achieve a more equitable sharing of rights and duties.

In many parts of the region, formal local governance has almost completely disappeared. Civil society is picking up the tab. Even in countries where local governments are nominally active, mayors are relying increasingly on non-formal actors to support their missions. The role of civil society in the process of local governance needs to be studied in detail; the recognition of their role is an important first step. Yet, informal institutions pose their own sets of challenges, in terms of ensuring transparency. Most civil society structures in the region operate along closed patronage paradigms encouraged by the region's archaic legal framework governing the work of NGOs. The classical *modus operandi* for most NGOs is what is often called in Arabic "mojtama' ahli". They operate along closed social (clan, family) or personal patronage networks. Yet, NGOs have had major entry points to affect local and national policy (Ben Nafisa et al, 2005). Their role cannot be viewed as secondary to the decentralisation process. It is at the core of the process as it is merging through practice on the ground. In countries divided by civil war, linking the informal roles of civil society to local governance is going to be one of the main strategies to consolidate communities facing the emerging threat of, for example, the Islamic State in Iraq and Syria (ISIS). The same will be true for developing a framework for bottom-up peace-building processes. There are many entry points that are being explored in that regard in collaboration with civil society. While in Lebanon, as we have seen, mayors have learnt to incorporate civil society groups to maximize outputs of their limited resources.

Most importantly, local self-governance must ensure fair and inclusive representation. Defining local districts cannot be managed from the central government. Electoral processes cannot be based on simple majorities in large districts designed to consolidate traditional clients of the central state. Political as well as ethnic and sectarian minorities, women and the youth are all able to discern the advantages and disadvantages of different electoral systems. The information is readily available in Arabic and is accessible to all. Moreover, electoral processes that have taken place in several of the region's countries have been rife with lessons learnt.

In sum, the recommendations on the level of local self-governance are:

- Make use of the opportunities created by the Arab Spring to dislodge historical blockages between centre and periphery, moving away from populist central policies and strengthening trust between centre and periphery through dialogue and clear responsibilities.
- Transparency in the work of non-state actors and empowering the civil society to play an active role in challenging patron client relations and formalizing governance tools.
- Strengthening inclusive representation and support fair electoral processes that guarantee public accountability and participation. Building a culture of accountability cannot be addressed at the political level alone. Changing the patronage structure of local politics will require considerable work on building a culture of active citizenship and expanding the possibilities of civil society to engage and to monitor local governments.

7.b Local Finance

A major paradigm shift is needed across the board in the region. The outcry to increase finance for municipalities is all fair and important. However, the issue at stake is often being raised within a framework of entitlements and not within the framework of balancing duties and rights. Central government resources are often being perceived, especially in the richer countries of the region, as entitlements. Indirectly they work on reinforcing a rentier mentality at the local level. The framework for increasing local finance should come in parallel to efforts to attract new investments. Achieving some level of sustainability will also have to look at creating new partnership with the private sector on service delivery. A wide variety of Public Private Partnerships (PPP) for service delivery can be used as leverage for wider partnerships on local economic development over the long-term, once local capacities exist to manage such processes with a sufficient level of transparency. As has been seen in the Lebanon case study, the specific mandate of local councils has encouraged only real estate development to the exclusion of all other investments. In a system where local authorities get most of their resources from real estate transactions, it would not be surprising to see mayors focusing on land development and sub-parcelation of real estate. Only a few studies have been carried out on the feasibility of municipalities in the region and to assess if the political economy framework operating around the current process of decentralisation is actually achieving the development impacts asked of it.



In the case of Yemen, the devolution of additional central funds was benchmarked against performance in collecting local fees and taxes. However, this has remained at a very rudimentary level, as often the political risk of taxation is greater than the benefit to be gained from additional central government money. While the risks are personal and real for the local politicians, the benefits were abstract and impersonal. Benchmarking must be carefully designed against impacts and not against outputs. Some cities in the region have learned to manage strategic development processes and understand how to design Logical Frameworks. It would be important to assess the long-term impacts of these processes and see if they were truly able to broaden the scope of investments. The multiplier effects of public and private investment needs to be more solidly understood and disseminated. Most reporting on the subject in the region remains generalized, delineating abstract gains. A stronger correlation between the tax sources available to local governments and their investments is needed. Dozens of city development strategies have already been started in the region; they could constitute an excellent entry point so as not to start the process from scratch.

Access for finance and credit has been proposed in many of the regions new legal frameworks. Indeed, this has been one of the main motors for local economic development worldwide. However, most municipalities in the region have chronic deficits and often borrow to cover running cost. The moral hazard enshrining loans and public debt is high. Accreditation and credit-worthiness of municipalities will be a crucial issue to examine in the future. In the rentier culture that defines national grants as entitlements, there is no viability for true ventures to provide finance to local governments. Instead, most local governments in the region are finding it more workable to enter into non-transparent Build-Operate-Transfer (BOT) deals. National parameters for regulating such deals are still very weak and need particular attention to enable municipalities to maximize on the use of their resources.

In such cases where there is a clear national policy commitment to decentralisation as part of a state-building exercise (e.g. as outlined in Chapter 7 of the Tunisian Constitution), a more thorough re-examination of inter-governmental finance systems will be required. The assignment of competences to local and regional authorities will need to be met with adequate, fair and predictable financing, not as an entitlement, but as a part of a set of national development priorities.

On another level, governments' own horizontal control and audits, vital as they are over local councils, are not sufficient. Experience from different countries in the region has shown that internal audits and state auditing functions lag even behind the weak local councils. Without credibility in their work, most local authorities will fail to attract national funds, and most relevantly will not secure the trust of their citizen to pay their due taxes and fees. A redressing of the relation of control is vital to build community trust in local government. To that extent, vertical monitoring schemes



should also be incorporated into the accountability frameworks of local governments. They should be applied ex-post and not ex-ante. Many countries in the region have started to implement some simple frameworks of E-government. However, these have been perceived in their most rudimentary level as tools of providing basic services, it is important to expand these virtual tools to also ensure higher accountability to society. Civil society groups can play a major role in this process. Some countries in the region are actually doing data mining for assessing the social satisfaction of people with services. The process has often led to important changes in direction; however, it needs to be more open and transparent by formalizing the accountability process and not leaving it to the discretion of the elite, wanting to maintain their privileges.

To sum, the recommendations for improved access to local finance are:

- Avoid fighting over the cake between the centre and periphery and work on empowering the local authorities to develop productive investment opportunities to break away from rentier economic constraints (particularly the speculative real estate investment markets).
- Equalization of fair and predictable central funding and direct transfers.
- Establish clear indicators to assess impact and not output of programmes. Focus should be on how local governments are expanding their local resource base and not just how capable they are to deliver services and implement projects.
- Establish effective auditing systems and link improved performance in this area to increased funding and access to carry PPPs, borrowing and investments based on clear accountability guidelines.

7.c Service Delivery

Service delivery has been very narrowly interpreted in most of the region's decentralisation frameworks. Even among the richest countries, a certain economy of scale was considered when aggregating service delivery. Decentralizing laws in the region either define the local government mandates in abstract terms as in the Lebanese case, or create broad mandates that the local authorities cannot fulfil, leading to false expectations and disappointments. Delegated authorities for service delivery are often stated in the form of compromises made by the central government to appease local elites and build their patronage credibility. In most cases there is no clear financial or technical logic to the delegation of authority. A national framework or a national authority matrix is needed for most countries in the region; for that purpose a clear definition of subsidiarity is essential for renegotiating the relationship of central and local governments. The Arabic dictionaries are almost useless to define the Arabic equivalents of words like (mandate, specialization, oversight, delegation, authority, coordination, responsibility, role, competency, etc.). These words are often used interchangeably allowing for a wide margin of interpretation. One of the most important conditions for service delivery is defining the management structure responsible at every level.

In many cases, service delivery requires some aggregation of resources and the establishment of economies of scale. Most decentralisation processes in the region have been fearful about allowing local government the power of free association, either to create wider federations or to establish greater thematic alliances (small towns, coastal ports, historic and touristic cities, etc.). Alliances can help municipalities to maximize resources; they can empower local governments to lobby for larger subsidies from the central government, they can create better monitoring and evaluation framework to assess the performance of various services. Most importantly, free association will empower not only better aggregation of resources for enhanced service delivery but also to negotiate and build consensus for the decentralisation to take place. Examples from Europe and the region (Turkey, Tunisia, etc.) could be instrumental.



There is ample experience in the region in establishing urban observatories. However, most of these Institutions need to open up more inclusive mechanisms for assessing service delivery. Government officials often perceive of service in terms of hardware. In countless cases in the region, technical departments of municipalities consider their jobs finished once a sewer line to a neighbourhood is constructed. In most of these cases, the people in charge have no mechanism to assess if the sewer was connected to users on the one end, and to proper discharge mechanisms on the other. Assessing if the service was delivered in a cost-effective manner is almost impossible. Most budgets in the region are not organized along cost centres but along easily contractible public projects. One of the most important mechanisms for monitoring public service is to understand how much it really costs and to understand therefore why charges were levied for the service. When users pay a fair share of the cost of the service they tend to own the delivery of that service and invest in critiquing it.

Also as a reminder, in the current context of many countries in the region informal institutions should not be seen outside the service delivery system but should envisioned and prepared to be at its core. In the past, the discussion in the region revolved around public sector delivery or privatization. The world has moved forward. Public private participation is no longer a question of bringing in a private sector partner, but new models of partnership with civil society, social enterprises, and venture capital are all mechanisms for creating wider opportunities, not only for increasing funds and resources but, more importantly, for developing innovative mechanisms for service delivery.

The summary of the recommendations regarding local service delivery are:

- Define responsibilities and authorities at all levels: central, regional and local.
- Enable local governments to build alliances and aggregate resources to create an effective mechanism for inter-governmental dialogue, as well as creating economies of scale when delivering services.
- Linking services to participatory and accountability tools like urban observatories to evaluate the impacts of projects, compare investments and understand how public budgets work to assess priorities in service delivery and cost recovery through taxes.
- Expand collaboration with the private sector and the civil society not only to deliver services but to innovate solutions and to carry advocacy.

8. Towards New Modalities for EU Support to Decentralisation in the Region

The EU has been a vital partner in different decentralisation processes, either directly as a donor, as part of a basket funds to projects or as financier of local government-to-local government partnerships. It can thus play an important role as a stakeholder in further processes and as a major catalyst for change. The EU, however, needs to consider repositioning its role. A major reassessment of past investments is needed to look at the long-term impacts of the different modalities of support²². Many of the previous project ideas have had initial levels of success only to face glass ceilings when they were scaled up. Others could not be sustained after donor money ran out. Yet some processes exhibit great potential.

However, the main recommendations at this stage should focus around two paradigms and several practical thematic suggestions.

²² A study was carried for Lebanon and Jordan but needs to be broadened to all region.



8.a Link Good Governance Support to Technical Development Support

There is a critical need to bring in good governance practices at the core of all technical, capacity building and local urban development projects. Democratization must be at the core of any further progress on decentralisation. Local governance cannot be strengthened without it being part of an equitable framework for territorial management. As has been noted in many cases above, there is a need for a strong correlation between parliamentary reforms and local reforms. Without such a correlation, regional elites will continue to hamper the decentralisation process and even usurp it. As has been mentioned also, the process cannot be managed from the top. Central governments are in dire need to open dialogue at all levels with their people. Dialogue processes are often given under a consultative framework; participation at its most rudimentary level. Dialogue needs to be broadened but also given specific mandates. A good deal of future funding should be directed to build on the limited successes of participatory processes of past projects. However, a critical examination is needed to draw lessons learned. Local civil society should be engaged in the process of evaluating projects and not only consulted on design and implementation. Their engagement in the monitoring and evaluation of EU projects will provide them with the competencies and confidence to engage in vertical monitoring process for other municipal functions and duties. Currently, most of these functions are compartmentalized in different EU programmes and aid packages. Governance and decentralisation is not a separate sector. It is a process that cuts through all European cooperation programmes in the region.

Specifically European aid in the future should look at:

- Programmes and projects that fit within a broader political economy of reform within the partner countries. Programmes to support national reform processes have always had mixed rates of success, if not outright failure. These experiments should certainly not be replicated. Yet, using the decentralisation paradigm should deal with and carefully manoeuvre around these critical issues and not just ignore them. A good deal of impact on reform processes can be effectuated as part of a process of decentralisation. This should not remain at the abstract level, and should be clearly planned and monitored.
- Programmes to encourage the free association of municipalities to consolidate their knowledge and resources. Thematic and geographic associations of local authorities should be empowered and brought to affect policy dialogue and advocacy. Partnerships with counterpart organizations elsewhere should be encouraged.
- Different kinds of citizen engagement throughout the process of service delivery are needed. Public partnerships are equally needed to private partners (PPPs) as well as to civil society organizations (CSOs). Beyond the participatory formal framework, EU aid programmes need to look at creating civic alliances between local governments and CSOs. Municipalities need to move beyond being instruments of political patronage, to becoming instruments of civic responsibility, local democracy and service delivery.

8.b Improve Equalization of National Resources and access to Investment Finance

The process of empowering local governments to expand their financial resources should avoid creating dependencies and a sense of entitlement. Aid should be used to leverage local potentials for maximizing resources. One important mechanism to correct in future aid modules is not to create incentives to single municipalities to tap on resources. The same logic that was used to fund municipalities across the Mediterranean basin should be used on the local level. Funds should not be restricted to one municipality in each country, but to encourage the building of networks of municipalities in each country. This is as important for the European partners as it is for the Mashrek region partners. In the past, EU programmes tended to fair worse on the national level than on the local level. The tendency was to reduce support to national processes and institutions and to work on the more successful local model. This perhaps still holds true. What is being advocated here is the aggregation of results on the local level, and the empowerment of local govern-

ments to aggregate their results. The argument has been raised through critical examination in all three cases studies, but has been a constant theme in the recent literature as we have seen earlier. Some success stories can be looked at regionally in Turkey, or in the transitional countries of Eastern Europe. Encouraging exchanged from municipal federation to municipal federation can unleash important economies of scale.

Practically, the European aid should be geared to address:

- Projects aimed at testing and providing a better framework to regulate access of local governments to finance and credit. This will entail building capacity to monitor financial procedures and enhance transparency and accountability. Enhancing the horizontal and vertical frameworks of monitoring municipal accounts and ensuring their efficiency and efficacy are a dire need for most municipalities in the region.
- Moreover, the policy debate should be focused on ensuring that the inter-governmental finance systems are fair and predictable with the goal that Local Governments should in the future be expected to receive a balance of the following incomes: (i) transfers (unconditional), (ii) shared revenues; (iii) own revenues, (iv) access to competitive grants and aid programmes. Some programmes in the region (see the Lebanese example) have already considered new models of funding. To override national obstruction to the decentralisation process, win-win approaches can be provided to both central and local government through parallel funding mechanisms. The World Bank has advanced some of these approaches, though their promulgation will not be easy as they impose obligations on national governments before local government are capable to hold their end of the bargain on such deals. Equalization could be emphasized based on the myriad of EU experiences that exist or have been applied in the past.
- Projects that enhance municipal communication with stakeholders and constituencies, particularly those aimed at enhancing revenue collection of municipalities by creating a better understanding of what they do to serve their communities. Municipal PR departments are one way to shift the attention from the political patronage of the elite and to put the focus on the institution. Most municipalities can benefit from advancing a 'cultural awareness' about democracy and taxation as part of redefining duties and obligations and consolidating strong social pacts.



8.c Link Decentralisation Programmes to Poverty Alleviation

Poverty will remain the single most important challenge in the region. However, the issue of poverty should be redressed from the simple paradigms so far addressed by the MDGs. Most of the advancements in the region came as a result of unsustainable policies and practices. Linking poor people to water should not be a one-time investment. It should be linked to improved management of water resources, better costing of solutions by incorporating true costs of water, maintenance of infrastructure and the ability of local authorities to meter and develop realistic fee structures to recover depreciation costs. Local communities should be empowered to make tough decisions facing their water consumption and a strong local agency is needed to ensure future development. Municipalities should receive support to effectively establish, communicate and introduce appropriate price structures for municipal services and resources. This is important for every single indicator to be incorporated into the post-2015 SDGs.



Particularly, aid should focus on:

- Projects to incorporate local authorities into national frameworks of poverty alleviation and ensuring that the mandate of the Paris Declaration are taking local governance not at the consultation level but also on the implementation and evaluation level. These can involve: (i) long commitments, as has happened in the case of the transitional economics of Eastern Europe, to support “more for more” approaches of working with countries on longer term frameworks (10 – 15 years) where further support is incumbent on success in achieving targets; and (ii) different modalities and partnerships within EU projects outside the normal mechanisms of financing agreements with ministries and moving closer to local governments.
- Projects to focus on enhancing accountability towards the achievements of the SDGs start by (i) evaluating previous EU MENA decentralisation support and its linkage to the achievement of the MDGs; (ii) involving local governments in designing the SDGs and incorporating SDGs in local development plans; (iii) developing a framework of subjecting de-concentrated government functions to local accountability mechanisms as a first step towards further decentralisation (see Yemen chapter); (iv) exploring political economy factors and not just technical solutions (v) supporting to associations as has happened to empower Eastern European local governments to negotiate the transition from strong centralized state models (vi) investing in capacity building for service delivery by local institutions and encouraging consensus on transferring competencies from the national to the local level on planning, implementation, as well as monitoring and evaluation.

8.d Work on Strengthening Social Cohesion

In the Mashrek region particularly, the challenges of social cohesion are mounting rapidly. Central states will not be able to keep a cap on the crisis brewing in Syria, Iraq and Yemen for long. The issue of decentralisation may actually provide entry points for conflict resolution and state building. For the rest, social cohesion priorities may be less dramatic but still important. Local governance will provide the backbone of a renewed social contract. This would require strong emphasis on dialogue from the bottom up. European aid should take this priority to the core of its Mashrek policy.

The focus should be on:

- Projects to encourage local dialogue and peace-building, especially in countries that are experiencing major hostilities and war. The European focus on solving the conflicts in Syria and Iraq from the top down has wasted important opportunities for peace-building from the bottom up. Local governance can provide entry points for negotiated settlements that can eventually be leveraged to the national level. These projects should also focus on issues of restorative justice, in conjunction with smart incentives for win-win solutions to local conflicts. Most importantly, the spread of radicalism in the last period can be directly attributed to failed systems of governance. Restoring confidence in local government will be one of the most important instruments in stopping the rapid spread of groups like ISIS and prevent their mutations and spread to other parts of the region.
- Support to address structural deficiencies in the local government systems in countries that are forced to absorb massive numbers of refugees as a result of conflict, in parallel with support to local capacity development related to service delivery and social cohesion in host communities.
- Projects to strengthen the rule of law on the local level and linking those to issues of social cohesion. Weak social cohesion frameworks have deprived many municipalities in the region from important opportunities for attracting national and international investments, as well as denied them access to vital central government resources.



8.e Develop an Inclusive Knowledge Base

Decentralisation processes in the Mashrek region have been specifically undermined by the inability of local authorities to access relevant knowledge to frame their regular service delivery, investment projects and strategic growth. Most local councils and mayors steer their municipalities in total absentia of the bigger picture surrounding them. In many ways, their advantage in understanding the local situations is undermined by their inability to foresee externalities. In some cases, as has been evident in the discussion above, this was intentional on the part of central governments, almost setting them up to fail. If European policies are truly intending to empower local communities, they need to focus on improving access to relevant knowledge in the region.

Focus should be centred on:

- Projects to establish technical departments capable of collecting relevant urban data (beyond the classic urban observatory models) and creating local development units that can build partnerships to local businesses and civil society and contribute to local branding. These will be important tools to foster a climate of transparency, vital for securing new investments.
- Empowering academic and research centres in the region to generate relevant knowledge and engage in advocacy. Knowledge should be produced locally and not just consumed locally. National Associations of Local Governments will also need to play an important role in these processes.





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Square de Meeûs, 1

B-1000 Brussels

Tel: +32 2 265 09 30



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