ACKNOWLEDGEMENTS

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Political decentralization is the transfer of political authority to subnational governments that takes place through constitutional amendments and electoral reforms that create new (or strengthen existing) spaces for the representation of subnational polities.

Political decentralization is the transfer of responsibility for the planning and management of one or more public functions from the national government and its centralized agencies to subnational governments and/or administrative units.

The process of increasing the revenues and expenditures (or finances and functions) under the control of subnational governments or subnational administrative units. Decentralized revenues include transparent transfer of funds, power to set the rate and collect taxes, and ability to borrow independently of the national government.

The 2014 Constitution established a semi-presidential system, with presidential elections every six years and a prime minister appointed from the dominant party or coalition in the House of Representatives.

Women hold 15 percent of the seats, but this is not legislated. Article 180 of the Constitution reserves one quarter of the seats for women in elected local councils.

Since 2014, no local government laws have passed to operationalize the provisions and efforts were put on indefinite hold in 2020.


**Summary Explanations**

**Political Decentralization**

- Decentralization started in 1979 with the passage of Local Administration Law No. 43 transferring salaries and procurement of non-capital investment budgets from 11 ministries to governors’ offices with minor impacts.
- In 2009, greater local autonomy in decision-making was granted through a higher decentralization committee that developed a draft local administration law, chaired by the Minister of Local Development.
- In 2014, Egypt adopted a new constitution emphasizing local administration and decentralization, but necessary legal requirements were left to be addressed by the new local administration law.
- Several drafts of the Local Administration Law were drafted through 2020 allowing around 40,000 local government elected positions. Based on the 2014 constitutional requirements, half of the seats are reserved for women and youth. This Law is yet to be adopted.

**Administrative Decentralization**

- Based on Law No. 43 of 1979, Egypt was divided administratively into 27 governorates and 1,631 local units (188 markaz or second-level councils, 22 city councils, 91 neighborhood councils, and 1,330 village councils).
- Law No. 43 calls for the establishment of 1,631 local elected and similar executive councils. In 2020, 1325 executive councils exist after all elected councils were dissolved in 2011 by the Mubarak regime and in response to requests from the population.
- Egypt is planning seven economic regions based on similarities among governorates. However, these regions do not have budget authorities or clear roles and responsibilities, resulting in low accountability.

**Fiscal Decentralization**

**Budgets:** Article 176 of the 2014 Constitution acknowledges the three pillars of decentralization and refers to the law to set the transfer authority and budgets to the local units.

**Revenues:** Through Article 177, the state guarantees the provision of scientific, technical, administrative, and financial aid to local units. This commitment is in addition to a fair distribution of facilities, services, and resources and efforts to bridge the development gap to guarantee social justice for these units, until a new law is adopted. The central government continues to be in control of revenues and channels some money back to local government units through the Ministry of Local Development. A national tax-sharing system combines with local tax and fee surcharges, with rates set nationally.

**Expenditures:** Beginning in 2008-2009, Egypt started implementing the National Decentralization Government Program where each governorate gets a budget based on their plans, developed in a participatory manner with the elected popular council approving them. The councils were dissolved in 2011 and re-elected to comply with new laws and the constitutional mandate. In 2010, the Minister of Finance established a Permanent Standing Committee for Fiscal Decentralization to develop and implement a decentralization strategy comprising an initial deconcentration and eventual devolution phase.

**Borrowing:** Egyptian local governments are eligible to borrow for both commercial and infrastructure investment purposes, based on their annual budget plan.

**Remaining Challenges**

- All articles in the new constitution that call for decentralization have not been implemented, despite the five-year period of implementation stipulated in the 2014 document.
- Egypt is weak in its legal, administrative, fiscal, and economic decentralization structures, regulations, and procedures.
- Egypt has not passed the long-awaited Local Administration Law or held local elections. This law would enable a gradual transfer of power from the central to local governments in political, fiscal, and administrative contexts.
- Local government units do not have the authority to manage direct foreign investment in coordination with the central government.
- Local governments will require capacity-building programs to upgrade their skills, systems, and procedures to manage new responsibilities.
MENA LOCAL GOVERNANCE
LEGAL FRAMEWORKS AND
PRACTICES

IRAQ

POLITICAL DECENTRALIZATION

Political decentralization is the transfer of political authority to subnational governments that takes place through constitutional amendments and electoral reforms that create new (or strengthen existing) spaces for the representation of subnational polities.

- Local Administration Law: Updated within 10 years, On-ground implementation of updated law
- Financial Management Law: Updated within 10 years, On-ground implementation of updated law

ADMINISTRATIVE DECENTRALIZATION

Administrative decentralization is the transfer of responsibility for the planning and management of one or more public functions from the national government and its centralized agencies to subnational governments and/or administrative units.

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<tr>
<th>1st Tier</th>
<th>2nd Tier</th>
<th>3rd Tier</th>
<th>4th Tier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regions</td>
<td>Provinces/governorates</td>
<td>District (Qada)</td>
<td>Subdistrict (Nahia)</td>
</tr>
<tr>
<td>1</td>
<td>18*</td>
<td>118</td>
<td>393</td>
</tr>
</tbody>
</table>

* The Government of Iraq officially recognizes 18 provinces. However, the Kurdistan Regional Government (KRG) created a fourth province in 2014 leading to the 19th province of Iraq that is not yet recognized by Parliament.

FISCAL DECENTRALIZATION

The process of increasing the revenues and expenditures (or finances and functions) under the control of subnational governments or subnational administrative units. Decentralized revenues include transparent transfer of funds, power to set the rate and collect taxes, and ability to borrow independently of the national government.

- Revenues: WEAK MED (MEDIUM) STR (STRONG)
- Expenditures: WEAK MED (MEDIUM) STR (STRONG)

EXPENDITURES: Responsibilities to the subnational government to provide important services

COUNTRY LEGAL OVERVIEW

- The October 2005 constitution created governments at national, regional, governorate and qada (county) levels, with shared and exclusive functions and differing levels of autonomy. Elections are held every four years.
- Iraq has 18 governorates, three are governed by the KRG in Iraq’s only region. Article 119 allows governorates to hold a referendum and form a region. Regions have a constitution (that can not contradict the 2005 Constitution), defining authorities, and mechanisms, and outline show powers may be exercised (Article 120). Article 121 declares regions are responsible for internal security forces and police.
- The 2019 election law consists of 50 articles. Articles 15 and 16 allow voting for candidates instead of party lists within an electoral district of 100,000.
- Article 3 (3) of Law No. 26 (2009) Regulation no 21 (2010), which amend the 2005 Electoral Law, guarantees the total number of female winners countrywide will be 25 percent or more. Eighty-seven of 329 (26 percent) seats in the Council of Representatives of Iraq are held by women.


The Federal Financial Management Law No. 6 of 2019 controls direct foreign direct investment. However, still does not have a public-private partnership law (PPP) to facilitate foreign direct investment.

Governors’ offices authorize and manage expenditures on capital investment projects. Following the transfer of the ministries’ functions to the provinces, governors’ offices also assumed responsibilities to perform PC functions, including planning, budgeting and revenue generation.

Iraq is divided into one region (Kurdistan), 18 provinces, 118 districts (Qada) and 393 subdistricts (Nahia). The federal government provided most non-municipal services for select provinces until 2017 when service delivery functions were transferred to the governorates, while policy making authority remained with national ministries. Since 1990, the KRG provides services for the respective governorates.

There is overall policy confusion, lack of defined authority, and sufficient budgets to support decentralization.

Financial Management Law No. 6 and Article 44 of Law 21 outline the different means by which the governorates can collect revenue, but the Ministry of Finance has enforced a decision that they must establish a budget which includes revenues before they can collect revenue. However, revenues from central government are often not disclosed and there is little development of localized revenue options (via tolls and fees for services).

The war against ISIS and resulting financial crisis in 2014-15 and ongoing reconstruction and violence have slowed decentralization initiatives.

Ongoing sectarian gridlock disincentivize some ministries from relinquishing access to powerful central government patronage networks.

Law 21 and federalism usually only draws attention relating to issues of Baghdad-KRG relations and oil revenue sharing. However, with severe service delivery challenges around the country, notably Basra, there has been an increase in sectarian politicization of decentralization.

The new Election law of 2015 was passed under controversy, especially from Kurdish citizens. The law states that a province with a population of more than 100,000 are an electoral district but the last census was held in 1997 and did not include Kurdistan.
The Hashemite Kingdom of Jordan is a unitary parliamentary monarchy with a horizontal relationship between the executive, legislative, and judicial branches of government.

The 1952 Constitution vests executive power in the King and his Cabinet.

Legislative power lies in the Parliament, made up of the Senate and the House of Representatives. The King appoints members of the Senate every four years. The House of Representatives consists of 130 members, directly elected for four-year terms.

In 2015, Jordan passed the Decentralization Law and Municipalities Law, holding elections in 2017 for the first time for governorate, municipal, and local councils, mayoralties and Greater Amman Municipality, which governs the capital.

Women represent 37.6 percent of municipal councils seats and 32 percent of local councils, above the minimum mandate of 25 percent from The Law on Municipalities of 2015.


**POLITICAL DECENTRALIZATION**

- In 2015, Jordan began the transition to local administration with the independent laws: Decentralization Law No. 49 and Municipalities Law No. 41. The draft Local Administration Law for 2019, not yet passed by Parliament, would combine the laws and set provisions for municipal restructuring, finance, and inter-jurisdictional cooperation.
- The Municipalities Law defines the responsibilities of municipalities, their governing structure and classification. The Decentralization Law created elected governorate councils, with financial and administrative independence per Article 6.
- Governorate council elections were first held in 2017 per Article 12 of Decentralization Law No. 49.
- The elections of 2017 formed 12 governorate councils with elected and appointed members. Direct elections were held for 335 members, while the remaining 45 members were appointed by the Cabinet. Mayors are elected directly.
- The Interministerial Committee for Decentralization coordinates decentralization reforms between the Ministry of Local Administration and Ministry of Political and Parliamentary Affairs.

**REVENUES:**

A Fiscal Decentralization Unit was established by the Ministry of Finance. The central government adopted a phased approach to implementation of fiscal decentralization based on four criteria: (1) functions transferred that determine nature of expenditures; (2) capacity to raise revenue and borrow; (3) budget planning; and (4) budget execution capacity and oversight measures.

In Jordan, revenues are centralized while expenditures are decentralized. Municipalities are allowed to collect some own-source revenues.

**GRANTS AND SUBSIDIES:**

By law, there are two sources of revenue that belong to municipalities, but are collected by the central government: 40 percent of motor vehicle registration fees and 50 percent of revenues from the fees and taxes on sale of fuel products.

**EXPENDITURES:**

Article 8 of the Decentralization Law and Article 5 of the Municipalities Law stipulate expenditures and responsibilities for municipalities and governorates. Expenditures may cover economic development, including transport, housing and community amenities, environmental protection, health and recreation, culture and religion. Most Jordanian municipalities have a budget deficit due to staff salaries and infrastructure costs.

**DIRECT INVESTMENT:**

The central government accounts for about two-thirds of public investments, with municipalities and governorates playing a limited role. The Jordan Economic Growth Plan (JEGP) 2018–2022 defines development projects across priority sectors. Local development units have been established at the governorate level to support socioeconomic development.

**ADMINISTRATIVE DECENTRALIZATION**

- The levels of local government in Jordan are central (e.g. ministries), 12 governorates, and 100 municipalities and Greater Amman Municipality.
- Jordan has five SEZ’s to increase trade, tourism, and investment. The Aqaba Special Economic Zone Authority (ASEZA), established in 2001, is financially and administratively independent.
- With the 2015 Decentralization Law, governorates in Jordan assumed key functions through the 12 governorate councils.
- Elected every four years, mayors and municipal councils administer the 100 municipalities.
- An executive manager, appointed by the Municipal Council and approved by MOLA’s Minister, is the head of municipal administration and responsible for internal controls and performance.
- The Municipal Executive Manager is the head of administration and responsible for controls and performance. The elected Mayor is the senior official of the Municipality.

**REMAINING CHALLENGES**

- Although decentralization reforms changed Jordan’s governance framework, there is not an assignment of clear subnational legal mandates for delegation or coordination.
- Direct representation remains limited. Up to 15 percent of governorate council members are appointed by MOI. Executive council members are entirely appointed by each ministry.
- Municipalities are under the authority of MOLA. Government representatives are under the authority of MOI.
- Coordination at the Governorate level between executive councils and governorate councils remains a challenge.
- The current decentralization system does not tackle political decentralization or fiscal decentralization. The current decentralization law does not link budgeting with expenditures and revenue generation, and no clear oversight system.
MENA LOCAL GOVERNANCE
LEGAL FRAMEWORKS AND PRACTICES

LEBANON

COUNTRY LEGAL OVERVIEW

- Lebanon is a unitary state, with Parliament/Assembly of Representatives (Majlis Al Nouwwab) conducting indirect elections for the president, who serves a six-year term.
- Legislative powers in Lebanon are vested in the Assembly of Representatives (Majlis An-Nouwwab).
- Decentralization has been discussed since the end of the civil war in Lebanon formally ended with the Ta‘if Agreement that agreed to extensive decentralization. However, there is little change in the structure supporting decentralization.
- Lebanon has two primary levels of government—national and municipal.
- There are no legislative or voluntary party quotas for women. Women’s civil society groups lobbied to advance a draft electoral law, known as the “female quota” to ensure 30 percent of parliamentary seats are reserved for women. In 2017, the law failed to move forward, and discontent over women’s inequality was cited as a factor in electoral changes in 2018 and protests in 2019.

POLITICAL DECENTRALIZATION

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<tr>
<th>Tier</th>
<th>Governorates</th>
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<th>Municipalities</th>
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<tr>
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<td>1,108</td>
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Summary Explanations

**Political Decentralization**

- Lebanon has two levels of administrative authority in the governorates and districts and one level of representational authority in the municipalities and federations of municipalities.
- Municipalities under the law have administrative and financial autonomy, but their authorities are limited (e.g., street lighting, sanitation, solid waste management).
- Elected councils headed by mayors govern municipalities that have administrative and financial autonomy; however, the Governorate of Beirut is an exception, and is led by a central government-appointed governor with the mayor as part of the policymaking force.
- Municipalities Law No. 118 of 1977 and its amendments constitute the legal basis for decentralization and provide more policymaking authority and control over services. In addition, there are approximately 50 other pieces of legislation and decrees that regulate local governance.
- Decentralization reform in Lebanon is constitutionally mandated by the 1990 constitution, which integrates the 1989 Ta’if Agreement that calls for extensive administrative decentralization.
- In 2014, a draft Administrative Decentralization Bill called for reforms such as the division of Lebanon into 22 regions and elections based on proportional representation, but the bill and subsequent reforms efforts failed to pass.

**Fiscal Decentralization**

**Revenues:** The Independent Municipal Fund (IMF) and direct fees comprise the main sources of revenue for municipalities; but collected fees remain low, accounting for only 30 percent of the budgeted fees. The IMF includes 11 taxes and fees that generate revenues, of which only seven are collected, and is the most important source of revenue for municipal unions as they cannot levy taxes.

**Expenditures:** The share of local to central government spending is six percent, which by comparison to other countries is quite low. More than half of the municipal unions spend their funds on public works such as the construction of roads, water and lighting networks, and parks.

**Direct Investment:** In 2017, Parliament issued the public-private partnership program, which formed the legal framework for economic decentralization. However, the central government still controls most public services – local government units have no real resources or authority to forge partnerships with the private sector.

**Administrative Decentralization**

- Municipal Law No. 118/1977 and its subsequent amendments divide Lebanon into eight governorates, 25 districts (Qada), 51 municipal unions, and 1,108 municipalities. Local authorities report to the Ministry of the Interior and Municipalities (MOIM). The eight governorates and the 25 districts form the upper and lower deconcentrated tiers of the central government, respectively, and carry out its tasks.
- A governor chairs each governorate and a district chief (Qaimaqam) presides over each district. The 51 municipal unions comprise over 700 municipalities and implement public services; though Lebanon has a high number of municipalities (1,108) in proportion to its size and population, only 43 percent of municipalities have administrative structures.

**Remaining Challenges**

- Lebanon lacks a comprehensive decentralization framework. The Municipalities Law is outdated and does not clearly outline the restructuring of local government units to transfer authority from the central government.
- The Lebanese government still has not taken any concrete steps toward decentralization and the contradictory language of the Ta'if Agreement. While calling for elected councils at the district level, it stipulates that the centrally appointed qaimaqam (district chief) head the council, thereby weakening decentralization.
- A sectarian split plays a major role in Lebanon’s governance and affects the pace of decentralization in the country.
- The subsequent 2014 decentralization draft bill would create a new tier in local government (between the central and the local level) but has yet to be implemented.
- Municipalities are underfunded and overwhelmed with challenges. Many are not able to collect and dispose rubbish or deliver basic public services such as health care, community safety, town planning and development, mobility and public transport.
- The presence of over 1.5 million refugees from Syria strains an already challenged local governance systems.
After the Gaddafi regime was toppled in 2011, the transitional government decided in 2013 to re-establish a municipal system in place of the popularities (Shuibat) system formed on Law No. 59 (2012).

The UN recognized Government of National Accord (GNA) was established in 2013, however ongoing disputes led to the establishment of a competing government led largely by the Libyan National Army (LNA) since 2014. The competing systems have different philosophies, approaches and legal structures for decentralization.

The legal framework for decentralization consists mainly of Law 59, which established 118 municipalities. The law called for the creation of governorates but did not define how governorates are created.

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This law does not delegate specific duties or rights to municipalities. However, by decree, municipalities are charged with overseeing several services including education, health care, and transportation. Municipalities are not mandated to collect taxes, but several do on an extra-legal basis. The government pays salaries and gives emergency transfers, an important source of capital investment.
### POLITICAL DECENTRALIZATION

- In 2011, the Transitional Council issued Decree No. 175, forming local councils to fill the gap created by the collapse of the central government. The role of these councils, funded by the emergency budget of the Transitional Council, is to support the daily needs of citizens.
- Subsequently, the National Transitional Assembly issued Law 59 of 2012 to establish municipalities with elected municipal councils spread across the country’s three regions. Elections for the municipal councils started in 2012 and continued until 2018, with the second round starting in 2019.
- 2019 elections were interrupted by an LNA offensive on Tripoli.

### FISCAL DECENTRALIZATION

Despite high levels of activity among some municipal councils, a lack of substantial funding from the central government restricts activities. Moreover, tribes and militias prevent the functioning of some municipal councils by creating alternative power structures that dominate local politics.

**REVENUES:** Under article 49, governorates receive a percentage of taxes from within the governorate, 10 percent of central taxes and customs, transit, port and airport fees. Governorates also receive revenue on assets within the governorate including 50% from the sale of state-owned buildings and lands; revenues from assets and utilities; local fees and charges; donations, grants and trusts accepted by the council. The Central government also allocates subsidies in accordance with Article 58. Governorate councils are responsible for distributing their financial resources among the municipalities. Collection of these fees is limited, and regions experience disparities in resources.

Mayors have engaged in high profile airing of grievances to the Presidential Council of the Government of National Accord (PC/GNA). Although the council displays interest in decentralization, the PC lacks authority to regulate the relationship between the state and local authorities. In addition, municipal councils lack expertise and technical competence, following years of institutional insignificance under the Qaddafi regime.

**GRANTS AND SUBSIDIES:** Some municipal councils have asked for international assistance. USAID and the USG support numerous Libyan municipalities, including the major population centers of Tripoli, Benghazi, Sabha and Misrata as well as numerous smaller municipalities throughout the country.

**EXPENDITURES:** The central government pays salaries of civil servants, accounting for 53 percent of the total budget. Municipalities spend local revenues on projects and rely heavily on donor money and grants for other services. No accurate data on municipal spending is available.

**DIRECT INVESTMENT:** Given the current conditions within Libya, direct investment is not taking place.

### ADMINISTRATIVE DECENTRALIZATION

Based on Law 59, Libya has a two-tier local administration system under the supervision of the Ministry of Local Government (MoLG), comprising governorates and municipalities. The municipalities are divided into wards (Mahala). The legal framework of Law No. 59 does not specifically delegate duties or rights to municipalities.

Municipalities have traditional roles such as policing, collecting garbage, issuing construction permits, administering environmental programs, installing and maintaining streetlights, etc. Municipal councils are formed through secret-ballot elections and should have at least one female and one physically challenged member. Elected municipal councilmembers choose the mayor.

Article 6 of the law gives local administration units all authorities vested in the ministries, but other articles indicate that these units have a coordinating role and report to MoLG.

Chapter 5 Article 42 established the Higher Council for Local Administration (HCLA), headed by MoLG. Article 44 calls for the establishment of economic regions and Article 45 calls for the establishment of the Higher Regional Planning Council.

The HCLA liaises with the Supreme Local Affairs Commission comprised of mayors and chaired by the Minister of Local Government. This committee shares roles and some personnel with the High Committee for Transfer of Competencies (HCTC), charged with decentralization within the PC.

### REMAINING CHALLENGES

- A lack of a political settlement to the ongoing war inhibits opportunities for decentralization.
- The 2015 Libyan Political Agreement decentralizes duties and responsibilities to all levels of government but does not set out clear roles and responsibilities.
- Ongoing instability is leading to city-based strategies that are not necessarily aligned with a central government.
Political decentralization is the transfer of political authority to subnational governments that takes place through constitutional amendments and electoral reforms that create new (or strengthen existing) spaces for the representation of subnational polities.

Administrative decentralization is the transfer of responsibility for the planning and management of one or more public functions from the national government and its centralized agencies to subnational governments and/or administrative units.

COUNTRY LEGAL OVERVIEW

- The 2011 constitution establishes the Kingdom of Morocco as a constitutional, democratic, parliamentary and social monarchy.
- The King is head of state and appoints the head of government based on House of Representatives elections. The head of government leads a Cabinet of 23 ministers.
- Parliament is bi-cameral: the House of Representatives, with members elected by universal suffrage for a five-year term, and the Chamber of Councilors, with members elected indirectly by local and national electoral colleges for a six-year term.
- Three-fifths of the members of the Chamber of Councilors represent subnational governments (SNGs).
- A region's population determines its number of councilors.
- The Regional Councils (RC) are elected directly. Before 2015 they were elected through an electoral college, which elected one-third of the members for each region from council members. The last election took place September 4, 2015.


**POLITICAL DECENTRALIZATION**

- In 2010, the King established a regionalization consultative commission that introduced the concept of “advanced regionalization” which underpins reforms in Morocco. It places regions at the center of implementing territorial development policies. This regionalization process, currently being implemented, is redefining the relationship between the central and regional governments.
- The Constitution of 2011, Title IX (articles 135 to 146) is entirely dedicated to “regions and local authorities;” Article 136 recognizes local self-government: “the territorial organization of the Kingdom is based on the principles of free administration, cooperation and solidarity.”
- The Constitution establishes a three-tier subnational system including the regions at the higher level, prefectures (urban areas) or provinces (rural areas) at the intermediate level and municipalities (communes) at the lower level. Regions, as self-governing entities, are new in the Moroccan multi-level governance system.
- Regional and local elections were held in September 2015 and were important steps in implementing the decentralization process.
- Three laws adopted in June 2015 more precisely define the territorial organization and division of powers: Law No. 111-14 regarding regions; Law No. 112-14 concerning prefectures and provinces; and Law No. 113-14 on municipalities. In addition to decentralized institutions at the subnational level, the state still has deconcentrated administration at each territorial level, headed by a wali at the regional level, a governor in the prefecture (urban areas) or provinces (rural areas) at the intermediate level, and a head of circle qaid (rural).

**FISCAL DECENTRALIZATION**

According to Article 141 of the Constitution, subnational governments are financed by the central government and their own revenues. The article states that any transfer of responsibilities from the state to the local authorities must be accompanied by a transfer of the corresponding resources. Fiscal reforms were launched in 2007 with Act no. 47-06 on subnational level government taxation, supplemented by Law 39-07, distinguishing regional, provincial and prefectural, and communal taxes. A new local finance law was adopted in 2009 to modernize the local finance system. This legal package was supplemented by fiscal provisions in the 2015 law 111-14 on regional governments.

**REVENUES:** According to Article 188 of law 111-14 and Article 141 of the Constitution regional councils are assigned budgets from the state at progressive rates with the prospect of reaching a ceiling of 10 billion dirhams by 2021.

**EXPENDITURES:** SNG expenditures remain low, at 14.7% percent of public expenditure and 3.4 percent of GDP in 2016, compared to 29 percent of public expenditure and 9.2 percent of GDP for the Kingdom.

**FISCAL DECENTRALIZATION (continued)**


**DIRECT INVESTMENT:** Civil servant salaries account for close to a third of subnational government spending, similar to OECD unitary countries (31.3 percent in 2016). However, the share of SNGs in public staff spending is low compared to the OECD unitary countries (9.7 percent vs. 43 percent). This is indicative of central government’s considerable role in staffing at the central and deconcentrated levels. Municipal governments carried out the bulk of SNG spending (73.8 percent), while the prefectures and provinces accounted for 18.9 percent and 7.3 percent, respectively. Municipal governments are the largest employers, accounting for 81.1 percent of total SNG staff expenditure. They are followed by the provinces/prefectures (17.9 percent) and the regions (1 percent). The rise in regions’ activities should increase this budget item in the future.

**ADDITIONAL DECENTRALIZATION**

- Morocco is administratively divided into 12 regions, prefectures and provinces (75 combined), and 1,503 municipalities (communes) with prefecture and province council members elected indirectly through an electoral college made up of elected officials from the commune level.
- Municipal councils enjoy administrative and financial autonomy and some of them have borough councils.
- As mandated by the 2011 Constitution, all subnational authorities are responsible for planning, programming and promoting the economic, social and cultural development of their respective constituencies based on the principles of subsidiarity, solidarity, cooperation, and accountability, evaluation and control.
- Subsequent laws have further delineated responsibilities as exclusive, shared and transferred. With the adoption of the devolution charter in 2019, government ministries were tasked with developing plans for identifying authorities to be devolved and corresponding human and financial resources.

**REMAINING CHALLENGES**

- Decentralization laws are contradictory, impeding the transfer of authorities to local governing bodies, notably to municipalities.
- Legally, the principle of “administrative freedom” in Article 126 of the Constitution and the concept of “tutelle” or guardianship by the ministry of the Interior was changed, however relationships and ways of doing business remain entrenched.
- While the 12 regional development plans called for by the King in 2018 have mostly been completed, implementation continues to be problematic due to political infighting at the local level.
- There is a lack of capacity and systems to collect taxes and manage revenues at the local level.
MENA LOCAL GOVERNANCE
LEGAL FRAMEWORKS AND
PRACTICES

SYRIA

COUNTRY LEGAL OVERVIEW

- Syria is a highly centralized unitary state with 14 governorates, 61 districts (mandeqa) and 281 subdistricts (nahya).

- Before the beginning of the civil war in 2011 the Assad regime was ranked as one of the most authoritarian regimes in the region.

- There are no legal quotas to elect women at the national or subnational level. Participation of women in government varies across Syria and tends to be higher in Kurdish led regions.

POLITICAL DECENTRALIZATION

Political decentralization is the transfer of political authority to subnational governments that takes place through constitutional amendments and electoral reforms that create new (or strengthen existing) spaces for the representation of subnational polities.

- Local Administration Law: Updated within 10 years
- Financial Management Law: Not updated within 10 years

ADMINISTRATIVE DECENTRALIZATION

Administrative decentralization is the transfer of responsibility for the planning and management of one or more public functions from the national government and its centralized agencies to subnational governments and/or administrative units.

<table>
<thead>
<tr>
<th>Tier</th>
<th>Governorates</th>
<th>Districts (Mandeqa)</th>
<th>Subdistricts (Nahya)</th>
<th>Municipalities</th>
</tr>
</thead>
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<tr>
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<td>14</td>
<td>61</td>
<td>281</td>
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FISCAL DECENTRALIZATION

The process of increasing the revenues and expenditures (or finances and functions) under the control of subnational governments or subnational administrative units. Decentralized revenues include transparent transfer of funds, power to set the rate and collect taxes, and ability to borrow independently of the national government.

- Revenues
- Expenditures: Responsibilities to the subnational government to provide important services


Summary Explanations

**POLITICAL DECENTRALIZATION**

- Syria passed a series of decentralization laws starting in 1957. They provide only a veneer for decentralization as the government is highly centralized.
- Administrative Organization Law No. 496 created in 1957, regulated municipalities and local councils in governorates. Law No. 15 followed in 1971, redefined district divisions as governorates, cities, towns, villages and rural units.
- Issued in August 2011, Local Administration Law No. 107, intended as an improvement of Law No. 15, formed the Ministry of Local Administration (MoLA, which became Ministry of Local Administration and Environment (MoLAE) in 2016). It emphasized decentralization by creating new administrative structures (e.g. the High Council for Local Administration (HCLA)). The law was not meaningfully implemented. Power is consolidated with a centralized local administration system controlled by the president, prime minister, and the ministries of local administration and the interior.
- In 2011 Syria entered into a state of Civil War, stalling state-led decentralization. Various groups, including rebel governments, control Syria with varying degrees of recognized rules and autonomy. As a result, Syria is a patchwork of rapidly changing governance dynamics. Reconciliation of the Civil War is likely to include both constitutional law as well as elements of these various governing structures.

**FISCAL DECENTRALIZATION**

The central government exerts considerable control over financial resource transfers to subnational administrative units in Syria and has the right to monitor how subnational units spend the respective assistance, which amounts to about 60 percent of local units’ total revenues, undercutting financial independence.

Subnational administrative unit funding is governed through several pieces of legislation; Financial Law for Administrative Units No. 1 of 1994, later replaced by Law No. 18 of 2007, and Law No. 35 pertaining to annual provincial budgets, as well as Local Administration Law No. 107 of 2011 and the primary financial law.

The main financial law of 1994 was amended in 2007 with the passage of Law No. 18, granting financial independence for local administrative units. It allowed local units to secure their own financing, decreasing their dependency on the central government. The law also aimed to empower the local units to implement their own plans, projects, service provision efforts based on more equitable and proportionate tax burdens and readjustment of municipal expenditures.

**REVENUES**: Local Administration Law No. 107 defines revenues, expenses and rules for preparing the local council budgets. Local administration units have two sources of revenue: 1) Self-financing, including local taxes and fees, and special revenues from operations and investments from local facilities; and 2) External resources in the form of national financial budget assistance in addition to loans, grants and inheritances. The MoLAE controls the disbursement and distribution of financial appropriations to the local administrative units.

**EXPENDITURES**: MoLAE ratifies the budgets of each governorate and cities not covered by the national budget. The governor’s executive office approves budgets for local councils.

**ADMINISTRATIVE DECENTRALIZATION**

- Syria is administratively divided into 14 governorates, 61 districts (mandeqa), and 281 subdistricts (nawahi). The HCLA sits at the top of the local administration structure and is headed by the prime minister with the minister of local administration serving as its deputy chairman.
- The MoLAE, is key to the system. Governors are appointed by the president and assisted by respective provincial councils whose members (75 percent) are elected for four-year terms with the balance appointed by the minister of interior and the governor. Governor-appointed officials administer the districts and subdistricts, working on local matters with elected district councils and serve as intermediaries with local traditional leaders.
- The governorate and local city council presidents are appointed or approved by the president, based on the recommendation of the minister of local administration, enabling the president to maintain full control of local councils. The civil war resulted in new administrative levels and structures being introduced in territory not controlled by the Government of Syria.

**REMAINING CHALLENGES**

- As territory shifted since 2011 during the civil war and control by the central government remains weak outside of Damascus, local arrangements strengthened. However, as the regime regains control, a number of these arrangements are likely to alter based on cease-fire negotiations.
- The lack of constitutional reform since 2007 inhibits legislation towards decentralization.
- Clarity on the relationship, roles, authorities, and responsibilities is lacking between the central government and local governing units regarding national development plans.
- Central and local planning bodies lack clear pathways for collaboration.
- Significant disparities exist between the governorates due to historical neglect and variances in treatment of certain populations during the war. The result is an imbalance in social and economic infrastructure investments.
- Local units lack the legal freedom to secure certain local financing to carry out their duties.
**MENA LOCAL GOVERNANCE LEGAL FRAMEWORKS AND PRACTICES**

**TUNISIA**

**MENA LOCAL GOVERNANCE LEGAL FRAMEWORKS AND PRACTICES**

**POLITICAL DECENTRALIZATION**

Political decentralization is the transfer of political authority to subnational governments that takes place through constitutional amendments and electoral reforms that create new (or strengthen existing) spaces for the representation of subnational polities.

- **Local Administration Law**
  - Updated within 10 years
  - On-ground implementation of updated law

- **Financial Management Law**
  - Updated within 10 years
  - Partial on-ground implementation of updated law

**FISCAL DECENTRALIZATION**

The process of increasing the revenues and expenditures (or finances and functions) under the control of subnational governments or subnational administrative units. Decentralized revenues include transparent transfer of funds, power to set the rate and collect taxes, and ability to borrow independently of the national government.

**Administrative Decentralization**

Administrative decentralization is the transfer of responsibility for the planning and management of one or more public functions from the national government and its centralized agencies to subnational governments and/or administrative units.

**COUNTRY LEGAL OVERVIEW**

- Tunisia is a unitary, decentralized, semi-presidential country. The president is the head of state, elected to a five-year term. The prime minister heads a Cabinet of 27 ministers. They share responsibilities.
- The Assembly of Representatives of the People is a unicameral parliament - whose elected members serve five-year terms. Assembly seated in 2011, adopted a new constitution in 2014 and a quota requires women to hold 25 percent of the seats.
- The constitution devotes Chapter 7, (articles 131 through 142) to local government, and article 14 states “the state commits to strengthen decentralization and to apply it throughout the country, within the framework of the unity of the state.”
- The Ministry of Local Affairs (MLA) announced a 27-year decentralization plan in 2018 that is not finalized or released. The plan is backed by the Code des Collectivités Locales (Local Authorities Code), via the Organic Law No. 48 of 2017.

**EXPENDITURES:** Responsibilities to the subnational government to provide important services

**COUNTRIES**

<table>
<thead>
<tr>
<th>1st Tier</th>
<th>2nd Tier</th>
<th>3rd Tier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districts (Iklim)</td>
<td>Regions (Wilayat)</td>
<td>Municipalities</td>
</tr>
<tr>
<td>TBD</td>
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<td>350</td>
</tr>
</tbody>
</table>


Transfers from the central government are the bulk of Articles 135, 136 and 141 of the 2014 Constitution. Other sources of revenue include marketplaces, parking fees, and building permits. Licensing fees on beverage outlets, a series of tariffs applied to industries, and user charges and fees, including licensing fees on beer, entertainment, and the financial autonomy of local government units (LGUs).

In 2016, a parallel deconcentrated administrative system with authority of the president was established with 24 governorates headed by governors who represent the interior minister, 254 delegations and 2073 sectors. These are overseen by the MLA under the MOI. These institutions were intended to be temporary but have not dissolved.

After passing the OL no. 2017-7, elections for local councils were conducted in May of 2018. Councils are the primary decision-making bodies, with mayors elected for a five-year term from council members. The OL no 2017-7 of 2017 establishes a quota for a 50-50 split between men and women, as well as quotas for youth and persons with disabilities.

The 2019 Code of Local Self-Government repealed Law No 75-33 and brings more autonomy to local governments.

**FISCAL DECENTRALIZATION**

Local government finance is regulated by Law No. 97-11 of 1997, which promulgated the Local Tax Code, most recently amended in 2015.

**REVENUES:** Transfers from the central government are the bulk of revenue for governorates. Municipalities rely on both transfers and local taxes. The 2019 Code of Local Self-Government enables municipalities to set taxes and royalties. Since 2012, tax revenue increased significantly due to changes to the municipal tax system. Taxes on industrial, commercial and professional establishments, property tax on buildings and undeveloped land, and taxes on hotels and entertainment comprise an important revenue source for municipalities.

**GRANTS AND SUBSIDIES:** Articles 135, 136 and 141 of the 2014 Constitution regulate intergovernmental transfers in Tunisia, which stipulate the devolution of competencies to LGUs. Grants are a prime source of revenue for regional councils and municipalities. LGUs may receive lump-sum grants from the Common Fund for Local Authorities (established by Law No. 75-36 of May 1975), and equipment grants through the Municipal Development Fund and capital transfers from ministries to finance investment. User charges and fees, including licensing fees on beverage outlets, a series of tariffs applied to marketplaces, parking fees, and building permits constitute other sources of revenue.

**DIRECT INVESTMENT:** LGUs are key players in public investment as capital expenditures outweigh current expenditures. The share of direct investment in LGU expenditure is above other countries in the region, which demonstrates that LGUs play more of an investment role. LGU investment in Tunisia is primarily dedicated to municipal waste management, road construction and maintenance, and sewage systems; and government is keen on stimulating investment. Decree 2014-3505 sets the framework for the new system of financing of local investments through loans and subsidies.

**REMAINING CHALLENGES**

- Regional Council elections are not scheduled until 2022.
- Lack of financial and administrative independence of local councils results in poor service delivery and low trust for local governments.
- Local tax revenues are low (approx. 2.4 percent of national revenue) and disparities between regions leave some municipalities in debt and challenged to cover operating costs.
- Repeated postponement of municipal elections leads to questioning political will for decentralization efforts.
- There is an ongoing lack of technically skilled civil servants for local administration. In addition to the absence of decentralization process’ sublaws and decrees impedes the administrative and managerial functions of municipalities.
- The Local Authorities Code was passed on April 26, 2018—ten days before municipal elections, resulting in unclear roles and responsibilities of newly elected officials.
Country Legal Overview

Under the constitution, presidential elections occur by direct, popular vote for a seven-year term.

The president appoints the vice president, prime minister and deputy prime ministers, and consults with the prime minister to appoint the Council of Ministers. Legislative powers are vested in the Assembly of Representatives (Majlis Al Nuwwab), which has 301 members elected for six-year terms.

In 1997, the president created a consultative council of 59 members and dubbed it the upper house of Parliament. The nature of the government and politics in Yemen is unstable due to civil war that started in 2014-2015.


**POLITICAL DECENTRALIZATION**

- Tensions resulting in an ongoing civil war starting in 2015 hinders Yemen’s development and enforcement of decentralization legislation. Competing groups holding territory, including Houthis, demonstrate power centralization tendencies.
- Local Authorities Law, Law No. 4 of 2000, and its amendment, Law No. 18 of 2008, remain the legal basis for local governance in Yemen. These laws set the roles, responsibilities and authorities vested in the national government, the governor, the local council, the governorate administration, the director general and district-level local council.
- Law No. 4 established local government units based on administrative and fiscal decentralization principles and calls for local participation in managing social, economic and cultural sectors via elected local councils, initially elected in 2001.
- The president appoints governors through nomination and the Minister of Local Administration nominates governors and the president and the Council of Ministers approves. Governors are the highest-ranking official in each governate and are accountable to the president and Council of Ministers.
- Local councils’ heads are appointed by governors, assisted by a secretary general, and chosen from elected members. The secretary general is the deputy governor.

**FISCAL DECENTRALIZATION**

Across Yemen, governorate and district budgets now rely largely on locally generated revenue, and local authorities rely on external aid to provide services. Local authorities’ budgets have sharply decreased amid an ongoing shift toward locally generated revenues.

**REVENUES:** Most local authority resources (90 percent) come from the central government via subsidies and grants. This was less than 1 percent of the state’s public budget and is currently suspended due to the current situation. Legislation has not given local authorities sufficient resources or powers to raise their own revenues.

Local authorities receive revenues from 50 percent of religious donations, called “Zakat”; building permits; commercial licensing; slaughterhouse, meat and fish market services; civil registry services; sanitation and city improvement services; property tax; and taxes on electricity, water and telephone bills. Though collected locally, other revenue sources are shared with 25 percent going to the governorate and 50 percent distributed across other districts in the governorate. These include passport fees, consumption tax on Qat, driver’s license fees, traffic fines, etc.

In addition, fees per 20 L canister of gasoline, diesel, or kerosene sold to fuel stations (suspended since in its adoption in 2000); and 30 percent of annual revenues from the Road Maintenance Fund.

**EXPENDITURES:** Due to the ongoing conflict, expenditures are basically limited to operational costs and repair and maintenance, without real investment in capital investment projects. The central government ceased its grants to local units, putting tremendous pressure on local units to ration local expenditures.

**DIRECT INVESTMENT:** Given the current conditions within Yemen, direct investment is not taking place.

**ADMINISTRATIVE DECENTRALIZATION**

- Yemen is divided into 21 governorates and 333 districts (Moderrya). Urban districts could include cities, small cities and neighborhoods; rural districts include villages and localities. In 2014, a plan was developed to establish six regions though it has not been implemented.
- Chapter 1 of Law No. 4 of 2000 calls for the establishment of local councils at the governorate level, with 25 authorities for economic development and service delivery. Article 3 of Law No. 4 of 2000 calls for the establishment of a district council through local elections every four years. Local district councils have 21 areas of authority and responsibilities.

**REMAINING CHALLENGES**

- Stability and the ongoing war are the primary impediments to a central government that can create laws, policies, and systems that transfer authorities to local government.
- Local authorities do not have a clear understanding of the function and role of a central state and the authorities the government is willing to grant.
- Houthi groups and the central government often favor central control over local authority arrangements.
- In the extended absence of a central state with strong territorial control, local arrangements of authority are solidifying, decentralized, and complex and will likely need to be considered in future reforms.