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**DECENTRALIZATION AND THE EMERGING ROLE OF
MUNICIPALITIES IN THE ESCWA REGION**



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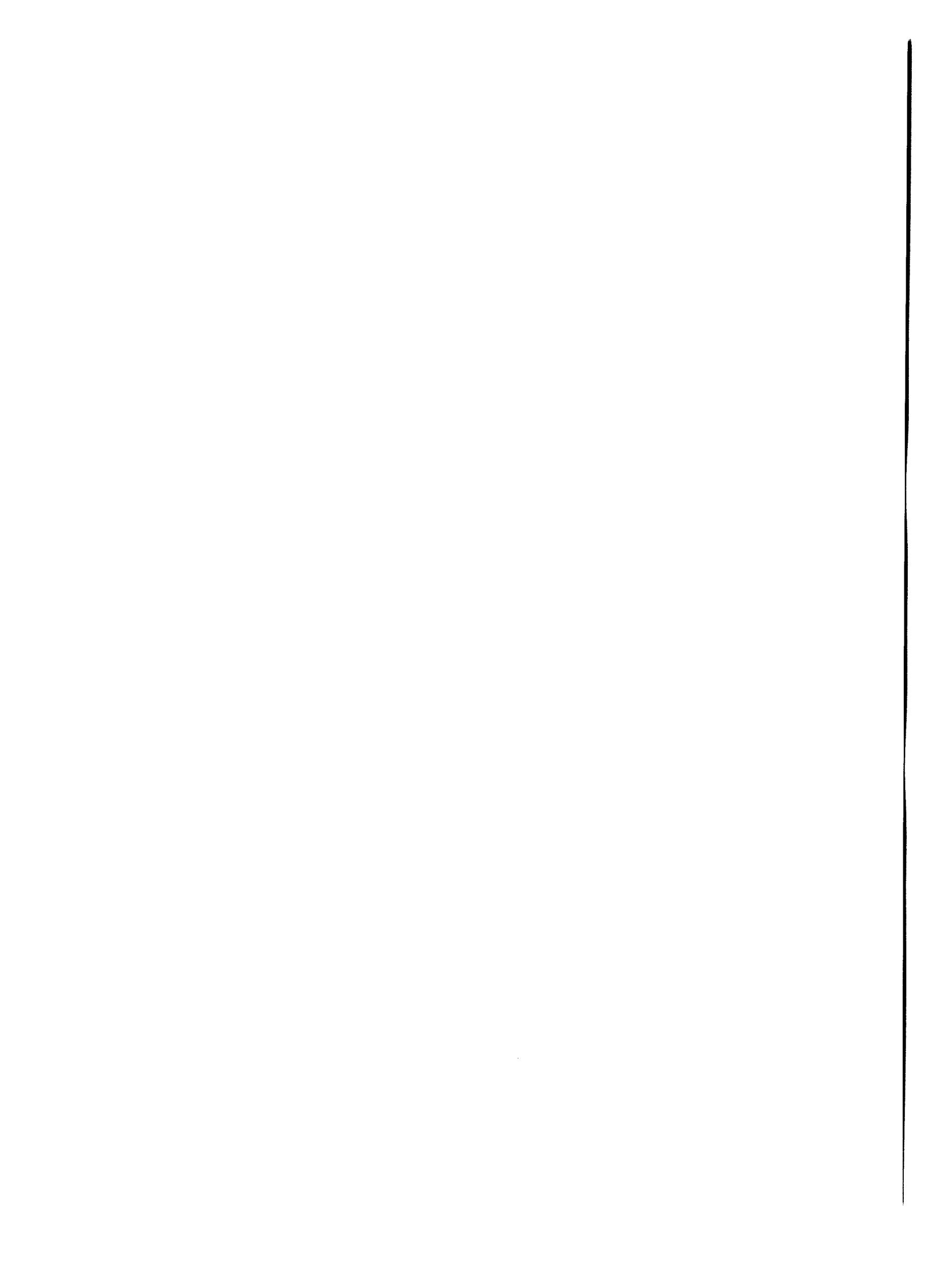
Preface

This study reviews policies that have been adopted and action taken with a view to decentralization in the various countries of the region. It addresses the issue at two levels: national or macro level and urban or micro level. At the national level, the paper reviews the policies adopted by different countries in the region which address administrative, political and fiscal decentralization. At the urban level, the paper investigates the capacity of municipalities to perform planning and urban management functions.

The study builds on previous research undertaken on urban governance and urban management in the ESCWA region, where different models of partnership between local authorities, non-governmental organizations (NGOs) and community groups were explored (ESCWA, *Urban Governance and Participation*, 1999). That research indicates that effective partnership between local authorities and civil society must be supported by serious institutional changes in which municipalities play a pivotal role. These findings prompt a new set of questions related to the optimal policy environment for implementing decentralization policies and the implications for various urban sectors, including housing, infrastructure and social services.

This paper is part of a series of publications addressing trends in the ESCWA region in decentralization policy aimed at sustainable human settlements development. The information is fed into an ongoing social development policy database that monitors comparative changes in urban, social and institutional development at the national and subnational levels, with the focus on the locality in terms of urban development. In this process, the Human Settlements Section is using a set of urban indicators which permits standardized, timely comparisons to be made on a continuous basis.

Special thanks are due to Mr. Aziz Hallaj and Dr. Fuad Malkawi, who contributed to the preparation of the country case studies on decentralization in the Syrian Arab Republic and Jordan respectively.



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INTRODUCTION

Urban planning and the management of cities are complex, dynamic and interdisciplinary processes which incorporate technical, socio-economic, institutional and legislative dimensions. While this is widely accepted in professional circles, the reality is that institutional development has lagged behind the technical aspects of urban planning, which explains why it is often difficult to translate plans into operational measures and implement them.

In recent years, there has been a growing interest in decentralization as one of the main avenues for institutional reform and development. Decentralization is believed to generate an environment conducive to the transparent, accountable and efficient management of cities by building capacities in local institutions, namely, municipalities and local authorities, to perform an expanded and more proactive role in local urban development. In any given country, there is a combination of internal and external factors, of a socio-political, economic and administrative nature, which set a decentralization process in motion. However, in nearly every case, decentralization is generated by the inability of centralized Governments to handle the large and complex tasks of managing scarce public resources; consequently, a range of public functions are transferred to lower Government levels, quasi-public agencies, the private sector and NGOs.

Decentralization has many advantages. Politically, it enhances public participation, accountability and transparency in decisions regarding the allocation of public resources. Administratively, it reduces pressure on central Government and simplifies bureaucratic procedures. Economically, it increases efficiency, revenue and resource mobilization, and allows flexibility in targeting specific socio-economic groups or regions. Decentralization can also foster a culture of democracy and safeguard civil liberties, making locally elected officials accountable to their constituency and permitting minorities to be better represented.

However, decentralization should not be treated as a panacea. In fact, a review of the experiences of a number of countries with decentralization reveals that there are problematic areas and challenges which need to be taken into account when conceiving or implementing decentralization policies. A common problem is that local authorities and municipalities often lack the technical resources to perform planning and urban management functions, and resource bases are weak, particularly in the case of smaller cities. This can limit the capacity of municipalities to deliver social services efficiently or maintain quality standards. In many cases, Governments justify their retention of much of the decision-making power on grounds of national security; as a result, local authorities are left with increased responsibility and little political or institutional leverage for implementation.

This study addresses the issues set forth above as they apply to the countries of the ESCWA region. It reviews recent decentralization initiatives undertaken by ESCWA member countries in an attempt to improve the capacity of local authorities to address the growing number of urban challenges in the region. Specific decentralization initiatives in selected countries are reviewed at the macro or national level. This has allowed regional decentralization initiative trends in spatial, administrative, fiscal and political spheres to be extrapolated.

The study also addresses the issue of decentralization at the micro or urban level, reviewing the experiences of specific municipalities with regard to urban management and resource mobilization. A number of questions are raised, including the extent to which decentralization can contribute to capacity-building in local institutions, the effects on regional and spatial equity and whether decentralization ensures citizens' representation, accountability and democratic practices at the local level. These are important questions that must be addressed from social, administrative and institutional standpoints in order to enable relevant strategies to be designed and adequate mechanisms identified for monitoring measurable changes at the national and urban levels. These issues are synthesized in the recommendations and operational measures proposed, which address policy makers in national and local government concerned with formulating decentralization strategies and developing a set of indicators to measure the effectiveness and sustainability of decentralization strategies and progress in implementation.

I. THE DEBATE ON DECENTRALIZATION AND ITS IMPLICATIONS IN THE ESCWA REGION

A. DEFINING DECENTRALIZATION

Decentralization entails “the transfer of responsibility for planning, management, and resource raising and allocation from the central Government to (a) field units of ministries or agencies; (b) subordinate units or levels of Government; (c) semi-autonomous public authorities or corporations; (d) area-wide regional or functional authorities; or (e) NGOs”.¹ Decentralization involves major structural changes in the management of public resources in three main areas, namely, the political, fiscal and administrative.

Politically, decentralization entails a parallel process of democratization. Political decentralization is closely intertwined with fiscal and administrative decentralization and assumes that civil society and the private sector will play an expanded role in managing the economy of the country and in public life in general. Effective political decentralization implies reforms at the constitutional level, with greater scope for a multi-party system and increased citizen representation. In this scenario, non-State actors take a leading role in ensuring that freedom of speech, an independent media and an independent judicial system are maintained as the pillars of a democratic State.

Fiscal decentralization involves major reform of the financial responsibilities of various State and non-State actors. The degree of fiscal autonomy and the assignments and responsibilities given to the local authorities constitute the core components of fiscal decentralization. The responsibilities assigned to local governments range from mobilizing revenues and resources to taxation policies, borrowing or grants, the allocation of public expenditure and the power to make autonomous decisions with regard to expenditure and the budgets for the provision of goods and services to the areas under jurisdiction. Fiscal decentralization also concerns the ability of local governments to negotiate with the central Government and engage in intergovernmental transfers and their authority to make fiscal decisions without direct intervention from the central authorities.

Administrative decentralization shares aspects of both political and fiscal decentralization. It aims to redistribute management and planning functions and some responsibility for financial resources to different levels of Government. However, there are various degrees of administrative decentralization. In the literature on decentralization, these have often been grouped into three main types: devolution, delegation and deconcentration.² Devolution is the most advanced stage of decentralization, whereby authority for decision-making and the delivery of public services and full financial responsibility are granted to independent local government units, while some financial support from the central Government is maintained through transfers. This form of decentralization assumes that public officials are fully accountable to citizens. At the other end of the scale, deconcentration involves the redistribution of selected public functions to field offices, including local authorities, but the latter remain under the tight control of the central Government. Deconcentration therefore entails no transfer of authority to local governments, merely a transfer of responsibilities. Delegation is an intermediate stage between the other two forms of decentralization, where the lower levels of Government enjoy a degree of independence and are subject to supervision from the centre. Some of the delegated responsibilities include the setting-up of public enterprises and regional development corporations, including, *inter alia*, housing or transportation authorities and special project implementation units.³

Decentralization does not imply one single set of policies: it may incorporate a range of planning instruments that reflect all three decentralization types identified above, namely, devolution, deconcentration and delegation. As it will be shown subsequently, the decentralization initiatives adopted in any country

¹ Jean-Paul Faguet, *Decentralization and local government performance, Technical Consultation on Decentralization* (Rome, FAO, December 1997).

² Dennis Rondinelli, 1981 and 1989, cited in Litvack et al., *Rethinking decentralization in the World Bank (World Bank discussion paper, 1989)*.

³ Jennie Litvack and Jessica Seddon, *Decentralization Briefing Notes, WBI working papers* (World Bank Institute, p. 3).

reflect the prevailing administrative system and its capacity to implement policy and monitor change. Moreover, in any given context, the effectiveness of decentralization policies is also conditioned by the power of various social actors and interest groups to mobilize and articulate collectively their concerns vis-à-vis the State.

There are a number of factors that have brought the issue of decentralization to the forefront of public debate; these stem from the perceived advantages of decentralization. The most widely acknowledged argument for decentralization is that it ensures efficiency, particularly in fiscal matters. Efficiency is a very important tool for growth and the maximization of national welfare. The rationale is that local governments are closer to the people, and thus able to identify local priorities and design budgets that closely correspond to the amount of potential revenue. In addition, information costs are reduced, which ensures efficient and rapid delivery of services to the people on the basis of their real preferences and needs. Thus, people are more willing to pay for such services and to engage in the decision-making process.

Decentralization can also increase revenue and improve resource mobilization. The proximity of local authorities to citizens enables the former to better identify, monitor and manage resources at local level. They have a knowledge-base of the locality and a good understanding of the field, which allows them to accurately assess what constitutes a feasible and fair local tax base. Property and other land-based taxes are pertinent examples of taxes that can best be handled by local authorities, if given the proper tools, rather than by the central Government.

At the political level, the rationale for decentralization is that it allows for the increased participation of citizens and their elected public representatives in the decision-making process of central Government. In this view, decentralization is a means for ensuring Government accountability and transparency through a system of power sharing that is in line with good governance. Decentralization enhances public participation by involving different social actors of diverse political, religious, ethnic and cultural affiliations in negotiations over the use, allocation and management of local resources. Such processes foster a culture of democracy and prepare the ground for participation and accountability to be extended beyond the level of the locality.

Decentralization also allows for experimentation and innovation in urban management. The Government can use policies and strategies in order to experiment and stimulate innovation and creativity at the local level, where new programmes can be introduced and successful experiences presented to other local governments, as lessons to be learnt or examples of “best practices” to be widely used as mechanisms for innovative policy transfer. Decentralization provides flexibility and room to manoeuvre at the local level and permits experimentation.⁴

Notwithstanding the above-mentioned benefits of decentralization, the fact remains that many countries, including most countries in the ESCWA region, are still highly centralized. This raises a number of questions regarding the validity of the arguments in favour of decentralization, their applicability or relevance in different contexts, and the willingness of centralized States to relinquish power and authority. Why should any country, in the ESCWA region in particular, commit itself to decentralization, and at what cost? Will the emphasis be on political, economic or administrative decentralization?

The argument that decentralization brings Government closer to the people is based on a number of assumptions that remain to be tested. It is assumed that a close relationship exists between the local authorities and the community, and that those authorities or public officials are working in the best interests of the public. Under such circumstances, decentralization would improve accountability and prevent corruption. However, this is not always the case. The experience of a number of countries shows that corruption can well thrive equally at the local level. In fact, some authors (see Prud’homme and Tanzi, 1995) present an opposing, albeit not so popular, argument to the effect that corruption feeds on the

⁴ Jennie Litvack and Jessica Seddon, *Decentralization Briefing Notes, WBI working papers* (World Bank Institute).

closeness between elected local politicians and the local political power structure.⁵ The assumption of increased accountability and reduced corruption due to the proximity of local governments is therefore moot. Furthermore, weak administrative and technical capabilities in local authorities could restrict their ability to mobilize local resources, and consequently lead to a loss of scale in economies and inefficient and costly service delivery.

However, a number of arguments may be advanced in favour of centralization. The strongest argument for maintaining a centralized system of government, particularly on fiscal grounds, is in order to achieve the equitable distribution of public resources and stabilize fiscal policies. This is commonly the case in countries characterized by unstable economic environments, which are vulnerable to, *inter alia*, international fluctuations, inflation, debt costs and controls. There is a belief that central government is more suited to these countries and bearable to ensure macroeconomic stability through fiscal and monetary policies. Furthermore, investment policies that employ scarce capital resources are best managed by the central Government. Tightening fiscal policies and increasing taxes in order to service mounting debts would be more costly and difficult to manage in a highly decentralized system where the central Government does not have access to the revenues or resources of the local government. Moreover, coordination of policies becomes difficult when, for example, local government is implementing an expansionary policy while the central Government is pursuing a contractionary one.⁶

Fiscal decentralization may also be counter-equalizing. By increasing the economic disparity among regions, it could have serious socio-political implications. Regional disparity thrives in cases where wealthy or high-income municipalities or regions are better equipped than poor municipalities to provide a range of social services for their constituencies. The flow of rural migrants seeking job opportunities and better standards of living in urban areas increases the pressure on public services, but also generates a whole array of economic and social activities which further underscore the inherent regional and urban-urban disparities. This issue is directly relevant to many developing countries, where wide income disparities prevail. The need to redistribute resources in order to reduce the regional disparities that are frequently politically destabilizing is a strong incentive for central Government to maintain control over the planning and allocation of resources at the national level.

The complexities and ramifications of decentralization that have been identified above emerge clearly in any discussion of the experiences of ESCWA countries with decentralization initiatives. In every case, no choice appears to have been made between decentralization and centralization, but elements from both systems have been adopted, with changes often being introduced on a trial and error basis. However, with any set of decentralization policies that is adopted, municipalities represent the logical recipient of the expanded functions devolved from the central Government. Hence, "the devil is in the details": the challenge lies in understanding which functions are best performed at the local level, what resources are used and, ultimately, what monitoring role is played by the central Government. These issues are discussed at greater length below in the regional review and the country case studies.

B. REGIONAL DECENTRALIZATION INITIATIVE TRENDS

All countries in the region have adopted some form of devolution or deconcentration of administrative functions to regional or subregional and local levels, using the governorate or *muhafaza* system. In some countries, municipalities and the town and village councils act as the local representatives of central Governments. Using the typology identified above, this may be considered to be deconcentration, or "decentralization from the top". Some responsibilities are assigned to local administrative units in order to facilitate management functions for the central Government. It is, understandable, therefore, that the region remains characterized by centralized States. In recent years a number of central Governments in the region

⁵ World Bank Institute, *Concept of fiscal decentralization and worldwide overview*. Intergovernmental fiscal relations and local financial management course. See also Prud'homme, *On the dangers of decentralization*. Policy research working paper (1252) (World Bank, 1995).

⁶ Roy Bahl, *Worldwide trends in fiscal decentralization*. World Bank discussion paper.

have initiated decentralization programmes, often under pressure from donors, NGOs or private sector groups seeking to simplify bureaucratic procedures.

The pressure to decentralize and redistribute power between the various levels of Government, Government agencies and actors of civil society, makes the debate on the relations between central and local government highly relevant, as indicated in the examples drawn from ESCWA member countries set forth below. When functions and responsibilities are re-assigned from central to local governments, the latter often find that their responsibilities are not matched with the necessary resources, authority or leverage.

In Egypt, local politics have some degree of effect on the management of administrative affairs at governorate, district, and town and village level. Law 145 of 1989 on decentralization introduces fiscal measures that permit local authorities, in consultation with local communities, to plan and implement infrastructure and social development projects and disburse savings accumulated over several years in order to fund community-based development projects including recycling, waste management and urban upgrading. Local councils have consultative power, governorates have executive power, while legislative functions and fiscal matters, including raising local taxes and authorizing large-scale fund disbursement remain with the central Government, in the shape of the Ministry of Local Government.⁷

Subsequent to the Oslo accords of 1994, the Palestinian National Authority (PNA) in the West Bank and Gaza Strip, has been engaged in continuous negotiation and occasional confrontation with municipalities that have acquired self-rule over urban planning functions, finance and local development policies. During the Israeli occupation, the municipalities in the West Bank and Gaza Strip played a pivotal role in managing urban resources and delivering basic services. Recently, they have found that their functions are curtailed, and that they have become the executing agencies for decisions taken at a higher level of authority. In fact, the Palestinian experience post-1994 is arguably a case of centralization rather than decentralization. Municipalities in the West Bank and Gaza Strip have experienced a move from the de facto delegation of authority by the occupying power to attempts by PNA to institute a centralized form of local administration that gives limited decision-making power to municipalities, particularly with regard to strategic planning issues. This represents a deconcentration model of decentralization.

The United Arab Emirates can be placed at a midpoint between delegation and devolution of authority on the decentralization spectrum: it has a relatively advanced level of administrative decentralization, while remaining highly centralized politically. For over two decades, the United Arab Emirates has intensified efforts to develop the institutional capacity of its nationals working in various public and private sectors. Particular attention has been paid to empowering municipalities to perform major planning functions without constant reference to the central Government. Dubai has been particularly successful in empowering municipalities to provide and monitor the delivery of public services and engage in major urban development activities in partnership with a wide range of actors. Over the past few years, Dubai Municipality has achieved renown at the regional and international levels as the result of a series of successful urban management initiatives which are being held up as “best practices” to other municipalities in the ESCWA and other regions. Nonetheless, the federal Government remains the main decision maker on strategic planning issues and matters of national security.

In Lebanon, the municipal elections held in 1998, after 35 years of disruption brought the issue of municipal politics to the centre of public debate. The Lebanese case illustrates the complexities of articulating a decentralization policy that gives local authorities effective decision-making power. More importantly, it underscores the problems faced by any central Government in striking the right balance between political, administrative and fiscal decentralization. While governments are under pressure from civil society activists and local political power brokers to delegate political, financial and legislative authority to municipalities, their principal concern is to safeguard national security and economic and political stability. They are therefore reluctant to devolve power, arguing that this could undermine national unity and regional and/or territorial integrity. Currently, controversy surrounds a proposed law on

⁷ See *Urban governance and participatory development* (New York, 1999). This study provides a review of ESCWA country experiences in summarized form.

decentralization, the question being whether it gives municipalities more room for administrative, technical and financial manoeuvre. In principle, municipalities are authorized to generate and manage local resources. While they can determine the level of up to 10 per cent of municipal taxes, these are levied by the central Government and deposited into the Independent Municipal Fund in an account managed by the Ministry of Finance. Furthermore, while municipalities are, in principle, responsible for the planning and implementation of infrastructure work carried out in areas under their jurisdiction, many development projects are in fact executed or contracted-out directly by central agencies including the health, education, public works and water resource sectors. The challenge at present is to empower municipalities to perform complex urban management functions, particularly in view of high public expectations following the municipal elections of 1998.

The limited success that most countries in the region have had with decentralization thus far raises important questions as to the relevance to the region of decentralization and the sustainability of the programmes that have been adopted. Throughout the region, administrative, fiscal and political aspects of decentralization have not been undertaken as simultaneous and integrated processes, but seem, rather, to be pursued disjointedly and with a variety of objectives. Failure to implement political decentralization, in particular, is largely responsible for delaying fiscal and administrative decentralization. Internal motives for decentralization, including the need to improve the manageability of ever-growing cities and modes of urban and national governance, are intertwined with external factors. Prime examples of such factors are the changes in the global economy and information technology that are affecting every country in the world, which compound regional changes including labour movements, wars and fluctuations in oil prices and national income. Such conditions increase pressure on Governments to rationalize public expenditure and streamline unwieldy bureaucracies, redefining in the process the role of the central Government: it will no longer be a direct provider of goods and services, but will indirectly support and monitor the provision of services by other agents, including Government lower levels, municipalities, the private sector and NGOs. This change of development approach is the essence of the "enabling" strategy. Local governments are called upon to expand the range of their work and functions and become partners in development. However, the manner in which guidelines and policy orientations are interpreted in national and local contexts leaves much room for manoeuvre by the actors involved and, in particular, the central Government, which usually decides the terms for partnership and exerts significant control through the monitoring of service delivery, intergovernmental transfers and control over fiscal policies.

Pressure for decentralization in the ESCWA region is also being brought to bear on national Governments by donors and international agencies, which make loans and grants subject to the introduction of decentralization, privatization and/or structural adjustment programmes. Indirect pressure is also applied through development programmes that involve local and international NGOs and research institutes in implementing development agendas which revolve around good governance, decentralization and partnership between various State and non-State actors. In this respect, the debate on decentralization leads to questioning and careful monitoring of the linkages or interface between decentralization, privatization and structural adjustment policies and the extent to which the synergism of those factors is conducive to the sustainability of a decentralization process; more importantly, it queries whether decentralization can move progressively from an initial level of deconcentration, to delegation and devolution of authority. Not all ESCWA countries display a progressive change of this nature; in many, decentralization initiatives tend to take the form of cosmetic rather than structural changes, and actually demonstrate a tendency to reinforce centralization through non-transparent monitoring techniques or intergovernmental transfers. Hence, the challenge remains to find political, social and economic conditions within the country that are conducive to change and provide the right incentives for central Governments to devolve more power and authority to local governments over the long term.

Most municipalities and local governments in the region face the challenge of expanding and improving the quality and efficiency of public service delivery, while having to operate in a well-established centralized local administration system. Nonetheless, the debate on the reorganization of local administration has been a priority in a number of national development plans. There is obviously significant political and social pressure on central Governments in the region to make a public commitment to decentralization and democratic and participatory development. To date, such commitment have resulted in only modest policies of deconcentration, or, in more successful cases, the delegation of specific

responsibilities to lower levels of Government. More commonly, local authorities have become the local agents that execute policy decisions for the central Government. The responsibilities of municipalities consist mainly in the management of personnel and the distribution of resources already allocated by the central Government.

Most municipalities in the ESCWA region are fully occupied by such routine responsibilities as granting building permits, undertaking maintenance work and following up on violations. While these tasks are necessary and represent a good source of municipal income, they divert attention from other important functions such as the management of urban growth and strategic planning. Resource mobilization at the local level is a major challenge, in view of the serious reduction in public resources and transfers from central Governments, which have shifted some of the burden of fund-raising to the local level. Consequently, municipalities are developing new mechanisms for negotiating funding and development programmes with the Government and international assistance programmes. Municipalities within the same country and at the regional level have different approaches to the challenges of their expanded role. The success of these endeavours is dependent on the rank of the municipality within the national urban hierarchy, as well as the ability of its mayor or senior officials to negotiate their way out of the inherent centrality of national bureaucracies. The two country case studies of the Syrian Arab Republic and Jordan illustrate the pattern of central-local government relations and their ongoing negotiations over planning and resource allocation. The Governments of both countries have emphasized their public commitment to decentralization. In Jordan, decentralization represents a strategic political choice, while in the Syrian Arab Republic, it is, predominantly, pressing internal economic factors that have led the Government to transfer certain urban management functions to the local authorities.

The section on the Syrian Arab Republic reviews the experience of municipalities in delivering housing and social services, managing the urban cultural heritage and mobilizing resources at the local level. It articulates the basic components of urban management in the light of prevailing legislative and institutional procedures. Two municipalities are examined in detail, one representing a city with 2 million inhabitants and one representing a small town with 50,000 residents. Between them, they demonstrate the challenges and complexity of the urban management issues facing municipalities. Furthermore, the two cases reveal the strengths and relative weakness of these administrations in negotiating with the Government. The two municipalities were primarily chosen for their enterprising efforts to assert innovative modes of urban management and because they illustrate how the relationship between central and local government can be most effective.

The section on Jordan discusses the various initiatives taken with a view to decentralization, and their impact on the development and power base of local authorities. The Jordanian administrative system is discussed, with the focus on the role of laws governing municipalities. The various challenges that municipalities have to face are also discussed. Jordan's experience with decentralization is evaluated through the dynamics of the relationship between central and local government. The conclusion is reached that municipalities, because of lack of resources and autonomy, are not at present able to fulfill all their responsibilities and, as a result, ambitious decentralization schemes end as modest deconcentration policies.

II. LOCAL URBAN DEVELOPMENT AND THE ROLE OF MUNICIPALITIES IN THE SYRIAN ARAB REPUBLIC

A. URBAN SETTLEMENTS IN THE SYRIAN ARAB REPUBLIC

1. Overview

Over the last 30 years, the growth rate in the Syrian Arab Republic has exceeded 33 per 1,000 per annum.⁸ The majority of this growth was concentrated in urban centres. According to the most recent population census, carried out in 1994, more than half the Syrian Arab Republic population was living in urban areas.⁹ The two largest cities, Damascus and Aleppo, are home to about one third of the population. The other governorate-centre-cities have also experienced rapid urban growth. However, in the past few years, it has been the smaller towns that have shown the highest rates of urban growth.¹⁰

In the local administration act of 1971, cities are defined as any human settlement of over 20,000 residents.¹¹ By 1999, the official records had identified 84 cities in the country.¹² Administratively, there are two categories of cities. The first category includes the 13 governorate centres, including the capital city. These have relative independence and are directly linked to the Ministry of Local Administration, under the supervision of the Governor. The second category includes smaller towns that report intermittently to the Governor and are administered by the governorate's technical services administration.

Cities differ in their economic and demographic composition as well as in their urbanization patterns. In general, work opportunities, standards of living and quality of public services are major determinants of inflow of migrants into cities.¹³ A case in point is the limited availability of secondary schools in rural areas, which represents a major incentive for young people to migrate to urban centres.¹⁴ A detailed analysis of the economic attraction of cities in the Syrian Arab Republic is not available; nevertheless, almost half of the labour force aged 25 to 45 resides in cities, in contrast to a clear majority of elderly people residing in rural areas.¹⁵ Furthermore, the concentration of administrative, cultural and entertainment facilities in cities increases their comparative advantage over smaller centres and rural areas.

Although the Syrian Government has adopted a spatially balanced approach to development in consecutive national development plans that includes the provision of basic services to rural areas, cities in the Syrian Arab Republic still have better infrastructure and the highest number of public and private sector jobs. Until recently, the majority of the labour force lived in rural areas and commuted on a daily basis to urban centres.¹⁶ Currently, however, many of the younger generation are opting to remain in cities, despite the fact that urban-rural linkages are strong in the Syrian Arab Republic, where urban dwellers maintain ties with their villages of origin and often participate in seasonal economic activities. Overall, however, these ties are gradually loosening because of a number of factors, including reduced potential revenue from agricultural activities.

⁸ Central Bureau of Statistics, *Statistical Abstract* (Damascus, 1999), p. 60.

⁹ *Ibid.*, pp. 61 and 228 (calculated indirectly).

¹⁰ Calculated indirectly by comparing census figures for the governorate-centre cities with the overall urban population. See *Central Bureau of Statistics, Results of the 1994 Census and Future Projections till 2005* (Damascus, 1994).

¹¹ M. Itri (ed), *The Local Administration Act, Legislative Act No. 15 of 11 May 1971* (Damascus, 1998), paragraph 1.

¹² *Statistical Abstract*, p. 32.

¹³ M. Tlas et al. (eds), *Geographical Encyclopedia for the Syrian Arab Republic* (Damascus, Centre for Military Studies, 1990) vol. 1, p. 302.

¹⁴ *Statistical Abstract*, pp. 340 and 354.

¹⁵ *Ibid.*, p. 81.

¹⁶ *Ibid.*

The first waves of migrants settled in the old city centres, but many of them gradually moved to the urban periphery, where housing ownership and construction and the rental market were more affordable. Existing planning and urban regulations were not tailored to manage the dynamic process of urbanization that the Syrian Arab Republic has witnessed over the last two decades or to address the needs of large waves of migrants; as a result, unplanned settlements have grown up around the main cities.¹⁷ Between 20 to 40 per cent of the inhabitants of most Syrian cities live in unplanned settlements, with the highest rates of informal settlements concentrated in large cities.¹⁸

In general, living conditions in these areas are poor, although houses are often built with durable building materials and residents for the most part have some form of ownership or quasi-legal right to be on the land, often in the form of title to a small share in a communal territory.¹⁹ Local authorities in the Syrian Arab Republic have handled the issue of informal housing in different ways, as the information on the two cities discussed in this chapter will indicate; however, the central Government's approach to urban policy has amounted to an attempt to integrate these settlements into the "formal" city by providing them with basic services.

2. *Managing growth at the national level*

A number of land reforms have been initiated in the Syrian Arab Republic in order to address poor living conditions in rural areas.²⁰ However, no concerted efforts have been made with regard to comprehensive national and regional planning, particularly in terms of improving the capacity of urban centres to meet the needs of new migrants.²¹ The local administrative system has had to be reformed in order to meet these challenges, and as a result, the Government has initiated a series of laws governing the management of urban growth.

Legal initiatives have been introduced in order to allow municipalities to acquire land that has no services and develop it to meet the need for urban expansion.²² Additionally, a number of laws have been enacted in order to regulate urban land, develop temporary cadastral systems, absorb the increasing stock of housing and control land speculation.²³ While some legislation was designed to improve the planning system, notably Legislative Decree No. 5 of 1983 and its various subsequent commentaries and amendments, planning law has remained procedure-oriented rather than qualitative. Under this law, all urban settlements of the same category are treated alike, without any differentiation being made between the various problems and characteristics of each conurbation. Furthermore, the planning ordinances reflect a top-down approach, in which public participation is limited to registering citizen's legal objections, usually after the master plan has been completed and is ready for approval.

In general, such laws were formulated on an ad hoc basis, and have often required further amendments and modifications in order to resolve contradictions and confusion. This has significantly complicated the planning legislation process. Furthermore, the growth of unplanned settlements far outstripped the

¹⁷ To date there is very little published data on the composition of the migrant population and the structure of unplanned settlements in the Syrian Arab Republic. Some recent research was presented at the Conference on City Planning, Urban Design and Legislation, Lattakia, 1999. The proceedings have not yet been published. See in particular the paper by Salwa Saqqal, "Unplanned urbanism: visions and solutions".

¹⁸ See Governorate of Lattakia, "Spontaneous settlements", in *The National Project for Urban Development in the Syrian Arab Republic* (Lattakia, 2000).

¹⁹ Ibid.

²⁰ *The Geographical Encyclopedia*, vol. 1, p. 295.

²¹ In some estimates, 2 million people migrated to the cities between 1960 and 1981. *The Geographical Encyclopedia*, p. 295.

²² The two most prominent acts are Law No. 60 of 1979 and Law No. 20 of 1983.

²³ Law No. 14 of 1974.

management capacities of any municipality and the legal contradictions within the system brought implementation of the master plans for some major cities to a standstill.²⁴

At the institutional and political levels, there was little incentive for the private sector to operate in new urban areas. Consequently, land prices were so inflated in the old centres that major violations of building regulations became lucrative, especially given that fines for violations were insignificant in comparison with the anticipated profits. Special laws enacted in order to regulate building violations became obsolete.²⁵ As a result, urban managers were mainly preoccupied with regulating urban construction and were thus distracted from other strategic planning issues.

In an effort to improve service delivery at the local level, the Government promulgated the Local Administration Law of 1971, in which the Ministry of Local Administration is given responsibility for the management of municipalities. Nonetheless, considerable central power was retained over final decisions, in a system termed "central democracy".²⁶ The Ministry was given continuous access to major resources, and municipalities were authorized to collect some of their revenue in the form of fees and taxes. However, the total budget for this Ministry barely kept pace with the increase in population or official inflation rates.²⁷

In 1974, the Government also established a special ministerial portfolio managed by the Ministry of Housing and Utilities,²⁸ in order to support municipalities in financing their services and ease the provisional requirements of future growth. The Ministry was responsible for supervising urban planning in all settlements as well as providing basic amenities. While it has produced some 5,000 master plans covering all settlements with more than 500 inhabitants, the challenge remains to address some of the structural shortcomings in the planning process and, in particular, update the planning principles and regulations in the outdated interim document that was produced in 1971.²⁹

3. *Managing growth at the municipal level*

Municipalities differ in their approach to the management of urban growth. Larger urban centres are under pressure from the increase in demand for social services. Under the current planning law, they have limited resources and fund-raising potential. Conditions in smaller towns are largely dependent on the enterprise of their mayors. Major technical decisions for these cities are made at headquarters by the technical services department of their respective governorates. Master plans are approved regardless of, in particular, topographic and economic local conditions.

The routine work of most municipalities consists largely of attempting to control building activities. The overwhelming rate of both legal and unplanned construction has reduced the role of municipality officials to following-up on permits, supervising construction and controlling violations in built-up areas. It is of critical importance that such tasks are performed given that the fees for building permits and other construction-related activities comprise a large proportion of municipal revenue.³⁰

²⁴ See "Spontaneous settlements" in *National Project*.

²⁵ See, for example, Law No. 44 of 1960.

²⁶ D. Dawood, *The Historical and Political Phases for the Development of the Syrian Administrative System* (Damascus, Dar Aladdin, 1995), p. 160.

²⁷ This can be observed in the subsequent yearly national budgets as published in the annual *Statistical Abstract*.

²⁸ Legislative Decree No. 96 of 1974.

²⁹ See The General Administration for Planning and Construction, *Planning Principles of the Syrian Arab Republic* (Damascus, 1970).

³⁰ Revenue from building activities in Aleppo municipality, for example, exceeds the value of the proportion of national taxes retained by the municipality. See Aleppo Municipality, *Proposed Budget of the Municipality of Aleppo, 1997*, pp. 7-9, and the *Proposed Budget of Aleppo Municipality 1999*, pp. 7-9.

Municipalities are also involved in service provision. In this regard, the plans of most municipalities for the provision and distribution of revenue among their constituent neighbourhoods are sketchy. The provision of new services is linked to implementation of planned expansion. Unplanned settlements are not, by definition, included in official master plans. It is therefore rare for any provision to be made in budgets for the basic service needs of such settlements. Basic infrastructure is financed partially by special funds provided by governorates or indirectly, by funds raised through communal efforts sometimes organized through the governor's office.

Many municipalities allocate resources for the provision of public housing; however, even the most enterprising municipalities suffer from major deficiencies in this regard. In the Syrian Arab Republic, a number of national agencies have a mandate to provide public housing¹ including, in particular, the cooperative sector, which acquires low-cost land for housing development and subsidized amenities, and the private sector, which plays a major role in housing construction, including of housing for limited-income families. Nevertheless, the demand for housing is greater than all the formal sectors can supply. In 1998, it is estimated that the private and cooperative sectors provided as many as 49,000 rooms in urban areas.³¹ The public sector's output in the same year is harder to determine because no comprehensive data is available. However, the budget allocations of the Ministries of Housing and Local Administration provide for an additional 20,000 rooms. Assuming an occupancy rate of 1.83 persons per room, therefore, some 120,000 persons per annum can be provided with housing in cities.³² The annual increase in the urban population is estimated to be some 260,000 persons. All formal, municipally regulated housing initiatives, therefore, meet less than half of the demand, while additional urban growth continues to take place in the unplanned settlements. The ability of the municipalities to administer and manage such informal growth will pose a major challenge in the near future.

While municipalities are struggling to manage the growing urban areas under their jurisdiction, efforts to engage in an integrated form of urban planning and management remain limited. The agendas of municipal meetings cover only the provision of basic services, and even in this regard, municipality budget allocations are subject to the individual bargaining skills of mayors and council members and are, in some cases, closely linked with specific vested interests in pursuing a given course of action. All these factors render the urban management process non-transparent.

B. THE LOCAL ADMINISTRATION SYSTEM IN THE SYRIAN ARAB REPUBLIC

In 1971, a progressive local administration law was practised in the Syrian Arab Republic. Law No. 15 of 1971 gave a broad range of powers to a variety of local authorities and, in particular, the governorate. Each of the 14 governorates, including Damascus governorate³³ has a Governor, a governorate council, and an executive bureau. These bodies have distinct roles. The governorate council is elected by the local population and has ultimate responsibility for approving budgets, policies and setting priorities. The council elects the executive bureau, which has a broad mandate to prepare budgets and policies. Its primary responsibility, however, is to supervise the performance of local branches of central agencies. To balance this local power, the central Government appoints the Governor, who has broad executive and supervisory responsibilities. The Governor's office has access to substantial funds and controls the technical services department, which has direct technical and financial supervisory authority over municipal services in all towns and villages, with the exception of Damascus governorate, which has its own Technical Services Department.

Municipalities have a structure parallel to that of the governorate. Each has a publicly elected city council which elects two thirds of an executive bureau, the remaining one third being appointed by the Government. Mayors of smaller towns are appointed from members of the Bureau by the Minister of Local Administration while the President of the Republic appoints the mayors of governorates.³⁴

³¹ *Statistical Abstract*, p. 198.

³² *Statistical Abstract*, p. 228.

³³ Damascus governorate covers the capital and the surrounding countryside.

³⁴ *The Local Administration Law*, paragraph 19.

Elections for local administration offices are held every four years and officials are usually appointed shortly thereafter. Local elections are popular and attract a large number of candidates and high voter turnout. Over half of the persons serving on all councils are required by law to be working-class labourers or farmers.³⁵ Affiliation to the main recognized political parties can be beneficial, although independent candidates are often successful in council elections. Most candidates are male; however, the ruling political coalition has adopted a policy of nominating women for at least 20 per cent of seats. Chart 1 illustrates the relationship between the various levels of local administration and other branches of Government, while chart 2 shows the typical organizational structure of a governorate-centre (Aleppo).

The Ministry of Local Administration receives over 10 per cent of the national budget.³⁶ Revenue from central Government is disbursed to municipalities in the form of a percentage of income, fuel, property, sales and import taxes. This share, however, is not sufficient to fund most municipal budgets. Most cities therefore rely on other sources of funding, including permit fees, cleaning and improvement taxes, property sales and leases and other investment. In order to finance special projects, municipalities can supplement their income by borrowing from the Public Fund. Many municipalities need to borrow from this Fund in order to discharge obligations under their regular budgets. Large projects can also be financed through funds from the governorate or relevant ministries. Sometimes assistance programmes are conditional upon matching funds, to be raised at the local level (chart 3 shows the revenue in 1997 of Aleppo municipality).

Each municipality is required to prepare an annual budget for submission to the Minister of Local Government.³⁷ Budgets are assembled by the governorate department of planning and incorporated into the national general budget by the Higher Council of Planning.

Municipal mandates cover a broad spectrum of issues including, *inter alia*, urban and financial planning; small-scale investments, especially those aimed at improving the local economy; the regulation of basic food provisions; support for housing programmes; the construction of new schools (in cooperation with other agencies); the provision of basic amenities; the drawing up of codes; the regulation of building activities; and encouragement for tourism and cultural activities.³⁸ Municipalities rely on professional staff to run their daily affairs; the elected offices act as legislative and steering bodies, while the mayor's role is executive.

On average, the ratio of local administration personnel to inhabitants is 1:400.³⁹ More than half of all Ministry staff are educated to elementary school level or less, while fewer than 20 per cent have received some form of post-secondary school education.⁴⁰ Most municipal staff members earn less than 5,000 Syrian pounds per month.

Most municipalities have inadequate archiving systems. When available, cadastral records are kept in poor conditions. The computerization of bureaucratic processes has only recently been initiated in some larger cities. Maintaining statistics and data is not a regular part of municipal work: data is often collected on an ad hoc basis, as requested by higher authorities. In general, statistical data are provided, archived and classified by the Central Bureau of Statistics, which has branches in the governorates. Data are requested from the Bureau as needed. Published statistics usually take the form of total sums for each governorate, however, specific information at the local level is available in the planning and statistics departments of the larger cities. Generally, very little reliable data are available, particularly in smaller towns; however, some cities are more efficient than others in collecting data for use in planning activities and decision-making processes.

³⁵ Ibid., paragraph 10.

³⁶ *Statistical Abstract*, p. 467.

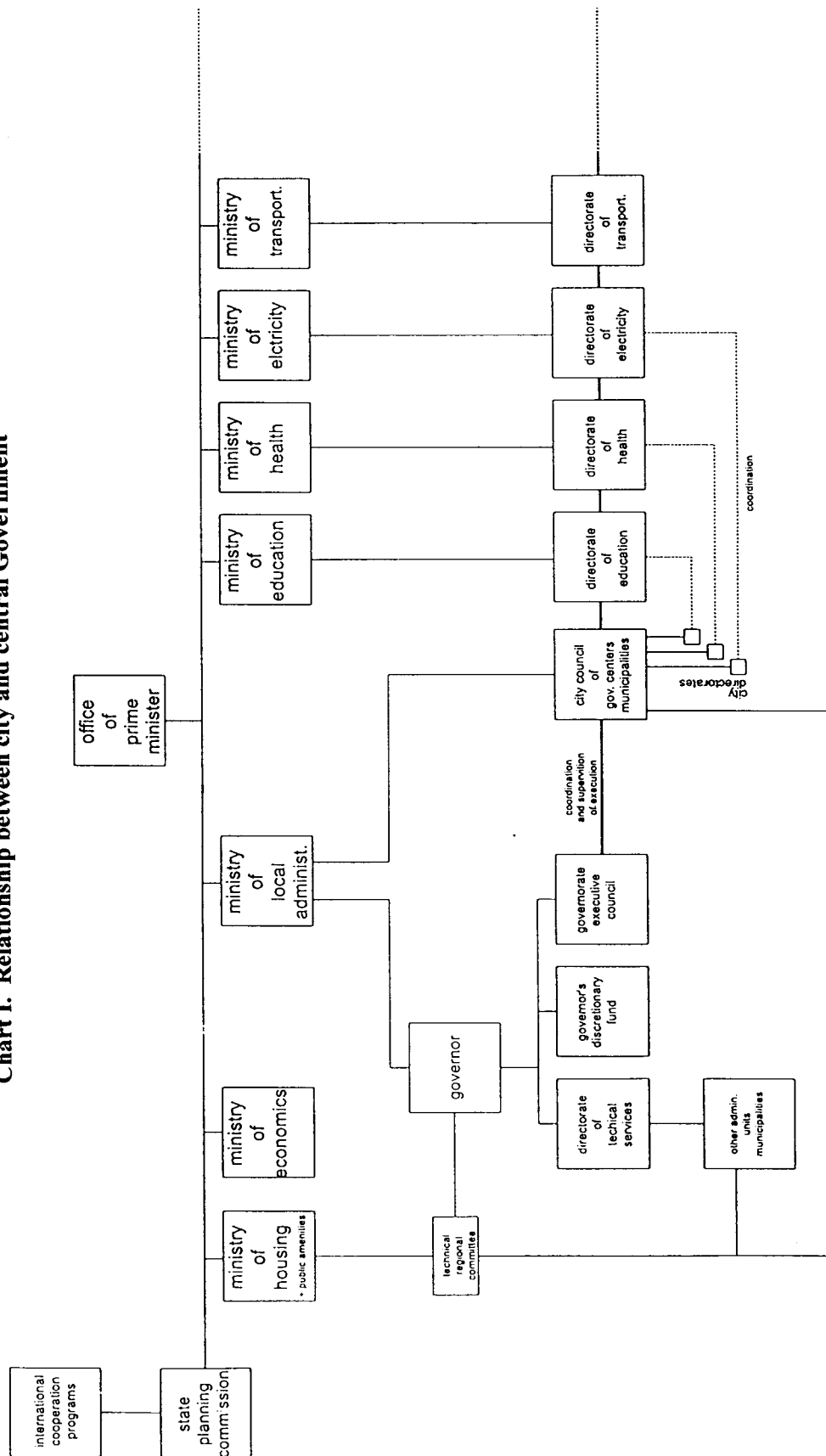
³⁷ The Financial Law for Municipalities was first issued in 1935. Detailed financial regulations for local administration units were issued by the Minister of Local Administration in decree No. 347 of 1972 and amended by Legislative Decree No. 1 of 1994.

³⁸ Local Administration Law, paragraph 21.

³⁹ Calculated using *Statistical Abstract*, p. 90. The number holds generally true for the two case studies detailed below.

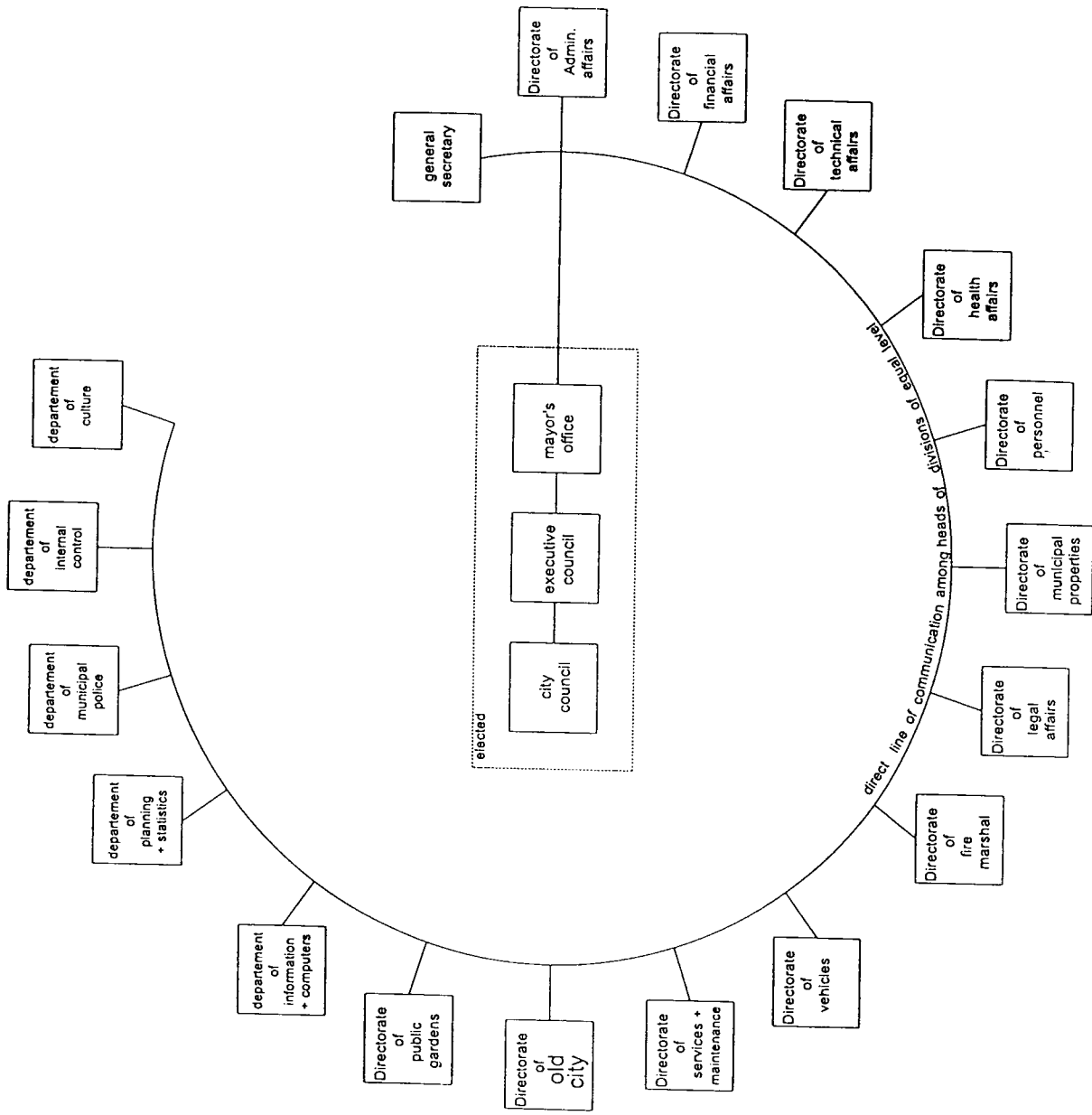
⁴⁰ *Statistical Abstract*, p. 86.

Chart I. Relationship between city and central Government



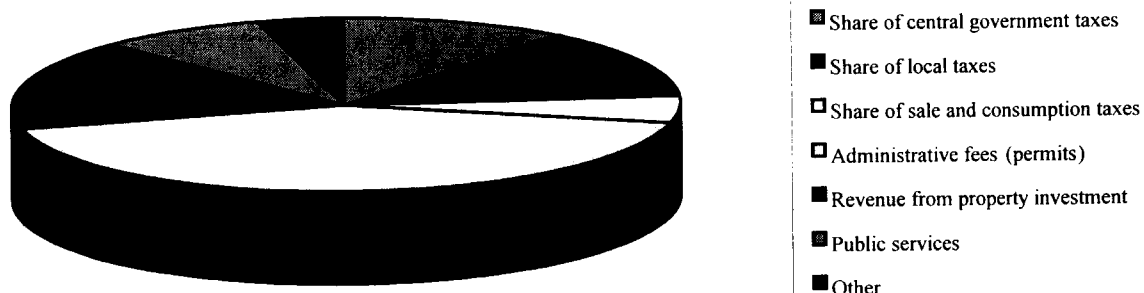
Source: Local administration law.

Chart II. Municipal structure of the city of Aleppo



Source: The internal organization of the city of Aleppo.

Chart 3. Sample distribution of the revenue base for Aleppo municipality



C. DECENTRALIZATION AND THE EVOLVING ROLE OF MUNICIPALITIES

The local administration system in the Syrian Arab Republic allows municipalities to take the initiative and have control over their jurisdiction. Local administration units have considerable influence in the decision-making process, and the mayor plays a significant role in urban management. In recent decades, these units have proved effective in implementing major projects aimed at improving services and housing conditions. Even when they fail to control the sprawl of unplanned settlements, municipalities manage to maintain an effective level of rights of way, building safety and services.

However, the system suffers from an inherent centrality. At the most basic level, financial control is related to the local level's capacity to acquire funds. This situation has come under increasing pressure as a result of the general economic recession faced by the country. Municipalities are becoming more dependent on State subsidies for large projects. Furthermore, in an effort to curb national spending, the Government has made the ratification of large projects and contracts⁴¹ mandatory: this entails a considerable number of bureaucratic procedures in order to ensure the release of funds for local administrations. In order to avoid lengthy approval processes, many municipal officials have therefore chosen to fund small projects and conclude contracts involving minimal sums.⁴²

The State regulations and administrative system permit few changes to be made to plans once a course of action has been adopted, regardless of whether problems are discovered at a later stage. Several years subsequent to adoption of Law No. 60 of 1979 for example, it became apparent that the prohibition on the involvement of the private and cooperative sectors in urban growth around major cities was ineffective. The aim of the Law was to provide large municipalities with the exclusive right to expropriate land for urban development, in order to redistribute it at cost to the public sector and cooperative organizations. However, application of this Law has led to an increase in property prices in central districts because of the shortage of land available for housing development and the influx of migrants to unplanned settlements. Such

⁴¹ The effect of central financial planning is discussed in some detail in Sameer Soaifan, *Papers on Economy and Management in the Syrian Arab Republic* (Damascus, 2000).

⁴² Of the 225 projects listed in the 1997 Aleppo budget, only 15 were worth more than the LS 10,000,000 ceiling requiring the approval of the Prime Minister. Those exceptions mostly involved large-scale, long-term projects; funding for such projects appears as a standard line item on yearly budgets. *Proposed Budget for Aleppo Municipality, 1997*.

unintentional consequences have impeded implementation of master plans and hindered municipalities from performing their functions.⁴³ Local authorities have made fruitless attempts to have directives issued on how to handle or circumvent the situation, in the belief that they had limited scope to impose their own conditions in the negotiation process with the central authorities.

The close ties between the public service and the political systems in the Syrian Arab Republic has affected the performance of civil servants: a number of decisions are taken on political rather than technical grounds. Furthermore, the system of checks and balances in the Syrian Arab Republic is tilted in favour of institutional rather than public checks. This has generated the widespread tendency of public servants to pay greater attention to bureaucratic procedures than the pursuit of development objectives.⁴⁴

The centrality of the system, however, has not prevented enterprising municipalities from initiating local programmes to improve the management of their urban domains or from establishing partnerships with regional and international counterparts. A considerable number of activities at the local level may be undertaken through negotiated agreements with the central authorities. In 1999, for example, Lattakia municipality organized a major regional conference on city planning, urban design and legislation that charted new ground for Syrian planning professionals. Several meetings in Aleppo were also organized for the Islamic Capitals and Cities Organization and the Arab Urban Development Institute. Many Syrian cities are twinned with major European partners and have established networks with Mediterranean counterparts.

Decentralization in the Syrian Arab Republic is a complex process. In principle, many laws and institutions are intended to empower localities to take decisions and raise funds. In practice, however, local units and branches of central agencies follow hierarchical procedures of reporting and approval.

Recently, however, the Government has begun to emphasize decentralization in its policy formulation. Mayors are often consulted on issues of concern to their communities, and the priorities of the Local Administration Units are increasingly respected in the preparation of budgets. Mayors are encouraged to tap new funding sources and matching funds are promised in return.

Such moves towards decentralization or, more specifically, devolutionary measures, coincide with the economic hardships which have put pressure on the State to introduce some flexibility in planning regulations. The tourism sector is one example where the municipalities are clearly encouraged to develop public-private partnerships independent of central monitoring. Another area in which there is increasing decentralization is in the establishment of international development cooperatives.

The urban management efforts described below of two enterprising municipalities demonstrate how funding and administrative issues can be negotiated with the Government at the local level. Their successes and failures in administering and controlling complex sectors such as housing, amenities and urban heritage are analysed, in order to shed light on the capacity and relative flexibility of the local administration system in the Syrian Arab Republic.

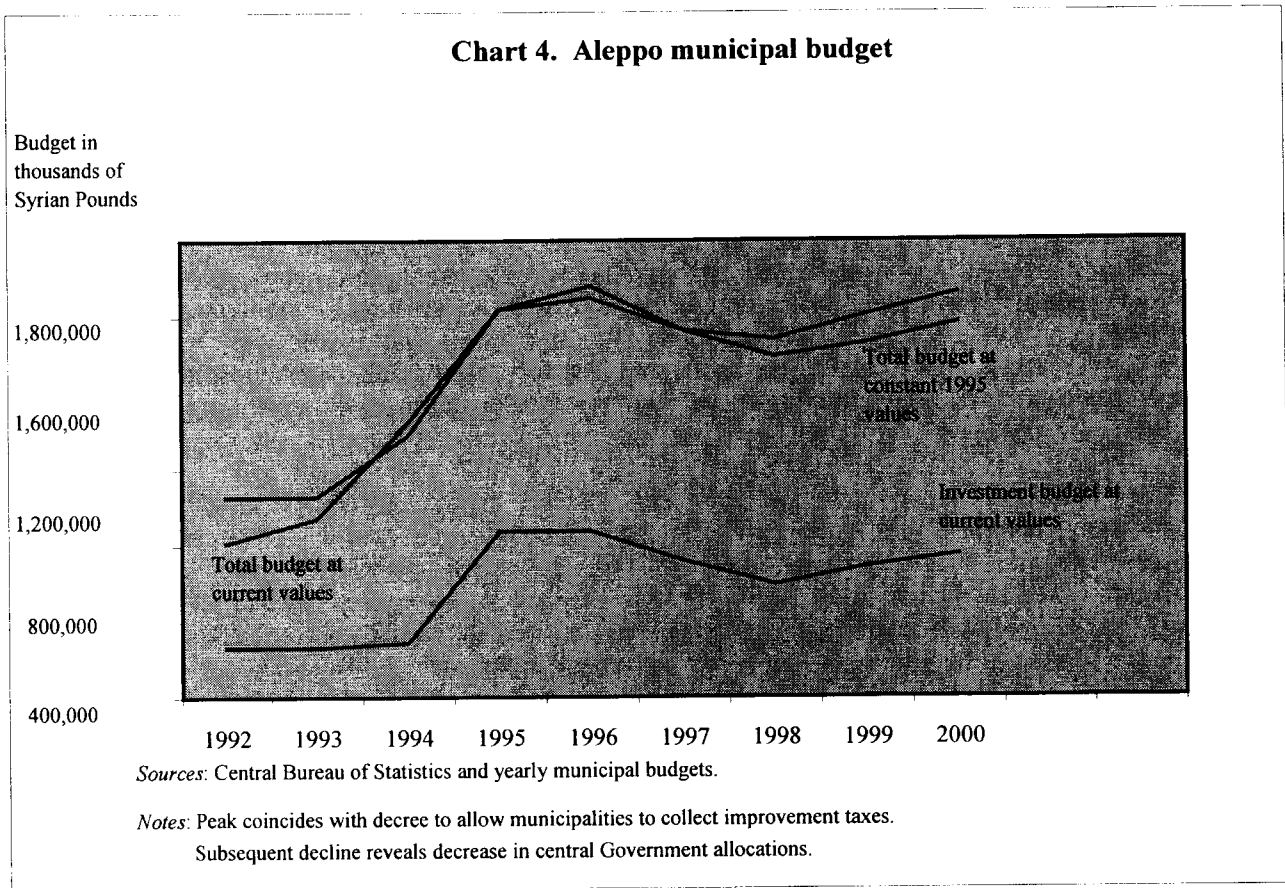
The two cities selected have rather different characteristics. Aleppo is a large city with a population of 2 million; Jableh, in contrast, is a small, but rapidly growing town of 60,000 inhabitants. Jableh is typical of the small towns in the Syrian Arab Republic, that have grown substantially in the past few years in contrast to larger cities where the growth rate is more sustained. The two cities are not intended to be compared on exactly equal terms: the intention is to understand how two different urban processes are affected by the resources available, institutional backing and the negotiation tools available to municipalities in managing their localities.

⁴³ In preparation for their report on the spread of unplanned settlements, the relevant committee of the National Project for the Development of Urban Planning in the Syrian Arab Republic sent questionnaires on the issue to a large number of municipalities. Most indicated in their responses that implementation of Law No. 60 was a major cause for the increase in such settlements. See the chapter on "Unplanned settlements" in the *National Project*.

⁴⁴ Soaifan, p. 18.

D. THE CASE OF ALEPPO MUNICIPALITY

Aleppo is the second largest metropolitan area in the Syrian Arab Republic. It has a strong economic base in the northern part of the country, with a rich agricultural hinterland and established industry.⁴⁵ The Aleppo municipality is one of the oldest in the region. Formed in 1860, it was established well before the promulgation of the 1877 Ottoman law that introduced the concept of municipalities. Municipal traditions have a long history in the city and the municipal acquisitions the city has amassed make it a relatively rich municipality, with a degree of political, social and economic independence. However, as with many other public institutions in the Syrian Arab Republic, Aleppo's assets have depreciated and it has suffered a setback in its capacity to collect funds because of the sustained economic depression of the late 1980s.⁴⁶ The greatest depreciation was in built assets; revenues from building and property taxes comprised a major component of the municipal income. As a result, the ability of Aleppo municipality to fund new projects has been seriously challenged (see chart 4, which illustrates the municipal budget of Aleppo over the past 10 years).



1. Housing and amenities

Housing management includes housing construction and the supervision of house building and maintenance undertaken by other actors. Since the 1960s, the city has maintained a public housing project construction budget. The two main reasons for the municipality's active involvement in housing construction

⁴⁵ The governorate of Aleppo has a larger population than Damascus and its countryside. Projections based on the 1994 census put the population of the city at 1,938,356 inhabitants for the year 2000. Central Bureau of Statistics, *Results of the 1994 Census and Future Projections to 2005*, p. 28. The city is growing at a rate of some 50,000 inhabitants per annum.

⁴⁶ Between 1985 and 1989 the Syrian Arab Republic witnessed devaluation of some 40 per cent in its gross fixed capital formation and did not recover from it until the mid-1990s. *Statistical Abstract*, p. 544.

are its mandate to provide public housing in the areas under its jurisdiction and the need to limit unplanned settlements around the city.

Aleppo municipality designs its own new housing units, but contracts out construction through public bids. The municipal budget allows between LS 45 and 50 million for the construction of 100 new apartments each year,⁴⁷ namely, some 1 or 2 per cent of annual housing requirements.⁴⁸ The main role of the city in housing sector management should therefore be understood as regulatory. The municipality has various tools at its disposal to regulate the building of houses, which include building codes, planning ordinances, zoning regulations, monitoring units, maintenance programmes and fees and taxes.

Aleppo municipality has been using a building code issued in 1954 and subsequently amended in order to deal with violations of approved permits. Payments in settlement of permit violations represented a major source of income for the city. The promulgation of a new code in 1999 that prohibited such payments was a major achievement.⁴⁹ While the city lost a major source of revenue, it gained increased control over new construction. That code demonstrates the municipality's ability to administer and manage new construction.

The municipality has also initiated a decentralized system for monitoring urban space. The city has been divided into nine sectors, each of which has monitoring units and maintenance groups. Each sector prepares an independent budget and work plan. This initiative has improved service delivery, put municipal staff in direct contact with the population, and has been particularly effective in managing crises and emergency interventions.

The effectiveness of the municipality in administering and controlling new housing activity is dependent upon its ability to provide more land for housing development. In principle, Law No. 60 of 1979 made the municipality responsible for expropriating land, providing it with services and distributing the serviced plots at cost price to the public and cooperative sectors. This system proved ineffective. After two decades of implementation, the municipality, in cooperation with the public and cooperative sectors, had made housing available for only 150,000 people,⁵⁰ while some 800,000 people are officially estimated to be living in unplanned settlements.⁵¹

Another reason for the growing problem of unplanned settlements is the delay in producing a new master plan. Pursuant to the Prime Minister's orders, the only body authorized to perform urban planning on behalf of municipalities is the General Company for Design and Technical Consultancy. In 1995, Aleppo municipality commissioned this public sector firm to prepare its current master plan for the allocation of 17,000 hectares of new land, needed for the city's expansion over the next 20 years. To date, the plan is still at the approval stage, which limits the ability of local authorities to resolve their technical problems locally. Recently however, some policy guidance was introduced by the Prime Minister in order to allow other public and private consultants to participate in the housing development process.

While the municipality has limited institutional scope within the national policy framework to engage fully in the planning and management of urban growth, it has been more successful in managing unplanned settlements. The condition of buildings in such settlements is normally of an acceptable standard;⁵² while not completely effective, checks are commonly carried out in order to identify and evacuate unsafe structures. In

⁴⁷ *Proposed Municipal Budget, 1997*, last section.

⁴⁸ A major item of expenditure is the Hanano City project. This is a large housing project providing accommodation over 50,000 residents which was built to the north-east of the city, primarily in order to encompass the largest unplanned settlement around Aleppo. While funding for this project in recent years was substantial and enabled thousands of housing units to be constructed, in recent years unplanned construction outpaced municipal efforts to control it and totally swamped the project site.

⁴⁹ The City of Aleppo, *Building Regulations in the City of Aleppo* (Aleppo, 1999), pp. 139-140.

⁵⁰ Estimates are based on the results of the 1994 census for the various city neighbourhoods. *Census Results*, pp. 21-28.

⁵¹ Report presented to the City Council on 26 August 1996 by the Executive Council Member responsible.

⁵² *Ibid.* With certain exceptions, the majority of settlements were deemed to be in average structural conditions.

emergencies, the municipality negotiates with other central and local agencies to provide residents with alternative housing. Major rights of way are generally well preserved and the provision of electricity and schools is at a reasonable minimum level. Other basic amenities, however, are still in short supply. Some development projects have been initiated and two pilot projects were launched in order to organize and improve living conditions in some of these settlements. The municipality has also carried out a topographic survey as a first step towards normalizing these areas.⁵³

While national policy severely restricts Aleppo's ability to deal with the issue of housing, within the limits of the system it has been able to gain some degree of control over the growing demand for housing and has established dialogue and understanding with the residents of unplanned settlements.

2. *Managing the urban heritage*

The old centre of Aleppo extends over 350 hectares, has a resident population of 110,000 and hosts more than 25,000 daily workers. In 1986, the old city of Aleppo with its hundreds of historic monuments was recognized as a world heritage site; subsequently, Aleppo municipality sought funding for a restoration programme for the old city centre. In 1992, the German Government and the Arab Fund for Economic and Social Development (AFESD) agreed to join forces with Aleppo municipality. The German Technical Cooperation Agency (GTZ) was designated by the German Government to administer its contribution of, to date, DM 13.5 million, and AFESD has provided US\$ 1 million for technical assistance. Aleppo municipality established the Project for the Rehabilitation of the Old City of Aleppo in order to administer the affairs of the old city; subsequently, this mandate was given to a special Municipal Department.

The methodology presented in the Project Development Plan⁵⁴ involves a flexible planning system with the emphasis on the definition of objectives and strategies rather than rules and regulations. The planning approach was careful to relate archaeological preservation issues to the various aspects of urban management, including land-use regulations, housing, technical infrastructure, traffic, social services, public participation and monument preservation. Many of these issues fall outside the normal remit of the municipality, and other governmental agencies and NGOs have become directly or indirectly concerned in plans for the old city. This approach has given rise to some innovative ideas, but above all, it was crucial to ensuring commitment to the rehabilitation process.

The concept of a development plan was new, and departed from the normal planning directive format. Furthermore, it was in essence a qualitative document that, in the eyes of the local authorities, lacked quantitative data. To offset this problem, two types of planning device were used in the development plan: sectoral issues were detailed in subject plans,⁵⁵ which covered city-wide issues including traffic, environment and urban economy. Abstract issues, however, required clear implementation parameters. These had to be localized in concentrated zones in order to ensure visibility and synergic effect. Those zones were prioritized within action areas.⁵⁶

The action areas provided an excellent opportunity to build networks involving other agencies working in the old city. Several projects were initiated with the cooperation of the Awqaf (administration of religious endowments), the Health Department and the Department of Education. These range from assistance in the rehabilitation of historic religious monuments to the provision of health centres and kindergartens. The scope of the programmes, albeit limited, was effective in substantiating project expenditure in action areas and in establishing standard operating procedures for future programmes in the old city.

⁵³ Ibid.

⁵⁴ For further information, see Kurt Stuerzbecher et al. (eds), *The Development Plan, Aleppo: The Project for the Rehabilitation of the Old City* (1999).

⁵⁵ Ibid., p. 113.

⁵⁶ Ibid., p. 104.

Urban heritage management is closely related to several urban management issues including land use regulation; the improvement of the urban environment, traffic, infrastructure and data management through geographic information systems; and the provision of social services and housing. With regard to the last, housing stock in the old city is, in general, poorly maintained. Structural conditions were such that public safety was becoming a major concern. An early programme was initiated in order to assist residents with repairs, especially those involving structural work, collapsing roofs, sagging foundations and cracking walls. Revolving interest free loans were issued, together with technical assistance and exemption from permit fees and procedures. While the package was small, up to 2020, it enabled some 300 residents to invest matching funds and maintain their residences.

The rehabilitation process is a complex operation involving many stakeholders and a variety of tasks in addition to monument restoration. The Project for the Rehabilitation of the Old City of Aleppo has undertaken many such tasks and tried to attract other players. However, some critics have argued that given the limited resources available, it would have been more effective to invest funds directly in the preservation of ancient monuments. With the help of international partners, Aleppo municipality has begun work on this complex operation, and many of the lessons learned in the process have been applied to other parts of the city. The municipality has also developed a level of expertise that can be used in order to handle similar problems in the future.

In the context of this international cooperation programme the municipality proved quite capable of negotiating a degree of local decision-making, tapping new sources of funding and circumventing rigid regulations. Furthermore, the municipality negotiated the formulation of urban heritage procedures, and new planning methodologies were introduced in the country for the first time. The experience with urban heritage is an indication of the ability of local authorities to handle complex urban management tasks when they are allowed to initiate new programmes that go beyond the bounds of routine municipal work, which is limited in scope and resources.

E. THE CASE OF JABLEH MUNICIPALITY

In 1980, Jableh was a small coastal town of some 25,000 residents.⁵⁷ By 2000, its population was estimated to have doubled in size.⁵⁸ With an estimated daytime population of 75,000 inhabitants, Jableh is a major employment centre for the surrounding countryside. Thousands of workers commute to the food and textile factories outside the city. Many also come to the city for routine business and administrative purposes.

In its growth and employment patterns, the city displays demographic and socio-economic characteristics and urban growth patterns similar to other cities in the Syrian Arab Republic. Jableh has become an important local hub with high population growth. Jableh municipality is small but highly enterprising. It has been successful in performing some major urban management initiatives on a variety of levels. The small municipal staff is responsible for administering a large urban area. Rapid growth has set the municipality against some of its smaller neighbours over issues including landfills, land use and unplanned settlements. Furthermore, the ability of the municipality to perform urban management functions has been hampered by its inability to raise adequate levels of funding. Fewer than 50 per cent of the city's planned activities have been implemented over the years because of lack of funds⁵⁹ (see chart 5 for the municipal budget).

1. *Housing and amenities*

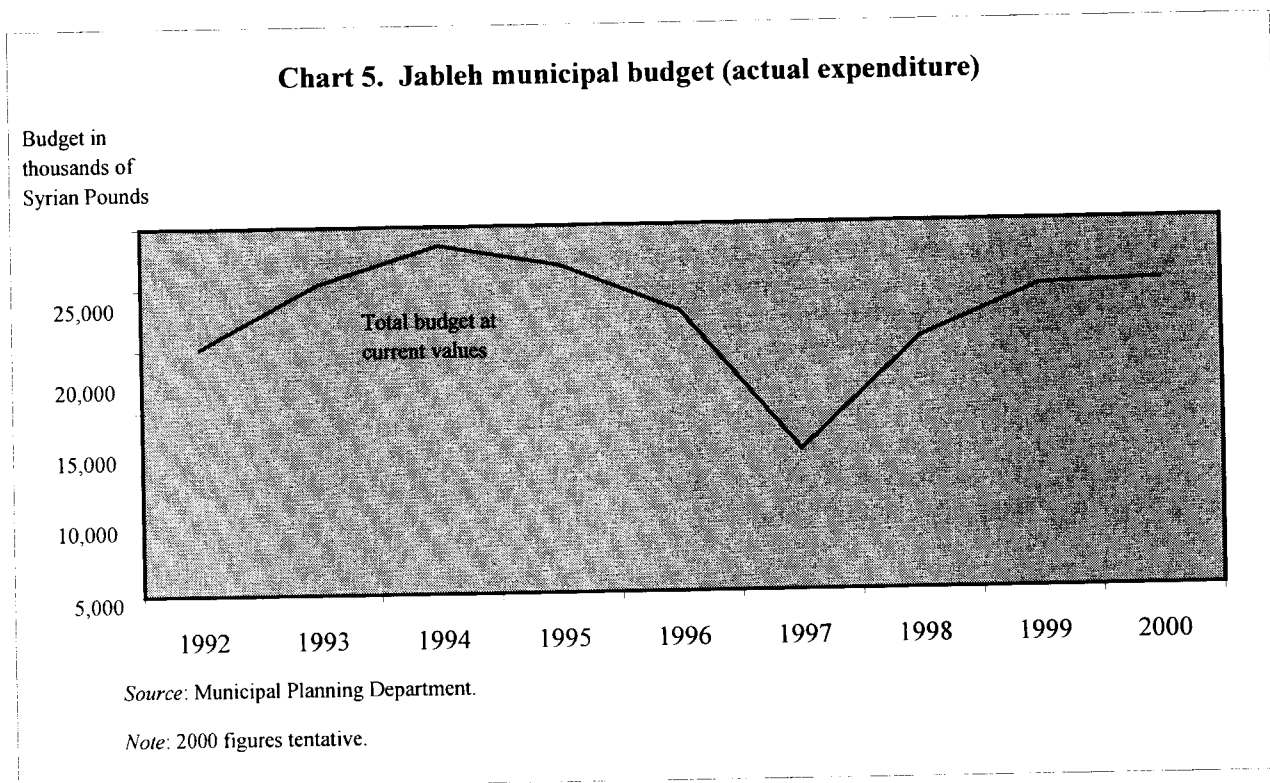
In view of increasing urbanization and the expansion of unplanned building on the northern and southern edges of the city, demand for housing in Jableh is a pressing issue. In 1982, the municipality

⁵⁷ *The Geographical Encyclopedia*, p. 333.

⁵⁸ Based on extrapolations from the 1994 census, the population in 2000 in Jableh is 52,238. Data was reported by the Central Bureau of Statistics, Lattakia branch.

⁵⁹ Actual collected revenues were LS 24 million rather than the expected LS 43 million. The City of Jableh, *The Proposed Annual Plan, 1999*.

decided to commission a new master plan to replace the one in use since 1964. In 1995, the General Company for Design and Technical Consultancy finally produced a plan that doubled the surface of the city area to some 420 hectares. The most critical issues to be dealt with by the plan were the inclusion of the unplanned settlements within the city, the demarcation of industrial zones and the incorporation of the newly-registered historic quarter into a detailed plan for the city centre.



Jableh municipality proved quite effective in handling these issues. Aerial photography was used to map the two main unplanned settlements; adaptive plans were prepared in order to preserve most housing areas and provide basic amenities, and the areas were incorporated into the city master plan.⁶⁰ The ability to incorporate and test new zoning and codes indicates the readiness of the local units to experiment with new modes of urban management.⁶¹

The provision of amenities to the housing areas proved to be complex and problematic. One particular problem concerned sewers and solid waste treatment. The municipality acquired a landfill site and established rubbish collection routines. However, this is only a short-term solution and intensive negotiations are taking place with the governorate and the Ministry of Housing and Public Amenities with a view to financing a more durable solution. With respect to sewerage, the municipality is aware of the environmental problems caused by direct dumping into the sea. However, funding for proper treatment was conditional upon the ability of the municipality to provide matching funds.

2. Heritage management

In 1998, Jableh joined Damascus and Aleppo in being recognized by the Ministry of Culture as a historic city.⁶² The historic quarter in Jableh covers some eight hectares and has about 4,000 inhabitants. It

⁶⁰ The General Company for Design and Technical Consultancy, *Planning study for the Fayd settlement and Planning study for the Rumaila settlement*, 1995.

⁶¹ There is little published data on Jableh. The information presented here is based on conversations with the Mayor, Mr. Zaki Najeeb, in an interview on 19 August 2000. Interviews with other municipal staff were conducted on several other occasions.

⁶² Ministry of Culture, Act No. 125 A of 13 January 1998.

contains a small but very distinct set of historic buildings, including a Roman amphitheatre, several hundred residential houses and two main market strips.

All building permits granted under previous codes and zoning regulations were suspended, leaving the city to face a serious crisis, because no alternative codes or regulations were available. The mayor started building networks with the two other historic cities, and eventually secured assistance in preparing new planning and code ordinances. Initially, the mayor and the City Council saw the problem as that of the preservation of seven or eight monuments, a dozen outstanding houses and the restoration of a market strip. However, as they sought assistance from other cities, they realized that the task was much greater and more complex. Various academic and professional bodies gave contradictory opinions. The municipality finally opted to develop its own methodology and requested the assistance of a professional team in organizing a planning workshop involving all concerned parties in defining work objective in the historic quarter.

The ability of Jableh municipality to determine its priorities and development needs and present them to higher-level authorities was dependent on the ability of the mayor to negotiate at the governorate level. However, at one stage of the negotiation process, the mayor had resources to direct communication with the various ministries in Damascus in order to resolve certain administrative issues. The mayor's approach seems to reflect a common pattern in the country: increasingly, local authorities are bypassing the governorate level and presenting their grievances directly to the ministries. The process has created a crisis management situation rather than encouraging long-term sustainable planning and scheduling. Nevertheless, local authorities are gaining experience in tapping in to central networks and funds and are more capable of presenting convincing arguments and proposals.

F. CONCLUDING REMARKS

Local authorities are being asked to provide their own financial resources. They are given a proportion of certain taxes and allowed to levy fees.⁶³ This has given the local units considerable powers, and allowed them to impose their own methods of financial control, but it has also made their income basis relatively unstable and susceptible to fluctuations in the local economy (see charts 4 and 5). Efforts to acquire additional funds have, in some cases, led to corruption.

Increasingly, urban managers are operating in crisis management mode. Long-term strategic planning is often lacking, because municipal staff are mostly preoccupied with following up on individual cases rather than formulating policy. The local administration units are required to report only their formal budgets. Qualitative reports are submitted as requested, often at short notice. A qualitative reporting system using relevant urban indicators to monitor change over time should perhaps be introduced in order to enable decision-makers to formulate information-based policies tailored to local needs. The data for some indicators, primarily relating to housing and population, is available. Other indicators will require that municipal staff are given special training. Larger municipalities can delegate this task to their planning and statistics departments. These bodies have a mandate to collect such data, but lack logistical support and expertise. Until such time as local capacities can be upgraded and expanded in scope, smaller municipalities remain dependent on the planning division of the Technical Services Administration.

The planning work of municipalities has clearly been hampered by the actual planning and design work being undertaken by in-house technical staff or the public sector. Competitive bidding is a first step towards ensuring that local units are able to carry out their own technical work. The Ministry of Housing needs support in promoting a working version of the updated and flexible "planning principles" ordinance. The lack of flexibility or relevance to local conditions of current planning principles has often negatively affected the local character of each city; in many cases, including in both Aleppo and Jableh, important urban heritage sites have been demolished.

⁶³ In a bid to make cities self-sufficient, Law No. 1 of 1994 strengthened the municipalities' mandate to collect and levy certain direct taxes.

Increasingly, local authorities are required to deal with international partners. Major cities have public relation departments, and many such departments are being overhauled in order to ensure that they have staff who are familiar with protocol and foreign languages. The hosting of international conferences and other such activities is supported by the Government through special budgets designed to enable the municipalities to cover the costs of the expensive first moves towards building networks with international donors and partners.

The challenges facing Syrian municipalities will only increase in complexity. The Syrian Government still has to produce the much-needed regional plans, in order to address regional development and environmental issues. In future, the activities of municipalities will have to include building bridges with other neighbouring units and developing communication networks that circumvent central bureaucratic procedures but benefit from central funding sources.

The capacity of the local authorities to implement decentralization policies effectively is dependent upon their capacity to develop human resources, data management systems, transparent financial accounting and auditing mechanisms and, above all, strengthening institutions that would permit the more effective participation of citizens in public life. Many means have been undertaken to this end, and the process is by no means a straightforward one.

The ability of the local administration units to assert themselves through the decentralization process and enjoy increased flexibility is not dependent on the issuing of new laws: the existing body of legislation is already very rich. The stagnation of urban management procedures has largely resulted from bureaucratic addenda to laws; interim procedures; national rationing programmes, and top-down administrative accountability. A review of existing laws is needed in order to streamline regulations in the localities and to eliminate the contradictions between different ordinances. In the final analysis, success depends on the ability of the local units to capitalize independently on their newly-acquired experiences. That will be the final test of a sustained decentralization process that effectively integrates political, administrative and fiscal decentralization strategies.

III. MUNICIPAL RESTRUCTURING AND RELATIONS BETWEEN CENTRAL AND LOCAL GOVERNMENT IN JORDAN

A. THE ADMINISTRATIVE SYSTEM IN JORDAN

The system of local governance in Jordan operates on three interrelated and interconnected levels:⁶⁴

- (a) An administrative system with the successive sub-divisions of governorate (*muhafazah*), district (*liwa'*), subdistrict (*qada'*) and *nahia*;
- (b) A municipal system in which the municipality is a civil institution;
- (c) A rural system in which elected village councils are established under the supervision of the Ministry of Municipal and Rural Affairs and the Environment and the Ministry of Interior.

Until 1985, the country was divided into five governorates: Irbid, Amman, Balqa, Karak and Ma'an. Each governorate was headed by a governor and subdivided into administrative regions.⁶⁵ The governorates are an extension of the central Government and are supervised by the Ministry of Interior. Despite the fact that governors enjoy wide administrative authority, and in certain cases exercise ministerial power, they remain under the close control of the Minister of Interior. Governors represent the Minister in many areas, including spending, hiring and firing.

The administrative system, which has been in place since the 1950s, has been affected by the various demographic changes that have occurred over the past 50 years. In the early 1950s, Jordan had a population of 850,000, less than half of which was settled on the East Bank. By the 1980s, the population exceeded 3 million, more than two thirds of which resided in two governorates, namely, Amman (some 1.5 million) and Irbid (725,000). The administrative system became inadequate and, in many ways, problematic, because its divisions were "arbitrary and reflected political rather than administrative or economic considerations".⁶⁶ Regional restructuring was therefore carried out in the first half of the 1980s. Three new governorates were created, while the same administrative hierarchy was maintained. The governorate of Amman was divided into two parts: Amman (1 million) and Zarqa (425,000). Irbid was also divided into two: Irbid (632,000) and Mafraq (93,000), as was Karak: Karak (112,000) and Tafila (37,000). The new administrative structure was more coherent, because it took into consideration demographic distribution as well as geographical considerations (tables 1, 2 and 3 provide estimates of population, growth rates and distribution by city and governorate).

TABLE 1. ESTIMATED POPULATION, AREA AND POPULATION DENSITY BY GOVERNORATE, 1997

Governorate	Population	Area (km ²)	Population density
Amman	1 751 680	8 231	212.8
Balqa	306 820	1 076	285.1
Zarqa	710 700	4 080	174.2
Madaba	119 140	2 008	59.3
Irbid	835 360	1 621	515.3
Mafraq	198 720	26 435	7.5
Jerash	137 080	402	340.9
Ajloun	104 880	412	254.5
Karak	188 600	3 217	58.6

⁶⁴ Kurayyim Kashakish, *al-tanzim al-idari al-mahalli: al-markaziya wa-al-lamarkaziya* (Irbid, 1997), pp. 133-134.

⁶⁵ Peter Doan, "Changing administrative regions in Jordan: regional development strategy or distraction?" *Tijdschrift voor Econ En Soc Geografie*, vol. 82, No. 3 (1992), pp. 177-184.

⁶⁶ Doan, op. cit., p. 179.

TABLE 1 (continued)

Governorate	Population	Area (km ²)	Population density
Tafilah	69 920	2 114	33.0
Ma'an	88 320	33 163	2.7
Aqaba	88 780	6 583	13.5
Total	4 600 000	89 342	51.5

Source: Department of Statistics, Amman, *Statistical Year Book*, 1997.

TABLE 2. POPULATION PROJECTION, 1998-2005

Year	Estimated population (thousands)	Estimated growth rate
1998	4 756	3.33
1999	4 916	3.29
2000	5 079	3.25
2001	5 246	3.20
2002	5 415	3.15
2003	5 586	3.09
2004	5 760	3.04
2005	5 936	2.98

Source: Department of Statistics, Amman, 1998.

TABLE 3. POPULATION ESTIMATES BY MAIN CITY IN EACH GOVERNORATE

Name of governorate	Main city in governorate	Estimated population in main city (thousands)
Amman	Amman	969 598
Balqa	Salt	56 458
Zarqa	Zarqa	350 849
Madaba	Madaba	55 749
Irbid	Irbid	208 329
Mafraq	Mafraq	38 393
Jerash	Jerash	21 278
Ajloun	Ajloun	6 624
Karak	Karak	18 633
Tafilah	Tafilah	20 881
Ma'an	Ma'an	22 989
Aqaba	Aqaba	62 773
Total		1 832 554

Source: Department of Statistics, Amman, 1994.

Further restructuring was carried out in the early 1990s: in 1994, four new governorates were created. The country is currently divided into 12 governorates: Amman, Balqa, Zarqa, Madaba, Irbid, Mafraq, Jerash, Ajloun, Karak, Tafilah, Ma'an, and Aqaba, and each governorate continues to be subdivided into district, subdistrict and *nahia* (see table 4).

For planning purposes, the country is divided into three regions: north, central and south.⁶⁷ The definition of each region is largely based on the administrative structure of the area it covers (see table 5).

⁶⁷ Prior to 1985, the three regions were known as Irbid, Amman-Balqa and the southern Region respectively. In the late 1970s, two socio-economic studies were prepared for the Irbid and Amman-Balqa regions in order to improve and upgrade the two regions. A third study for the southern Region was prepared in the 1980s. The Jordan Valley is independent of any of the three regions and has its own authority. Both Petra and Aqaba are also currently independent regions.

Each region is divided into smaller municipal areas governed by local municipalities and elected village councils. Nevertheless, major planning activity within these municipal areas is the responsibility of the Ministry of Municipal and Rural Affairs and the Environment. Most plans prepared by local authorities must be approved by the Ministry prior to implementation.

TABLE 4. MAIN CITIES AND NUMBER OF DISTRICTS, SUBDISTRICTS AND *NAHIAS* IN THE TWELVE GOVERNORATES

Name of governorate	Main city in governorate	Number of districts	Number of subdistricts	Number of <i>nahias</i>
Amman	Amman	1	6	7
Balqa	Salt	3	3	5
Zarqa	Zarqa	1	1	3
Madaba	Madaba	1	2	2
Irbid	Irbid	5	7	9
Mafraq	Mafraq	1	3	5
Jerash	Jerash	1	1	1
Ajloun	Ajloun	2	1	2
Karak	Karak	3	5	7
Tafilah	Tafilah	1	2	3
Ma'an	Ma'an	1	3	5
Aqaba	Aqaba	1	2	3
Total		20	36	52

TABLE 5. THE REGIONS AND THEIR RESPECTIVE GOVERNORATES

Region	North	Central	South
Governorates	Irbid Mafraq Jerash Ajloun	Al-Asimah Balqa Zarqa Madaba	Karak Tafilah Ma'an Aqaba

Jordan adopts an integrated form of local governance in which municipalities provide services within their jurisdictions and the Government is responsible for service provision in all other areas. Municipalities, regardless of their size or resource base, have identical responsibilities and are subject to the same laws and regulations. However, there are a number of sectors, even with their jurisdictions, over which municipalities have no authority. The Government has no powers under the law to give municipalities such authority. It may, however, depute such authority to its local agent, namely, the governorate. While municipalities are treated as independent bodies, they are under the full administrative guardianship of the Government, particularly with regard to financial and administrative matters.⁶⁸

The integrated system of governance adopted in Jordan is highly centralized in terms of planning, but largely decentralized at implementation level.⁶⁹ Such centralization is clear in the hierarchical division of the administrative system into governorate (*muhafazah*), district (*liwa'*), subdistrict (*qada'*) and *nahia*. The governor or the administrator of any of those divisions is an officer of the Ministry of Interior and the Government agent for his division. Decentralization is demonstrated by the fact that the municipality is a civil institution and by the existence of the rural system, albeit village councils are being dismantled and regrouped into municipalities as part of the current administrative reform. In principle, the municipal system is totally independent from the Government; in practice, however, the whole municipal system is tied to the Government through the Ministry of Municipal and Rural Affairs and the Environment. The Minister exerts authority over municipalities in a variety of ways. Under the law, he has the right to appoint two of the

⁶⁸ Akram al-Nasir, *al-baladiyah: al-adah al-amaliyah fi-taaziz al-tanmiyah fi al-urdun* (Amman, 1995).

⁶⁹ Khalid al-Zubi, *al-nizam al-idari fi al-urdun* (lajnat tarikh al-urdun, Amman, 1994).

members of any municipal council. This is with a view to providing the council with specific expertise, monitoring its work and ensuring that it is representative of the various social groups within the locality.⁷⁰

B. THE ROLE OF MUNICIPALITIES IN JORDAN

Although the Constitution provides detailed guidelines on the powers assigned to the Government and its various agents at the national and governorate levels, it gives little indication as to how power should be divided between the various local entities, namely, the municipalities. Indeed, the Law of Municipalities (*qanun al-baladiyat*) imposes obligations and responsibilities on municipalities without giving them corresponding powers. Decision-making power on most policy and strategic planning issues is restricted to the governor and the Minister of Municipal and Rural Affairs and the Environment. The Law gives municipalities the right to certain fees, but does not empower them to collect those fees. The Law also gives municipalities the right to spend their resources, but imposes many constraints on the way in which those resources are spent. Thus, the capacity of a municipality to implement plans is delimited by the constitutional powers guaranteed to the Government. However, exercising the rights to which they are entitled, many municipalities have developed techniques for overcoming legislative restrictions. Specific laws that govern the role of municipalities are discussed below.

Constitutional Law No. 29 (*qanun al-baladiyat*) article 3,⁷¹ defines the municipality as a financially and administratively independent civil organization. Under this Law, the municipality can define, modify or cancel the boundaries of its jurisdiction, functions and authority. With the exception of the Municipality of Greater Amman (*amanat Amman al-kubra*), the municipality is run by an elected council consisting of *rais al-baladiyah* (the mayor) and between 6 and 11 members. The Cabinet of Ministers decides the size of the Greater Amman municipal council. Half the council is elected, and represents the various areas of Greater Amman; the other half, including the mayor, is appointed by the Cabinet.⁷²

The municipal council holds office for four years, but may be dissolved by the Cabinet at any time on the recommendation of the Minister of Municipal and Rural Affairs and the Environment. In such an event, the Cabinet appoints a committee to run the municipality for a period of more than two years. During that time, elections must be held for a new council. Usually, elections for all municipalities take place every four years; however, the Minister may also postpone the elections for up to six months if necessary.

For legislative purposes, municipalities in Jordan are divided into the following four categories (see table 6):⁷³

- (a) A municipality that functions as the centre of a governorate. Since Jordan is divided into 12 governorates, there are 11 such municipalities, in addition to the Municipality of Greater Amman;
- (b) A municipality that functions as the centre of a district. Municipalities of this category usually have a population that exceeds 15,000;
- (c) A municipality that functions as the centre of a subdistrict or *nahia*. Such municipalities serve a population of 5,000-15,000;
- (d) All other municipalities.

⁷⁰ Muhammad W. al-Abbadi, *al-idarah-al-mahalliyah wa-al-aqatifa bi-al-sultah al-markaziya*, maktabat dar al-thaqafah lil-nashr wa-al-tawzi (Amman, 1998), p. 35.

⁷¹ The law was enacted in 1955. This article was last amended in 1994.

⁷² Jamal Mudaghmesh and Muhammad al-Manajrah (eds.), *mawsuat al-tashri al-urduni 5B* (dar al-bashir, Amman, 1998), p. 2.

⁷³ *Ibid.*, article 4-1.

TABLE 6. DISTRIBUTION OF MUNICIPALITIES BY CATEGORY AND GOVERNORATE

Name of governorate	Category one	Category two	Category three	Category four	Total
Amman	0	2	4	22	28
Balqa	1	3	9	18	31
Zarqa	1	2	3	5	11
Madaba	1	0	1	9	11
Irbid	1	6	33	40	80
Mafraq	1	0	6	27	34
Jerash	1	0	2	12	15
Ajloun	1	1	5	7	14
Karak	1	2	6	24	33
Tafilah	1	0	3	5	9
Ma'an	1	0	4	11	16
Aqaba	1	0	1	2	4
Total	11	16	77	182	286

Source: Nahar al-Wakhyan, *al-majalis al-mahalliyah fi al urdun tahta zill al-hashimiyin* (Amman, 1998), p. 42.

Municipalities of all four categories have similar roles and functions but different resource bases and jurisdictions. The functions of the municipality are defined by legislation and it is the responsibility of the acting council to carry out those functions. Article 41 details each of the 39 services that the municipality has to provide to citizens. These include building public facilities such as public gardens and spaces, public baths, health, sports and cultural facilities. Municipalities are also required to monitor and control building and all commercial activity in the city. Town planning and transportation engineering are further responsibilities assigned to municipalities by the law, and include the building and maintenance of roads and pavements, issuing building licences and clearing derelict areas. The law also gives municipalities responsibility for services that are in fact provided by other agencies. These include the provision of water, gas and electricity, aid for the victims of disasters and disaster prevention measures. Additional responsibilities are the promulgation of new legislation, determination of fees and taxes, consultative duties and the management of municipal resources and employees.⁷⁴

Such responsibilities clearly require that municipalities have highly qualified personnel and a wide resource base. They also require that municipalities have a degree of power and autonomy, if they are to prepare and implement plans and perform their duties. However, this is not the case. Municipalities lack skilled personnel, have limited resources and little power on autonomy. They are therefore unable to fulfill many of the responsibilities assigned to them under the law. It should also be noted that some of the responsibilities detailed above are not in fact performed by municipalities but by the Government, through public or quasi-public agencies. These include the provision of water, electricity, telecommunications, health care, police and fire services, housing and environmental management. While, when the service is under its jurisdiction, municipalities are partially involved, planning, investment and implementation are delegated to such relevant agencies as the Housing and Urban Development Corporation and Water Authority or an independent authority which is being privatized, such as Jordan Telecom and the National Electric Power Company, Jordan.

The restructuring of sectors like housing and water have significantly affected the functions and responsibilities of municipalities and, more importantly, their interaction with other Government levels, including the governorates, the public or quasi-public agencies providing public services and the Government, as represented by the Ministry of Municipal and Rural Affairs and the Environment. In the absence of a clearly defined role for each agency, the multiplicity of actors in the delivery of such services as water or social housing creates administrative duplication, causes delay in implementation and confuses the beneficiaries or users of the services. The functions and responsibilities of the Water Authority, which is responsible for water and sewage systems, are defined by *qanun al-balidiyat*. While headquarters are in Amman, it operates nationally through decentralized local units. The high level of bureaucracy in the

⁷⁴ Kashakish, op. cit., pp. 166-168.

Authority is often attributed to its being a Government institution. The Authority is currently in the process of privatization. Electricity provision is more decentralized, being handled by a local company in each area. A semi-privatized company, Jordan Telecom, provides telecommunications. The Government is the main stakeholder in both companies. The completed privatization of the companies is still being debated. While efficiency will be improved and bureaucratic costs streamlined, there is a need to maintain affordability and social and job security for public sector employees who are likely to lose their jobs as the result of privatization.

At the fiscal level, the government is the main provider of funding for municipalities, and additional funds are raised from independent sources and loans. Government funds include fuel revenues, fines for traffic violations, custom duties, transportation fees and property taxes. Collected by the Government, those funds or proportions thereof, are distributed among the municipalities according to a certain formula. The formula takes into consideration issues including the size of the municipality's population, the amount of revenue it can generate, whether or not it has a special status, and the nature of its responsibilities, especially those that are not local.⁷⁵ All loans must be approved by the Government. Most loans to municipalities are granted by the Cities and Villages Development Bank (CVDB), which is a Government bank. The municipality may only collect revenue from independent sources. Expenditure must also be approved by the Government. The Minister of Municipal and Rural Affairs and the Environment must approve the annual budget and any changes made thereto.

Independent sources of funding include fees for employment and building licences, vegetable market taxes and fines for violations. As mentioned above, CVDB grants most of the loans made to municipalities. The bank provides medium- to long-term loans for economically profitable and service projects including paving, lighting and building roads; monitoring health issues; public libraries; parks, popular and vegetable markets; building licences; and the creation of business groups. Loans are granted to municipalities using criteria based on the priority of the project and the ability of the municipality to repay the loan.⁷⁶

Despite the variety of resources available, finance is the major challenge facing most municipalities. Intergovernmental transfers to municipalities are rare, and, CVDB has limited resources and cannot meet the increasing need for municipal finance. However, the main challenge for any municipality is its limited capacity to generate its own revenue. Article 53 of the relevant Law outlines the procedure by which resources may be collected, under penalty of the law. However, most municipalities are reluctant to utilize the law to that effect. Many argue that the municipal council tries to satisfy the electorate regardless of the interests of the municipality, and is therefore reluctant to take legal proceedings against anyone. Whatever the case may be, municipalities are suffering from a shortage of resources. The cases discussed below demonstrated that major municipalities, such as the municipality of Irbid, have always suffered from a budget deficit.

While municipalities have some latitude to perform certain functions and provide certain services within their jurisdiction, the system remains highly centralized at planning and policy-making levels. The municipality is able, for example, to make changes in land use within residential areas, but not to change the zoning ordinance completely; it may move a road's coordinates but must keep the exact size dictated by the master plan; and it may cancel or open "minor roads", namely, internal service roads that are between two and four metres in width that are usually not shown on zoning master plans. In general, anything mentioned in the main zoning master plan, including transportation and land use, that is certified by the Ministry cannot be changed without the approval of the Minister.

C. MAIN CHALLENGES

The main challenge facing most municipalities is how to function with the various restrictions imposed on them by law or the scarcity of financial resources. A quick review of the various municipal areas

⁷⁵ Mudaghmarsh, op. cit., p. 28.

⁷⁶ Kasasbeh, Hamad, "Decentralization in Jordan", *The World Bank Group* available at www.worldbank.org/wbi/mdf/mdfl/jordan.htm.

around the country shows that they suffer from a number of problems, including urban sprawl, incompatible land uses, unplanned housing development and deficiencies in the provision of services including electricity, water and waste-water management. Furthermore, the scarcity of financial resources and technical expertise, complex bureaucracy and the centralized decision-making process increase the pressure on municipalities to fulfill their responsibilities. It is therefore not surprising that most municipalities are failing to perform their urban management functions efficiently.

The problems faced by municipalities in the performance of their duties fall into the following three categories:⁷⁷

(a) *Financial problems.* As explained above, the financial resources available to municipalities do not match the increasing demand for public services. Those resources, in many cases, barely suffice to run regular municipal services. Loans are used in order to carry out services rather than profitable projects. In addition to the scarcity of financial resources, municipalities suffer from various restrictions on the allocation of budget lines and spending modes imposed by the Government;

(b) *Technical problems.* Most municipalities lack technical expertise in terms of both quantity and quality. While most municipalities in category one (see table 6), notably Amman, Irbid and Zarqa, have a relatively small problem in this respect, it is a major concern in small municipalities. Lack of expertise, coupled with the lack of tools caused by financial constraints in these municipalities, further undermines their planning and urban management activities;

(c) *Administrative problems.* The lack of coordination between and within institutions is a problem that manifests itself at three levels: between the various units within a municipality; between the various municipalities within the same area; and between the municipalities and the Government.

The three types of administrative problems identified above are in fact interrelated and mutually reinforcing. Lack of coordination between the various units within a municipality is an internal affair. Many municipalities, especially those within category one, are trying to reorganize themselves in an effort to improve modes of coordination between municipalities. Several attempts to address the problem have recently been made, including the amalgamation of selected small municipalities. The two-tier system, which was implemented in Greater Amman, was one such attempt. Meanwhile, the issue of decentralization remains on the agenda of consecutive Governments as a tool for the more efficient management of public resources and improved coordination within and between municipalities.

D. DECENTRALIZATION: A PROBLEM OF DEFINITION

As explained above, the Ministry of Municipal and Rural Affairs and the Environment has responsibility for and authority over the major planning activities within the various municipal areas throughout the country. The Ministry is responsible for the creation of municipal councils, the development of regional plans for the whole country and structural plans for the cities and villages and implementing the various projects financed by, or with loans secured by, the Ministry. The Ministry is also responsible for providing certain services, or granting loans to municipalities with limited resources in order to enable them to carry out those services. It must also provide the municipalities with the technical expertise required to design, supervise and build major projects. However, the Ministry's most important duty is to act as the Government agent responsible for monitoring the performance of municipalities.⁷⁸ Most land-use plans, all changes in zoning ordinances and any major investment planned by a municipality must be approved by the Ministry prior to implementation.

The Ministry has been struggling for several years with the issue of creating a suitable body to carry out some of its responsibilities. Most attempts to date have had limited impact. The ministry has always had a Department of Regional Planning in addition to the Zoning Department. These two Departments dealt with

⁷⁷ Nahar al-Wakhyan, *al-majalis al-mahalliyah fi al-urdun tahta zill al-hashimiyin* (Amman, 1998), p. 32.

⁷⁸ Al-Abbadi, *op. cit.*, pp. 124-125.

regional issues, including the making of regional plans and review of local plans. Recently, the Department of Regional Planning was closed in preparation for the creation of independent bodies for each region. The central region now has its own independent body to carry out the work of the Ministry. The northern and southern regions are included in the so-called regional project. The problem is not always one of centralization but, rather, the lack of cooperation between the various agencies involved in planning the various regions.

The fact that the Ministry is responsible for regional planning tends to centralize control over planning and limit the involvement of the municipalities and village councils in determining their future. However, the existence of many small local authorities can be counter-productive in terms of planning. In the second half of the 1980s and the early 1990s, planners and policy makers increasingly perceived the multiplicity of administrative units within metropolitan areas as problematic. The Greater Amman Comprehensive Development Plan (GACDP), which was completed in 1988, expressed this concern in its discussion of the problem of the multiplicity of administrative units within the area of Greater Amman. Planners demanded that the municipalities and village councils within the area should be dismantled as a necessary condition for completion of the planning process. In 1985, the metropolitan area of Greater Amman was defined and placed under the direct control of one metropolitan authority, the Municipality of Greater Amman. That Municipality incorporated some 25 municipalities and village councils. Power was vested in the municipality, making it independent of any control from the Ministry. Its mayor, who is appointed, reports directly to the Prime Minister.

The creation of Greater Amman was not the only factor that focused attention on the issue of small municipalities and their incapability to perform their existing responsibilities. The large number of local government bodies, including municipalities and village councils, and central planning by the Ministry, presented obstacles to regional development. Accordingly, it became necessary, as part of the planning process, to define the relationship between the various public agencies and Government levels. Greater Amman became a model for other major cities in Jordan. Several other municipalities and village councils were designated for dismantling and plans to create more metropolitan authorities around major cities including Irbid and Zarqa were launched in the late 1980s and early 1990s. This generated a highly politicized debate on planning. While Ministry urban planners favoured the creation of metropolitan authorities with greater powers, no action was taken with regard to Irbid or Zarqa, the decision being political rather than technical.

Decentralization is perceived by the Government as a process of creating independent Government units similar to the Municipality of Greater Amman. Opposition parties view this process as an attempt to centralize power. Regardless of its definition, decentralization has been adopted as a trend in political discourse because it is supported by internal and external factors. The need to improve delivery of local services to local residents is perhaps the main reason for this trend. However, local governments in Jordan have failed to establish themselves as credible institutions that can handle growing levels of urbanization or meet the needs of the urban population for serviced housing land, public amenities and social facilities (see table 7).

Internal and external political pressure has been a driving force for administrative and fiscal decentralization in Jordan, which reflects wider attempts to introduce political and economic reform.⁷⁹ In November 1989, when Jordanians elected the first new House in 22 years, parliamentary life was resumed. No political parties were then allowed, but for the first time in years an arena was established for opposition groups to publicly express themselves. In 1991, a new law legalizing political parties was passed. In 1993, 22 legal political parties participated in the elections.⁸⁰ At the same time, Jordan was undergoing significant restructuring following the economic crises of the late 1980s and early 1990s. Jordan had to rethink the role and organizational structure of all its institutions, including local governments. Accordingly, the changes in the administrative system in the country that were detailed above were adopted. Additional pressure in the

⁷⁹ Litvack et al., Rethinking decentralization in the World Bank, *World Bank Discussion Paper*, available at www-wbweb5.worldbank.org/wbieb/decetralization/litvack.htm.

⁸⁰ Decentralization in Jordan, *The World Bank Group*, available at www.worldbank.org/wbi/mdf/mdf1/jordan.htm.

form of conditions imposed on aid and loans, and changes in the global economy and information technology, have made decentralization a strategic choice for Jordan that is necessary for the preservation of the national system.

TABLE 7. ESTIMATED POPULATION OF EACH GOVERNORATE AND PERCENTAGE DISTRIBUTION OF URBAN^{a/} AND RURAL POPULATION BY GOVERNORATE, 1999

Governorate	Percentage	Number	Rural percentage	Urban percentage
Amman	38.05	1 864 450	8.6	91.4
Balqa	6.56	321 440	36.1	63.9
Zarka	15.73	770 770	4.7	95.3
Madaba	2.55	124 950	41.1	58.9
Irbid	17.84	874 160	23.6	76.4
Ma'fraj	4.61	225 890	66.9	33.1
Jarash	2.94	144 060	49.3	50.7
Ajlun	2.22	108 780	32.6	67.4
Karak	4.02	196 980	64.6	35.4
Tafila	1.52	74 480	25.1	74.9
Ma'an	1.95	95 550	57.3	42.7
Aqaba	2.01	98 490	14.3	85.7
Total	10.00	4 900 000	21.3	78.7

Source: Department of Statistics, Amman, 1999.

a/ Urban includes localities of 5,000 or more population, as defined in 1994.

E. THE RELATIONS BETWEEN CENTRAL AND LOCAL GOVERNMENTS

The integrated system of governance adopted in Jordan, which is, to a certain extent, decentralized, assigns responsibility for providing services at local level to municipalities. Governorates, districts, subdistricts and *nahias*, are extensions of the Ministry of Interior, and they are therefore Government agents. Municipalities, however, are viewed as community organizations and their elected officials are often from the opposition. They are often referred to as the decentralized system. The distinction is based on the relations between the local and central governments that exist in the country. Indeed, the level of autonomy enjoyed by municipalities determines the level of decentralization in the country. At the same time, the tendency towards decentralization implies changes in the current relationship between central and local government. This relationship is shaped by three factors, namely, functions, access and the discretion of local authorities, which will be discussed hereafter.⁸¹

1. Functions

The importance of the municipality as a provider of services varies from one type of municipality to another, despite the fact that municipalities in all four categories have similar roles and functions. This variation comes from the differences in the municipalities' resource base, jurisdiction and ability to perform their duties. The Municipality of Greater Amman is the main authority in that jurisdiction, while other municipalities, including those of Irbid and Zarqa, the two other major cities, are responsible only for basic services, and have a limited ability to deliver them. There is a corresponding decrease in resource bases and functions as municipalities get smaller.

Under the law, the various municipalities have similar responsibilities regardless of their differences. However, the law also gives the Minister of Municipal and Rural Affairs and the Environment the authority to amend those responsibilities at his or her discretion. Ministry planners have responsibility for planning in the northern and southern regions, and the municipality input in those regions is limited. In contrast, planners from the Municipality of Greater Amman itself are preparing the regional plans for the central

⁸¹ Edward Page and Michael Goldsmith (eds.), *Central and Local government relations: a comparative analysis of most European States* (London, Sage Publications, 1987), p. 3.

region. A number of crucial public services remain outside the area of responsibility of all municipalities, including the Municipality of Greater Amman. Those services include health care, the police service, education, housing, electricity and sewage and water services. All are provided by the Government, either through its own bodies or under franchises granted by the Government to private companies. Furthermore, municipalities, with the exception of the Municipality of Greater Amman, have a limited role in strategic planning decisions.

2. Discretion

As stated above, a municipality is defined by the law as a civil organization. It is responsible for the provision of services to the citizens within its jurisdiction. However, having responsibility and being able to influence the way in which that responsibility is carried out are two very different matters. Usually, municipalities have very limited discretion in determining the cost, standard, frequency and method of delivery of services. Most municipalities simply carry out responsibilities that are planned at the central level. Only the Municipality of Greater Amman has autonomy over the planning, implementation and monitoring of service delivery. Other municipalities must consult the Ministry with respect to most of their duties.

The Government approves the annual plan and, in particular, the budget of every municipality. Financial matters are the most centralized aspect of any municipality's work. The mayors of category one municipalities, with the exception of the mayor of Greater Amman, can spend a maximum of JD 3,000 (some US\$ 4,200) without having to seek permission from any other institution, while category two municipalities are restricted to JD 1,500. Municipal councils in categories one and two may spend a maximum of JD 10,000 and JD 5,000 respectively at their own discretion. Any greater amount requires ministerial approval.

Planning activities within municipal areas must also be approved by the Ministry, and are a ministerial, not a municipal responsibility. Plans prepared by local authorities must be approved by the Ministry prior to implementation. The municipality prepares a structural plan, then submits it to the Ministry for approval. Without that approval, it cannot be implemented. The Ministry may return the plan to the municipality for corrections or even reject it. Administrative decisions must be approved by *al-hakim al-idari* (the governor or director of the district or subdistrict).

The municipality has a limited role to play in strategic planning decisions. When zoning an area for example, the municipal council, acting as the local zoning committee, makes a recommendation to the district committee which, in turn, makes its recommendation to the Higher Council for Zoning. The municipality is involved only at the local level. The district committee consists of *Al-hakim al-idari*, the Director of the Directorate of Municipal, Rural and Environmental Affairs, the Director of the Directorate of Public Work and Housing, a judge and the Director of the Directorate of Health.⁸² A representative from the municipality may attend committee meetings in order to answer questions about a particular case. The Higher Council for Zoning is chaired by the Minister of Municipal and Rural Affairs and the Environment, and consists of the secretaries of various ministries. No local representative attends any session of the council. Before the case is presented to the council, it is studied by the Department of Zoning within the Ministry of Municipal and Rural Affairs and the Environment. Various departmental sections, including those for studies, planning, heritage conservation, and drafting, check the validity and impact of the case, then make a recommendation to the council. The final decision is made by the higher council. If the council rejects a case, it may only be resubmitted after one year.

The procedure outlined above applies to the majority of planning decisions at the local level. This leaves a very small margin within which municipalities can function without having to refer to the Government. The discretion allowed to municipalities is therefore very limited.

⁸² A local Ministry agent, known as a *mudiriyah* or directorate, carries out Ministry work at the local level.

3. Access

Given the fact that municipalities have limited discretion and are subject to Government monitoring in the form of laws, advice and grants, the access which local actors have to information and resources from the Government has a crucial influence on decisions at the central level. The institutional process outlined above denies local actors such access, but because the work of municipalities is closely connected to the Government, contact between the two parties is important. It is not easy, however, to define the nature of that interaction. While such interaction is provided for by legislation, its success is, in practice, totally dependent on the actors on both sides. The degree of access engaged by the various municipalities is therefore different, and changes with each change of local or central Government. The mayor of Amman has greater access than any other mayor in the country. However, even that access is also dependent on the power of the mayor himself. The mayor of Irbid is usually from the opposition, which limits his access privileges. Nevertheless, his status as the mayor of a major city grants him more access than the mayors of small cities. The issue is complicated by the fact that tribal and family relations play a part in defining relations between the actors at both central and local levels, while the experience and knowledge of the various actors and international pressure, in the form of aid packages to cities play a large role in determining access to financial and political resources.

F. A COMPARISON OF AMMAN AND IRBID MUNICIPALITIES

In this section, the municipalities of Amman and Irbid are compared in the light of the issues discussed above. The two cities are the central cities of their respective governorates, and their municipalities have a great deal in common, particularly with respect to the administrative structuring and management of their operations (see tables 8 and 9). Both function under the 1955 constitutional law No. 29, *qanun al-baladiyat*. While a specific law for Greater Amman was subsequently enacted, it did not affect the formal duties and responsibilities assigned under the earlier law. Many of those responsibilities are not, in any case, handled by either of the two municipalities, but are left to the Government to fulfill through public or private agents.

There are major differences between the two municipalities. Amman, the capital city, enjoys a system of governance and level of autonomy that has no equivalent in Jordan, while Irbid is very similar to any other city in the country in those respects, despite being a major city. The two cases show how the governing system can affect the ability of municipalities to perform their functions.

The irrational divide

The Jordanian media and, in particular, the press, give considerable coverage to the development activities that are being undertaken in Amman, including the building of tunnels, bridges and parks. However, such issues in other cities, as the poor condition of roads, sewage problems or scarce water resources are not given due attention. While the Municipality of Greater Amman is building facilities in order to promote Amman as a city of culture, other municipalities are unable to meet the increasing demand for services. The discrepancy in the quality of services available in Amman and in other major Jordanian cities is striking. There are numerous reasons for that discrepancy, but the most significant is the availability of and access to resources.

The fact that the Municipality of Greater Amman has better access to resources raises serious questions. Amman is the capital city, with a population of over 1 million inhabitants; it is the seat of political and economic power and a national hub for business and commercial activities; as such, it is fitting that more public resources are allocated to it. However, the factor behind the privilege of the Municipality is its autonomy, which is such as is enjoyed by no other municipality. The different levels of autonomy are clearly demonstrated when the Municipality of Greater Amman and Irbid municipality are compared.

In 1987, the Municipality of Greater Amman was created by amalgamating the various municipalities and village councils within the area defined as Greater Amman. Greater Amman at that time covered an area of 528 km² and had a population of some 900,732.⁸³ In 1994, the population of Amman city alone exceeded that number, while in 1999, the population of Greater Amman was estimated at over

⁸³ "Greater Amman: urban development", *Cities*, February 1993, p. 37.

1.8 million (see tables 3 and 7 respectively). The Municipality of Greater Amman is in a category of its own and does not belong to any of the four categories mentioned above. It functions as an independent organization, similar to a ministry. The mayor is nominated by the Prime Minister and appointed by the National Assembly. The municipal budget is considered part of the national budget. The Municipality council consists of 40 members, half of whom are appointed and the other half elected, representing the 20 districts covered by Greater Amman. The municipality is much larger than any other municipality and has 11,578 employees.

In contrast, the city of Irbid, covers an area of 60 km² and has a population of 300,000, according to the 1999 municipal survey. Its municipality is considered to belong to category one because it is the centre of the governorate of Irbid, and has a council of 13 members including the mayor, all of whom are elected by the residents of Irbid. The municipality is much smaller than that of Greater Amman, and has some 1,763 employees.

Despite the apparent differences in size of the two municipalities and the extent of their jurisdiction, Greater Amman's municipal autonomy is guaranteed by its system of governance and budget, and the relation of the municipality to the Government, on the level of function, access and discretion available to the municipality, as discussed above. Greater Amman has a special comparative advantage that makes it more efficient in providing services within its jurisdiction.

(a) *The system of governance*

A number of factors distinguish the institutional make-up and mode of administration of Greater Amman and Irbid municipalities, including the size of their respective councils. Twenty council members in the former are appointed and the remaining 20 are elected from the 20 districts covered by Greater Amman, whereas all Irbid council members are elected. The mayor of Greater Amman is appointed by the Prime Minister and reports directly to him, while the other mayors are elected and report to the Minister of Municipal and Rural Affairs and the Environment.

TABLE 8. ADMINISTRATIVE DIVISIONS WITHIN AMMAN GOVERNORATE

Amman governorate	Districts	Subdistricts	<i>Nahia</i>
	Amman	Amman Wadi Essier Sahab Mowaqqar Jizeh Na'oor	Amman Wadi Essier Sahab Mowaqqar Jizeh Na'oor Um El-Basatien
Total	1	6	7

Source: Department of Statistics, Amman, 1994.

TABLE 9. ADMINISTRATIVE DIVISIONS WITHIN IRBID GOVERNORATE

IRBID governorate	Districts	Subdistricts	<i>Nahia</i>
IRBID	IRBID	IRBID	IRBID
			Wastiyyeh Hariema Tayybeh Mazar Shamaliyyeh Kora Bani Knana Ramtha Aghwar Shamaliyyeh
	Kora Bani Knana Ramtha Aghwar Shamaliyyeh	Tayybeh Mazar Shamaliyyeh Kora Bani Knana Ramtha Aghwar Shamaliyyeh	
Total	5	7	9

Source: Department of Statistics, Amman, 1994.

The Municipality of Greater Amman is a metropolitan body with two levels of authority and major strategic functions, including responsibility for the control, monitoring, review and implementation of master

plans throughout Greater Amman. It is also responsible for dealing with all major planning and building applications and deviations from the strategic plan. At the second level of authority, local administrative units are responsible for dealing with planning and building licences using consultation systems that are supervised by the metropolitan authority. These units are also responsible for initiating local plans, which must of course, be approved by the higher body.

(b) *The budget*

The Municipality of Greater Amman has a large budget: in 1999, revenue exceeded JD 60 million. In contrast, the revenue of Irbid municipality for the same year was no more than JD 6 million (see tables 10 and 11). Revenue in Greater Amman exceeds the revenue combined of all municipalities within the governorate of Irbid. While both municipalities had similar deficits that year, capital expenditure in Greater Amman compared with that in Irbid reveals a substantial discrepancy in the level of services provided by the two municipalities and the size of projects carried out. Capital expenditure varies from one municipality to another; in Amman it includes spending on seizures, consultations and studies, road maintenance, road and tunnel construction and services. It also includes machinery and traffic-related purchases, expenditure on traffic intersections, construction work and equipment, and the cost of building retaining walls, stairs, pavements, fences, gardens and libraries. Capital expenditure may also include spending on public services and utilities, garbage containers, abattoirs, computer-related purchases, communications development, cemeteries and stations, in addition to projects financed by loans and loan repayments, emergencies and special and preservation projects. In Irbid, capital expenditure includes payments for loans from the Arab Towns Organization, the Cities and Villages Development Bank, and other commercial banks. It also includes investments in stocks and normal capital investments, in addition to expenditure on development projects.

TABLE 10. IRBID MUNICIPALITY BUDGET
(1997, 1998, 1999 AND 2000)

	1997 (actual)	1998 (actual)	1999 (actual)	2000 (estimated)
Expenditure (Jordanian dinars)				
Recurrent expenditure	3 453 205.024	3 882 913.092	3 899 275.570	4 369 805
Capital expenditure	2 267 714.590	1 872 882.346	1 717 037.312	2 048 858
Projects financed by loans	324 911.630	1 182 633.266	207 084.320	103 327
Total expenditure	6 045 831.244	6 938 428.804	5 823 397.202	6 521 990
Revenue (Jordanian dinars)				
Revenue collected by Government (building and land taxes)	763 550.589	952 610.693	919 613.217	980 000
Revenue collected by Government (entry, fuels, transportation fees and fines)	31 578.086	376 674.097	319 267.408	335 000
Cities and Villages Development Bank	36 318.305	—	—	15 836
Revenue collected by municipality	3697 589.852	3 676 813.212	3 477 588.444	3 990 438
Capital investment project revenue	453 597.000	495 061.341	500 450.261	557 000
Revenue from interest, stocks, shares and donations	191 216.945	80 701.376	206 423.589	57 000
Loans	322 974.614	1 229 130.134	204 748.725	103 327
Total revenue	5781 028.052	6 810 990.853	5 628 091.644	6 038 601
Financial deficit (Jordanian dinars)				
Deficit	(264 803.192)	(127 437.951)	(195 605.558)	(483 389)

Notes: A dash indicates that the amount is nil or negligible.
() indicates negative for figures.

TABLE 11. THE BUDGET FOR THE MUNICIPALITY OF GREATER AMMAN
(1996, 1997, 1998 AND 1999)^{a/}

	1996 (actual)	1997 (actual)	1998 (actual)	1999 (actual)
Expenditure (Jordanian dinars)				
Salaries, wages and increases	18 420 865.325	20 765 494.264	20 671 218.157	22 605 985.892
Recurrent expenditure (including electricity, water, telephone and insurance)	7 199 845.863	6 371 068.740	6 207 300.815	6 850 470.410
Transferred expenditure	3 332 810.422	3 038 805.568	3 795 778.609	3 041 109.607
Other extraordinary expenditure (including purchase of machinery)	106 309.550	149 750.210	61 079.825	100 565.450
Capital expenditure	29 749 028.331	32 209 500.042	32 979 151.193	32 255 606.628
Total expenditure	58 808 859.491	62 534 618.824	63 714 528.599	64 853 737.987
Revenue (Jordanian dinars)				
Revenue collected by municipality	59 895 266.299	59 738 051.460	63 101 902.560	64 661 956.637
Other revenue	—	—	—	—
Total revenue	59 895 266.299	59 738 051.460	63 101 902.560	64 661 956.637
Financial deficit (Jordanian dinars)				
Deficit	1 086 406.808	(2 796 567.364)	(612 626.039)	(191 781.349)

Notes: A dash indicates that the amount is nil or negligible.

() indicates negative for figures.

a/ The budget for the year 2000 was not available at the time of the fieldwork.

(c) Relation to central Government

In addition to the three factors outlined above, namely, functions, access and discretion, the relationship between the Municipality of Greater Amman and the central Government highlights the major differences between Greater Amman and other municipalities. The former is not merely a service provider, but also has the power to influence the ways in which services are provided. In common with other municipalities, certain crucial public services within its jurisdiction, namely, health care, the police service, education, housing, electricity and sewage and water services, are handled entirely by the Government, either through its own bodies or under franchises issued to private companies. Nevertheless, the Municipality has an important role to play in planning and monitoring service provision within its jurisdiction and in making strategic planning decisions. This is not the case for the municipality of Irbid, which has little input to the services outlined above in terms of planning, financing or monitoring. Nor does it have any role in strategic planning other than to propose ideas to the Government.

The Municipality of Greater Amman has more discretion to make decisions about the type and level of service it delivers and how those services are provided and financed than Irbid municipality. The former's status is comparable to that of any ministry in Jordan, and its budget must be approved by the Prime Minister. Thereafter, it is completely independent in its decisions on spending, investments and other budget-related matters. It can initiate planning activities, prepare master plans and make any planning decision within its jurisdiction. It is the central authority for the 20 districts covered by Greater Amman and responsible for approving their plans.

The discretion of Irbid municipality is limited. As stated above, the municipal council has no authority to spend more than JD 10,000. Any further expenditure requires the approval of the Minister of Municipal and Rural Affairs and the Environment. Any planning activity within the municipal area must be approved by the Ministry, while administrative decisions must be approved by the Governor of Irbid.

It is clear that the Municipality of Greater Amman has greater access than Irbid or any other municipality. Contact between the mayor of Greater Amman and the Prime Minister is direct: there are no intermediary agents. The mayor of Irbid on the other hand, has only limited access. The system under which planning initiatives in Irbid are handled by the Government denies local actors the free access enjoyed by those in Greater Amman.

The Municipality of Greater Amman therefore has more autonomy than Irbid municipality. The Municipality of Greater Amman is unique in being able to make autonomous decisions over, *inter alia*, hiring, firing, salaries, master plans and changing land use. Local units in the district enjoy a certain degree of independence in running their affairs, but must comply with plans prepared by the Municipality of Greater Amman and get its approval on major planning activities. The personnel running the local units are employees of the Municipality itself.

The efficiency of the Municipality of Greater Amman may be attributed to the autonomy it enjoys, which makes it a model to be replicated in other municipalities in Jordan. Subsequent to the creation of Greater Amman in 1985, the model was debated in relation to Irbid. A process of dismantling several other municipalities and village councils was begun and plans for creating more metropolitan authorities around such major cities as Irbid were launched. In 1996 a committee was formed within the Ministry of Municipal and Rural Affairs and the Environment in order to study the idea of replicating the Greater Amman model in Irbid and define the area of concern. The committee recommended that all towns and villages within an area of some 415 km², around Irbid, containing a total population of 410,000, should be amalgamated. The aim was to establish a modern city with integrated services that would function as a centre for the comprehensive development of the whole area. Accordingly, the objectives put forward by the committee included the unification of the planning, management and maintenance processes, in order to facilitate the controlled growth of Irbid and the surrounding towns and villages and ensure a just and balanced development distribution (Committee Report, 1996). However, the idea was never implemented, despite the fact that most of those involved were in favour of creating a metropolitan authority within the area later known as Greater Irbid. This underscores the reality that setting in train a process of municipal restructuring that will grant municipalities considerable autonomy, discretion and access to resources is not merely a technical process, but also a political one.

G. CONCLUDING REMARKS

The Jordanian experience with decentralization is far from complete. The situation in Jordan, as in most other countries, indicates that the economic, political and administrative restructuring which accompany decentralization involve a complex process of change and are highly political in nature. In the late 1980s, Jordan made a strategic choice to introduce political, economic and institutional reform. There have been a number of forces at play behind such changes, including dwindling public resources, the return of the labour force from the Gulf and an influx of returnees during the Gulf war. This combined with internal and external pressure for democratization to pave the way for political parties and other civil society actors to play an expanded role in public life, legislative elections to be held and the state of emergency to be lifted. Furthermore, donors, notably the World Bank and the International Monetary Fund (IMF), pressed the Government to restructure the public sector as a means of improving efficiency and streamlining public expenditure. The initiation of decentralization policies was part of this package.

Decentralization in Jordan can be discussed from the aspects of deconcentration, delegation and devolution, which were identified in part II as the typology of administrative decentralization. In spite of public commitment to decentralization and the institutional restructuring of municipalities, decentralization has as yet only taken the form of modest deconcentration policy. This is particularly clear at the administrative level, where municipalities act as the local agents of the Government rather than as independent local governments that are legally accountable to a local constituency. It is also manifested to some extent in the authority, functions and responsibilities that municipalities have to perform various aspects of planning and urban management. These are defined by the Ministry of Municipal and Rural Affairs and the Environment, and mainly consist of monitoring implementation of planning and urban development strategies.

A number of urban sectors fall outside the terms of reference of municipalities. These include infrastructure, namely, water, sewage, electricity and telecommunications, housing and environmental management, which have either been privatized or transferred to public or quasi-public agencies. In the absence of clear mechanisms regulating the participation of the different agencies or levels of Government in the planning, management, finance and delivery of these specific public services, it is likely that duplication of work and administrative overlap will remain and prevent any serious improvement in urban service delivery. Sectoral reform, particularly in housing, water, electricity and telecommunications, should be completed, bearing in mind the implications for the ability of municipalities to perform and monitor the functions within their jurisdiction. In this respect, responsibilities need to be matched with financial resources and with the reform of legislation and bureaucratic procedures, in order to facilitate communication between different Government levels.

Delegation demonstrates that decentralization has matured. When the Government transfers authority for planning, management and monitoring to local governments, municipalities have more functions to perform, but also have greater access and discretion. In Jordan this form of decentralization does not yet exist. Only the Municipality of Greater Amman commands this amount of discretion and access. The municipality of Irbid, another major city in the country and the largest in the north, compares very poorly to Amman in terms of functions, discretion and access, with a weak resource base that covers only maintenance work and precludes the municipality from independently undertaking major urban development projects. Municipal restructuring should therefore address the needs of municipalities outside Amman if increasing regional and urban-rural disparities are to be reduced.

The model of Greater Amman should be used as a learning experience and planners should explore ways of applying it to other municipalities and, in particular, very small ones with a small population and a scattered resource base. The process of amalgamation can be an efficient tool for the pooling of resources and consolidation of institutional power in consultation with the Government. However, policy makers need to pay careful attention to the political implications of such efforts, because in some cases it could lead to the recentralization of power and undermine local initiatives and the mobilization of local resources.

The models of the Aqaba and Petra regional authorities should also be carefully assessed, being cases where regional, governorate and municipal levels, in addition to quasi-public agencies, NGOs, donors and private sector organizations, are all engaged as partners in major urban development projects.⁸⁴ These experiences should serve as the basis for the reform of legislative and administrative procedures, bearing in mind that interaction and partnership among State and non-State actors, including NGOs and the private sector, will increasingly be the mode of operation in Jordan for the delivery of urban services in particular and development in general.

⁸⁴ ESCWA, *Community Participation in Urban Upgrading Development in the ESCWA Region* (New York, 1997).

IV. TOWARDS AN INTEGRATED STRATEGY FOR SUSTAINABLE DECENTRALIZATION IN THE ESCWA REGION

The challenge facing ESCWA countries in implementing decentralization initiatives lies mainly in the need to develop feasible, well-integrated and sustainable strategies that will strengthen resource mobilization, and improve the quality and efficiency of urban service delivery, as that function is, increasingly, transferred to the private sector, lower Government level (governorates or municipalities), community groups and NGOs. There are clearly no tailor-made strategies for implementing decentralization or building the institutional capacity of local authorities. Such strategies should evolve as a dynamic process in response to the socio-economic and institutional characteristics of the country concerned and the current capacity of municipalities or local authorities to assume an expanded role in functions and increased responsibilities and, in the right circumstances, their authority to plan, take decisions and monitor urban development within their jurisdictions. When conceiving and designing decentralization strategies, policy makers in the Ministries of Planning, Finance and Municipal and Rural Affairs and the Environment must address a number of issues, which have been grouped hereafter under three headings: an environment conducive to decentralization, improving urban management and local resource mobilization. These represent the main requirements for the development of an integrated strategy for sustainable decentralization at the national and local level.

A. CREATING A POLICY ENVIRONMENT CONDUCIVE TO SUSTAINABLE DECENTRALIZATION

Balance between administrative, fiscal and political decentralization: Decentralization should be pursued as a strategic choice, that benefits from the political will of the Government to facilitate and endorse transition to more efficient modes of service delivery and, ultimately, a participatory process of urban development. The experience of various countries shows that making the strategic choice of decentralization involves major changes that often challenge the established order and entail restructuring measures in economic sectors and public administration. In nearly all ESCWA countries, legislation governing municipal finance, urban planning and local administration should be carefully revised in order to ensure that local authorities are able to perform their expanded responsibilities and have the financial and technical resources and leverage necessary to take decisions, without undermining the monitoring role of Governments. Careful consideration should be given to coordination modes between central and local governments, including mechanisms for inter-Governmental transfers of funds and the authority to levy certain taxes at the local level and manage municipal finances with a considerable degree of autonomy. The role of the private sector and NGOs must also be more clearly delineated, in order to ensure that the outsourcing of public services is undertaken in an efficient and transparent manner. It should be stressed in this context that the advantages of fiscal decentralization should not be addressed only from the point of view of economic efficiency and accountability but also with respect to its positive role in building a democratic culture and a participatory development process.

Accountability and participation: These two issues are integral to decentralization and cut across its fiscal, administrative and political dimensions. The accountability of municipal officials to their constituency and other Government levels is essential to maintain the efficiency and quality of urban services and municipal performance in managing the urban environment. Citizens must be fully aware of planning and urban policy decisions, local needs and current and future development projects. More importantly, citizens need to be aware of all the financial aspects of decentralization policy, including revenue, expenditure, service costs and debts. In that sense, "accountability can be seen as the validation of participation, in that the test of whether attempts to increase participation prove successful is the extent to which people can use participation to hold a local government responsible for its actions".⁸⁵ Accountability raises a number of questions with respect to the capacity of local governments and communities to manage their own localities, such capacity being a vital component for citizen participation. Such questions include whether the public manager is undertaking the appropriate tasks; whether the objectives are responsive to the needs of the community; whether the objectives will bring improvements in local capacity and whether the benefits of

⁸⁵ Jennie Litvack and Jessica Seddon, *Decentralization Briefing Notes, WBI working papers* (World Bank Institute).

interventions will be sustained.⁸⁶ Hence, the challenge lies in identifying areas and remedial action for capacity-building at the local level and, indeed, a vital means for building such local capacity.

Accountability and transparency: Reforming the local tax base and methods of levying taxes and implementation of major urban development and infrastructure projects can only be effectively addressed with a system of checks and balances over resource allocation, outsourcing or municipal auditing. Public officials must be equally accountable to their electorate and to higher Government levels. Elections constitute the most obvious tool for accountability. However, other mechanisms for setting accountability and participation criteria and monitoring modes are also needed. For the sake of transparency, there is, in particular, a need to define the boundaries between private and public interests: increasingly, private sector actors are performing functions of a public nature including the conservation of cultural heritage in inner cities or the construction of social housing. Political parties, and, in particular, citizens' forums, civil society and, in particular, NGOs, represent good institutional channels for maintaining the flow of information on development projects and policy issues that is a key component of accountability. Information is needed in order to enable citizens to assess the performance of their elected officials and maintain their participation in urban development and in order to allow policy makers to monitor changes and assess needs and challenges. At the central level, information is needed for effective supervision and evaluation.

Resources and autonomy: The ability of local governments to set and manage local taxes is an important indicator of fiscal decentralization. No one should be taxed unless they benefit from the local service provided. Fiscal autonomy would allow local governments to recognize the services required by the people within their jurisdiction and tax them accordingly. People are more willing to pay local rather than national taxes because they are able to correlate local taxes and services.

Fiscal autonomy at the local level does not imply any reduction in funding or intergovernmental transfers from the Government to the local authorities. The central Government must support local authorities in maintaining an adequate post of skilled labour, particularly with respect to outsourcing. It must also provide them with material and equipment, particularly those secondary cities and urban centres in remote areas which suffer from capital and human resources shortages. Local governments should have the authority to allocate such resources and the right to spend money without undue interference by the Government or from complex administrative procedures that can hamper the urban development process and limit scope for local initiatives and innovative solutions to complex urban management problems.

Political will and partnership: As mentioned above, a clear political will at the Government level is essential for ensuring the transition to decentralization and the many structural changes it entails at economic, political and social level. The central Government has a crucial role to play in strengthening modes of partnership and cooperation born between central and local authorities and between public agencies and non-State actors, because decentralization involves privatizing certain public services, including electricity, telephones, housing and water. In an effective decentralized system, the Government monitors the decentralized administrations without creating bureaucratic complications. The Government should not retreat from its role as the strategic planner that ensures economic and financial stability through macro-economic policies and investment in social capital and, in particular, education and health. It must also maintain its monitoring role, through the transparent supervision and auditing of local administrations. Possibly the most important role that a Government can play is in assisting local authorities in planning and managing their jurisdictions efficiently. An integral part of that role is to involve the local community in development projects and urban policy decisions and keep them fully informed of the cost and status of service delivery. The same applies when projects are planned at the local level. The involvement of the community as a partner in the earliest stages of the planning process is important for the development of a sense of community ownership of projects and increases sustainability.⁸⁷

Addressing regional disparities: Decentralization cannot be carried out in a uniform manner because of regional disparities and differences in human, technical and capital resources. Governments therefore

⁸⁶ Ibid.

⁸⁷ Walter Kalin, *Decentralization – why and how?* (Berne).

need to pursue decentralization strategies as an integral part of sustainable development. Fiscal decentralization should be carefully addressed in order to determine the taxes that may best be levied and administered locally and which should remain the preserve of the Government. It is important to consider affordability, when setting taxes at the local level, because the resource base in urban centres outside the capital cities is often weak and intergovernmental transfers remain essential if urban management functions are to be performed efficiently. As indicated in Part II decentralization can make local governments more responsive to the needs of their communities and helps to increase the efficiency of urban management processes. Nevertheless, it should not be carried out at the expense of equity, regional balance and national stability.

B. IMPROVING URBAN MANAGEMENT FUNCTIONS

As discussed in earlier parts of this report, the impact of decentralization initiatives varies from sector to sector in terms of the pattern of delivery, pricing and costs, mode of organization and quality of services. This is especially true in the education, health care, housing, infrastructure, water, transport and environment sectors. Any decision to revise and expand the role of municipalities and local authorities in planning and service delivery is therefore shaped by important considerations including the choice and cost of services to be delivered at the local or national level and whether such services could be delivered by municipalities collectively or on a cooperative basis.

When functions are transferred from central to local government, the aspect of the service, namely, planning, administration or implementation, that is being transferred must be specified. To a large extent, this will determine the level of decentralization for which a particular country opts: deconcentration, delegation or devolution. Table 12 presents a range of public services and indicates which are best provided at the central or local level in terms of the assignment of expenditure. When it is decided whether the service should be provided by the local and/or the central authorities, the following considerations should be taken into account: the quality of services must be improved or at least maintained; services must be accessible to various socio-economic groups and neighbourhoods within a given jurisdiction; the effectiveness of the service within a given scale must be assessed; and funding of the service and pricing mechanisms for cost recovery must be rationalized and optimized.

TABLE 12. ASSIGNMENT OF EXPENDITURE RESPONSIBILITIES

Function	Supervision	Administration	Provision
External trade and foreign affairs	C	C	C
Environment	C, L	C, L	C, L
Defence	C	C	C
Transfer payments	C	C	C
Education, health, social welfare	C	L	L
Highways	C, L	C, L	L
Parks and recreation	C, L	C, L	C, L
Police	L	L	L
Water, sewage and fire services	L	L	L
Regulation	C	C	C
Fiscal policy	C	C, L	C, L

Source: World Bank, available at www.worldbank.org/publicsector/decentralization/table_1.html.

Notes: L means that function is best assigned to local governments, C means that function is best assigned to central Governments; C, L means that coordination could be possible.

This is not intended as a blueprint, and needs to be discussed in the light of the human, capital and technical resources currently available to both central and local governments. It does, however, represent a proposed agenda for decentralized development, which endeavours to improve the efficiency and transparency of urban management. In this perspective, the role of the Government is to provide an “enabling” policy environment in order to facilitate planning and implementation at a decentralized level in

various urban sectors. This particularly concerns the education, health and social welfare sectors, where tasks are clearly distributed between the central and local levels. In other sectors, however, there is a need for closer coordination in planning and resource allocation, particularly with respect to highways and road networks, parks and recreation facilities. Fiscal policy is the most sensitive area of coordination particularly with respect to commitment at the central level to grant municipalities increased fiscal autonomy. This issue will be further elaborated in the following section.

The provision of services is a major component of urban management. The building, maintenance and financing of roads, water and sewage systems, power, electricity and telecommunications are an essential part of the public infrastructure and a prerequisite of social and economic development. There is growing awareness that cities are the engines for growth in a globalizing world and, as such, have an important role to play in attracting international and regional investment and creating economic opportunities as a means for local urban development. While improved infrastructure and social services greatly affect the quality of life in a given city, the scope of urban management is wider than service delivery, covering policy formulation for urban growth, urban land development and initiatives for fund-raising and building modes of partnership for local urban development.

The increased technical and institutional capacity of municipal officials is essential in order to improve urban management, particularly given that planners and municipal officials are having to perform ever-more complex tasks, including the monitoring of a wide range of projects that have been contracted out and must, increasingly, work closely with private sector and community-based organizations. In addition to their regular planning activities, municipal officials need to develop and strengthen their skills in data management and interpretation and apply them to urban policy formulation. Urban indicators, including information on housing conditions and markets, infrastructure, land prices, education and income at the city level are necessary in order to improve urban management functions (see annex for selected urban indicators). Furthermore, coordinated action at the local level, especially in municipalities, is an important institutional and technical capacity-building tool for local public officials, in smaller municipalities in particular. Such action includes establishing mayoral councils at the regional and/or national level, in order to improve the mayor's ability to negotiate with counterparts and, in particular, those in central Government agencies, promote issues of common interests, pool resources, find avenues for fund raising and expand their resource base.

At the fiscal level the challenge remains formidable, because the Government usually controls strategic planning decisions and funding for infrastructure and capital development projects. Municipalities must negotiate for increased autonomy and the resources to prepare and implement master plans within their jurisdiction and must undertake more complex urban development projects than maintaining the infrastructure or making small improvements or modifications. Finance for urban development could be pursued at the local level by a number of means, including transfers from the Government, user fees for specific infrastructure services, local taxes, intergovernmental borrowing and grants. A sustainable decentralization strategy, particularly with respect to infrastructure development, necessitates a substantial degree of fiscal autonomy, in order to make closer links between the tax levied and the service provided at the local level. Accountability to the taxpayer and transparency in managing municipal finances are important in order to avoid tax evasion at the local level.

Finally, improved urban management and sustainable and efficient service delivery require a well-developed, modern data system that enables municipal officials and planners to monitor urban change and evaluate the impact of urban policies and development programmes at city and sub-city level. One of the main challenges currently facing urban managers is to create need-driven programmes, monitor their implementation, assess their impact and coordinate them with related development programmes.⁸⁸ Therefore, information on the various urban sectors, disaggregated by city and sub-city level are necessary in order to assess needs, which can vary from neighbourhood to neighbourhood or from community to community within the same city. An urban information system is also necessary in order to determine affordability and provide early warning of problems that could emerge as a result of urban growth and change (see annex for list of urban indicators).

⁸⁸ Vinay D. Lall, "Concepts and role of indicators and urban observatories in planning, management and decision-making", ESCWA, Workshop on Urban and Housing Indicators, August 2000.

However, spatially organized information on the various urban sectors, housing registration, housing and land prices, mortgages and the condition of health and social facilities is rarely available. Most countries of the region should adopt an institutionalized approach to this issue thereby facilitating the continual collection of data and data management and sharing between municipalities and with the Government in a systematic and standardized manner. However, such endeavours are time-consuming and require trained personnel and resources in order to maintain, translate and electronically transfer databases. While many countries in the region are investing in the development of geographic information systems (GIS) as a tool for urban planning and the management of urban information, technical expertise and financial resources at the municipal level are still insufficient to handle such complex and comprehensive tasks. Furthermore, additional groundwork needs to be done in order to develop existing databases and employ them in GIS.⁸⁹ It is to be hoped that in the process of decentralization, more power, capacity and authority will be delegated to municipalities, in order to enable them to undertake such functions and build their capacities. Municipalities in the region have such important tasks ahead of them as the development of indicators for municipal finance, the mobilization of resources, maintenance of programme, improvements in the efficiency in municipal expenditure management and service provision, maintaining an efficient system of tax collection, and attracting investments and development funds from the private sector, international and regional organizations.

C. LOCAL RESOURCE MOBILIZATION

As argued earlier, when greater responsibilities are assigned to local authorities, they should be matched with technical and financial resources at the local level. A sustainable decentralization process requires improved local resource mobilization in four major areas, namely, the identification of new areas for local tax collection, the revision and improvement of user charges and pricing mechanisms for locally-provided public services, the maintenance of an adequate flow of intergovernmental transfers and the exploration of avenues for fund-raising in partnership with other actors.

Fiscal decentralization requires that expenditure responsibilities are clearly and specifically assigned to various Government levels (see table 12). Efficiency and accountability are enhanced when expenditure levels closely correspond to the potential revenue that can be raised by the Government. In countries with tight fiscal budgets, including all ESCWA member countries with the exception of GCC countries, a clear assignment of resources and expenditure is even more essential in order to avoid inefficient public spending that would increase the fiscal burden on already limited public resources.

Normally, therefore, Governments should be responsible for fiscal policies related to income distribution, equity, national defence and social welfare, while local governments take responsibility for infrastructure and local service delivery to their constituencies. Tasks shared by central and local governments should be clearly designated, in order to avoid overlapping functions and the duplication of authority. Resource allocation can be more efficiently effected through the improved exchange of information.

Taxes that entail considerable administrative and compliance costs should not be assigned to local governments. Such taxes include value-added taxes (VAT), international trade taxes and company income taxes that require sophisticated administrative measures for collection and are best carried out by Governments. Personal income tax could, however, be a good source of local revenues because it is easy to administer. However, local governments in the region may not all be able to handle this tax efficiently. Personal income tax is usually considered to be a policy instrument for achieving equity and redistribution, in addition to minimizing the impact of fluctuations in business cycles; in this respect it falls within the jurisdiction of central Governments.

Property taxes are an excellent potential source of revenue for local governments because they are based on immovable factors, namely, land and property assets. Among the many advantages of property

⁸⁹ ESCWA, Human Settlements Section, "Urban indicators in sustainable human settlements development", Regional Meeting on Social Indicators within the Framework of the Implementation and Follow-up of Major United Nations Conferences and Summits in the Arab Countries, Muscat, 29 October – 1 November 2000.

taxes are stability, consistency, unavoidability and predictability. Opportunities for tax evasion and income disparities and fluctuations as a result of migration movements are limited. This tax can be most efficiently collected by local authorities, because local knowledge of land and ownership identification and property transfer, improvements and valuations is an asset, particularly in the absence of a reliable cadastral system. Property taxes contribute to fiscal autonomy which, in turn, encourages accountability and adequate resource mobilization. However, the problem facing many countries in this region is that Governments do not have the appropriate tools to assess and identify each parcel of land or property or to estimate and update costs and values. In fact, the contribution made by property taxes to total revenue is estimated generally to be low, and this is the situation in many other developing countries. According to the IMF, property tax accounts, on average, for a mere 1.3 per cent of total public sector tax revenue in developing countries.⁹⁰ Furthermore, its contribution to total public spending is even lower, while highly appropriate, property taxes are insufficient to fund public service provision and costly development programme.

User charges or tolls at the local or municipal level, in addition to taxes on wages and related to the ownership and use of automobiles are also suitable for local implementation because they are easy to administer and are informed by goals of equity and fairness.

A reasonably stable tax base should be assigned to local governments because of the high risk of instability inherent in such highly income-elastic tax bases as progressive income taxes.

Local governments should avoid having to deal with taxes that lead to “tax exporting”, namely, taxes that are borne by residents of other jurisdictions. Similarly, taxes that affect the functioning of the domestic, investment or foreign market should be reserved for the central Government.

The two main objectives of revenue assignment are vertical and horizontal balance. Vertical balance relates to local government access to sufficient resources to fund its own expenditures. In many countries vertical balance is not feasible because some of the taxes that might be assigned to municipalities are very difficult to administer and collect. The scale of urban expansion requires the public sector to become more involved with the provision of local services. However, local governments do not have the means to provide such services adequately because of their limited revenue-raising power. The problem with tax assignment in general is that taxes imposed and collected at the local level do not provide the municipalities with sufficient revenue. This problem could be solved by allowing the local government to levy surtaxes, the burden of which falls only on beneficiaries.

Horizontal balance means that all jurisdictions have the same capacity to finance their responsibility. However, this policy option requires substantial resources to be mobilized in order to avoid inequalities in income levels. It is important to take the above constraints into consideration when exploring the options for generating municipal revenues through taxes with the objective of promoting fiscal autonomy and efficiency.

Local resource mobilization could also be promoted through intergovernmental transfers from central to local governments. Given that scope for granting fiscal and financial autonomy to local governments remains limited in the ESCWA region, the best option would be for revenue to be raised at the national level and local governments subsidized. Furthermore, in view of the fact that regional disparities still characterize a number of countries in this area, equalization and redistribution measures through transfers are a necessary policy option. Effective intergovernmental transfers allow the central authorities to retain power over tax bases while guaranteeing revenue to local governments. Governments should therefore be well informed about the needs of specific areas, the availability of resources in different municipalities, the size of the area and the population, in order to be able to target transfers more effectively. However, Governments should avoid meeting shortfalls, because that could encourage inefficient spending and waste.

Local authorities in the ESCWA region have not yet fully explored the revenue-raising potential partnerships with international donors or private sector corporations or companies. While, as mentioned above, there are some incidences of such partnership, they must be expanded and built on. There is also a

⁹⁰ ESCAP, Human Settlements Division, *Municipal Land Management in Asia: A Comparative Study*.

need to address the legislation governing partnership and fund transfers to local authorities from sources other than central Governments. Institutional procedures that provide criteria for and modes of transfer should be revised. Avenues must be explored to encourage the private sector, through local businesses, to carry out improvements to the physical infrastructure. A case in point is SOLIDERE, a private holding company, which is involved in the reconstruction of the Beirut central business district. While it has been controversial in terms of share valuation and the line between private and public interests, it is a useful model from which to draw lessons for application in other contexts.

V. CONCLUSION

This paper has addressed the issue of decentralization and its implications for the future role of municipalities in the ESCWA region from a number of perspectives. Decentralization has fiscal, administrative and political dimensions, which, together, may ensure efficient transition to a decentralized mode of governance. However, as various countries' experiences indicate, in the ESCWA region in particular, these dimensions rarely evolve on a par. Political decentralization is often slow, and directly or indirectly delays or, in some cases, halts the process of transferring the authority to plan and take important policy decisions to lower Government levels or other quasi- or non-State actors including the private sector, NGOs, public agencies and public-private corporations.

The paper has presented the debate on decentralization, highlighting the advantages and rationale for pursuing a decentralized mode of planning and governance, rather than the central Government intervening in the planning process at the local level and a centralized system of government being kept in place. The argument for decentralization is that it can provide better delivery at lower cost and address the needs of a local constituency more effectively than central Governments. The counter-argument emphasizes the need to maintain economic and fiscal stability, regional equity in terms of resource allocation and national security. There is a case for both arguments, however, it is most likely that any given country will adopt a mixture of both approaches, and that the formulation of its final decentralization strategy will reflect technical, political and financial considerations.

A broad model representing three different stages of decentralization was used in analysing trends in the ESCWA region. Most ESCWA countries have to date taken only limited steps towards decentralization. Those steps have mainly consisted of deconcentration measures, whereby the central Government delegates certain responsibilities to its own regional branch offices or to the local authorities. Delegation, which represents a more advanced form of decentralization, has been applied in the United Arab Emirates and some Gulf countries allowing municipalities to perform major planning functions and monitor all development activities within their jurisdiction. The third and most extensive form of decentralization is devolution, whereby the Government transfers some authority for decision-making, finance and management to quasi-autonomous local government units. To date, no ESCWA country has reached this stage of decentralization.

Significant progress has, nevertheless, been made in initiating decentralization measures in various countries of the region over the past 20 years, albeit cautiously undertaken. Pressure for decentralization has emerged from both internal and external factors, including the increasing burden on the State of maintaining an inflated and costly bureaucracy, pressure for democratic change in the political establishment and conditions attached by donors to development grants and loans, whereby structural adjustments, political and administrative reform are increasingly a condition for the granting of such funds and decentralization is part of deal. A number of countries in the region have initiated sectoral reforms mainly in housing, water and telecommunications which redefined the role of both central and local governments. While central Governments are increasingly expected to disengage from the direct provision of certain goods and services, particularly those that may be provided at the local level, and to concentrate instead on monitoring and facilitating efficient public service delivery, local governments must extend their urban management functions and responsibilities and become partners in development at the local level.

However, municipalities are usually confined to carrying out maintenance work and implementing selected development projects or programme that are coordinated and tightly controlled by central Governments. While in some cases municipal taxes do exist, in practice it is the central authorities which administer the collection and disbursement of municipal funds. On the whole responsibility for major roads, communications and public works remains with Governments.

In cases where more functions are assigned to local governments, they are not matched with the resources needed in order to permit municipalities to perform as managers and decision makers rather than as the simple executors of plans made and managed by the Government. The conditions which would enable local authorities to assume such an expanded role are still not in place. Such conditions entail reform in the institutional, legislative and financial structures governing central-local government relations. Many municipalities outside the capital cities, particularly in middle and lower-income countries of the region still

have a weak resource base. Most capital or principal cities in the region are governed by special decrees which grant the municipality greater autonomy in decision-making and increased scope for planning and resource mobilization. These cases should be used as models and the means explored for transferring them to other municipalities in the region.

The section on the Syrian Arab Republic reviewed the role of municipalities and their ability to manage urban growth, delivery of social services and urban cultural heritage and to mobilize resources at the local level. Two municipalities in particular were discussed, one in a large city of 2 million inhabitants and the other in a small town of 50,000 residents. The main argument was that while many aspects of local administration in the Syrian Arab Republic are still centralized, municipalities often have the power to initiate important urban development, because of the skill of local officials in negotiating with the Government. The success of such local officials illustrates how fruitful the relations between central and local government can be.

The section on Jordan discussed various decentralization measures and their impact on performance, duties and the power base. The role of municipalities in that country remains limited and the laws governing them restrict the scope for introducing innovative approaches to urban management at the local level, particularly in cities other than Amman, which enjoys special legislative status with regard to planning and jurisdiction. Jordan's experience with decentralization was evaluated by comparing the dynamics of relations between central and local government in Amman and Irbid. Progress towards decentralization and local urban development in Jordan is to a large extent, dependent on the ability of the Government to give greater resources and autonomy to municipalities, as was done in Amman. Naturally, this requires strong political commitment at the central level, and genuine attempts to make administrative, institutional and fiscal reforms that would improve the access of municipalities to finance and information resources and increase their involvement in decision-making.

In view of the pressing challenges facing local administration in the region, there is a need to create a policy environment conducive to effective decentralization that integrates elements of political, fiscal and administrative decentralization. The aim is not only to improve the efficiency of public service delivery and relieve Governments of the financial and technical burdens of meeting the increasing demands of local communities, but also to improve the accessibility, quality and affordability of such services, bearing in mind the need to achieve geographical, spatial and socio-economic equity. A good understanding of the urban base and connections between the various urban sectors is important for monitoring urban policies at the local level. The building and managing of information systems disaggregated at the city and sub-city level has become essential for effective urban management. The creation of local urban observatories within municipalities has therefore become an important policy tool that can enable municipal managers to provide information-based policies and programmes and monitor progress on a standardized, factual and continual basis.

Resource mobilization, whether through intergovernmental transfers, fiscal reform or income generation at the local level, has not yet been fully explored, although it is essential to the sustainability of local urban development and the efficient performance by municipalities of their duties and responsibilities. Resource mobilization should not entail local communities bearing a larger share of the cost of capital investment in urban development but should, rather, rationalize the levying of taxes and user charges in order to ensure fairness to local taxpayers. In order to achieve this, urban managers will require expanded technical capacities, but it is crucial, above all, to ensure transparency and accountability at all levels of Government.

There is no optimal path to decentralization that would suit every country in the region and all local authorities, in urban and rural areas alike, in any given country. Policies should take into consideration the needs of each region regarding service delivery and infrastructure maintenance, the ability to pay and generate local resources and the implications for regional equity. Decentralization is not the end objective, but rather a means for achieving sustainable urban development.

Annex

LIST OF KEY URBAN INDICATORS

The following list provides information needed by urban managers in order to assess urban change and policies in their respective municipalities. Six thematic modules cover housing, infrastructure, employment, basic services, environmental management and background demographic and socio-economic data. The indicators are taken from the Global Urban Indicators Programme, which is being coordinated by the United Nations Centre for Human Settlements (UNCHS) and implemented at local, national and regional levels by partner organizations.⁹¹ While these indicators set the parameters for building a housing and urban information base, it is nonetheless important to ensure their relevance and adaptability in specific contexts, in terms of definitions and established methodologies for data collection, particularly in relation to population and housing censuses.

Background data: basic demographic, household and income data

D1. Land Use: Land surface (square kilometres) in the urban agglomeration and/or in the metropolitan area used for: (a) residential formal; (b) residential informal; (c) business; (d) agriculture; (e) services; (f) transport; (g) open space; (h) other; (i) total.

D2. City population: Total population by sex and age group in: (a) the metropolitan area; (b) the urban agglomeration. Residential density is calculated from indicators D1 and D2.

D3. Annual population growth rate: annual rate of population growth, which includes net migration rates and natural growth rate in the city (metropolitan area and urban agglomeration).

D4. Women-headed households: number of households headed by women in the city (urban agglomeration) and at national level, and the percentage of all households headed by women.

D5. Average household size: total population divided by total households.

D6. Household formation rate: annual growth rate of numbers of households.

D7. Income distribution: annual household income by quintile, income range and average income at city (urban agglomeration) and national levels.

D8. City product per person: city product divided by population (US\$ per capita).

D9. Housing tenure type: number of households in the following tenure categories: (a) owned; (b) being purchased; (c) private rental; (d) social housing; (e) sub-tenancy; (f) rent-free; (g) squatter, no rent; (h) squatter, rent paid; (i) other.

Module 1. Socio-economic development: poverty, employment, health, education and crime

1. Poor households: percentage of women- and men-headed households living below locally-defined poverty line.
2. Informal employment: percentage of the employed population whose activity is part of the informal sector.
3. Hospital beds: number of persons per hospital bed.
4. Under-five mortality rate: percentage of children who die before reaching their fifth birthday.
5. Life expectancy at birth.

⁹¹ Presented at ESCWA, *Urban Indicators in Sustainable Human Settlements Development*, Regional Meeting on Social Indicators within the Framework of the Implementation and Follow-up of Major United Nations Conferences and Summits in the Arab Countries, Muscat, 29 October – 1 November 2000.

See also ESCWA Training Workshop on Urban and Housing Indicators, 1999 and 2000, for more details on activities and publications in the urban indicators programme at regional, local and national level.

6. Adult literacy rate
7. School enrolment rates
8. School classrooms: number of school children per classroom per school in: (a) primary schools; (b) secondary schools.
9. Crime rate: number of cases per 1,000 population annually reported of: (a) murder; (b) theft; (c) rape.

Module 2. Infrastructure services including water, sanitation, electricity and telephone

10. Household connection levels: percentage of households connected to: (a) water; (b) sewerage; (c) electricity; and (d) telephone.
11. Access to potable water: percentage of households with access to potable water. Access is defined as having safe or potable drinking water located within 200 metres of the dwelling.
12. Consumption of water: average consumption of water in litres per day per person, for all uses.
13. Median price of water: median price paid per hundred litres of water in US dollars, at the time of year when water is most expensive.

Module 3. Transportation: quality and quantity of transport, modes and investment

14. Modal split: proportion of work trips undertaken by: (a) private car; (b) train or tram; (c) bus or minibus; (d) motorcycle; (e) bicycle; (f) foot; (g) other modes.
15. Mean travel time: average daily time in minutes for a work trip.
16. Expenditure in road infrastructure: per capita expenditure in US dollars on roads (three year average).
17. Automobile ownership: number of automobiles per 1,000 population.

Module 4. Environmental management: water treatment, solid wastes and disasters

18. Wastewater treated: percentage of all wastewater undergoing some form of treatment.
19. Solid waste generated: solid waste generated per person, in tons per annum.
20. Disposal methods for solid waste: proportion of solid waste (a) disposed of in landfill; (b) incinerated; (c) open dump; (d) recycled; (e) other.
21. Regular solid waste collection: proportion of households enjoying regular solid waste collection service.
22. Housing destroyed: of housing stock destroyed by natural or man-made disasters over the past 10 years.

Module 5. Local authorities: governance, finance and local participation

23. Local government per capita income: total annual local government sources of funds in US dollars, both capital and recurrent for the metropolitan area, divided by population (three year average).
24. Local government per capita capital expenditure: capital expenditure in US dollars per person, by all local governments in the metropolitan area, averaged over the past three years.
25. Debt service charge ratio: total principal and interest repaid, including bond maturation, as a percentage of total expenditure by local governments.
26. Local government employees: total local government employees per 1,000 population.
27. Personnel expenditure ratio: proportion of recurrent expenditure spent on wage costs.
28. Contracted recurrent expenditure ratio: proportion of recurrent expenditure spent on contracted activity.
29. House price to income ratio: ratio of the median free-market price of a dwelling unit and the median annual household income.

Module 6. Housing: housing demand, prices and quality, land, finance and construction

30. House rent to income ratio: ratio of the median annual rent of a dwelling unit and the median annual household income of renters.
31. Floor area per person: median usable living space per person (square metres).
32. Permanent structures: percentage of housing units located in structures expected to maintain their stability for 20 years or longer under local conditions with normal maintenance.
33. Housing in compliance: percentage of the total housing stock in compliance with current regulations.
34. Land development multiplier: average ratio between the median land price of a developed plot at the urban fringe in a typical subdivision and the median price of raw, undeveloped land with planning approval in an area currently being developed.
35. Infrastructure expenditure: ratio of total expenditure (operations, maintenance and capital) by all Government levels on infrastructure services (roads, sewerage, drainage, water supply, electricity and garbage collection) during the current year.
36. Mortgage to credit ratio: ratio of total mortgage loans to all outstanding loans in both commercial and Government financial institutions.
37. Housing production: total number of housing units in both the formal and informal sectors produced in the previous year per 1,000 population.
38. Housing investment: total investment in housing in both formal and informal sectors, as a percentage of gross domestic product.

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