

Approaching Decentralization in Lebanon: Viable or Farfetched?

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Abstract

The Taif Agreement, which ended the Lebanese civil war in 1989, called for the concept of decentralization as a reform strategy. This political consensus has caused clientelist practices to govern the creation and implementation of public policy, as well as the distribution of public services and funding, benefiting political elites (Menhall, 2017). This leads to substantial dysfunction in the policymaking process and a significant decline in the quality of public services, which provides an impetus to implement the decentralization measures the Taef has suggested as a means of avoiding political deadlocks brought on by the current power-sharing arrangements and promoting economic prosperity. Along this vein, this study investigates whether administrative decentralization might help revive the struggling economy. The aim of this research is to investigate how decentralization could potentially emerge in the discourse as a policy objective during the contemporary Lebanese economic crisis and understand the process leading up to the implementation of the solutions to better assess the capability of decentralization in a contemporary economic crisis. The following research question has to be answered in more detail: How does the implementation of decentralization in Lebanon lead to economic prosperity and help in mitigating the economic crisis? After reviewing a number of nations where decentralization was successful, this research also attempts to recommend a set of requirements for decentralization in Lebanon. The possibility of implementing these requirements are analyzed in light of Lebanese legislative frameworks, decentralization obstacles, and prior decentralization plans. Based on this, the study decides whether

implementing decentralization in Lebanon would be a fantastical, far-fetched solution to the economic crisis or an actual, workable one.

Introduction

After the end of the Lebanese civil war with the Taif Agreement in 1989, the concept of decentralization was foreseen as a reform approach but was not explicitly mentioned in any article of the 102 Articles of the Lebanese constitution. According to the Agreement “the state of Lebanon shall be a single and united state with a strong central authority” while “the powers of the governors and district administrative officers shall be expanded and all state administrations shall be represented in the administrative provinces at the highest level possible so as to facilitate serving the citizens and meeting their needs locally” (Taif Agreement 1989, Lebanese Presidency). This agreement has effectively equipped the political elites that held power after the war with veto powers and distributed the process of decision making between them so that no group has the ability to dominate in the government. This resulted in an increasing dependency on political elites holding public offices in managing state affairs (Menhall, 2017). Menhall (2017) explains that this political consensus further consolidated patron-client networks, meaning that resources and services were provided by patrons to citizens -which were considered their clients- only if the former decided to pledge their loyalty. Such networks transcended to the public sector where the design and the execution of public policy and the allocation of public services and public funds became governed by clientelist practices, mostly benefitting the same patrons (Menhall, 2017). This results according to Menhall (2017) to a significant dysfunction in the policymaking process and a significant low quality of public services. The prolonged paralysis in policymaking which often leads to crises on both the local and national levels. The 2015 garbage crisis is an example: patrons used environmentalist excuses to appeal to their

clients and provided no serious solutions while garbage built up on streets across the country (Menhall,2017).

This dysfunction provides an impetus to achieve practical steps towards decentralization proposed by the Taef (Haase & Antoun, 2014). They explain that any attempt to implement administrative decentralization will increase the margin of authority of local municipalities, particularly that the central government is failing to perform effectively in the rural areas. (Haase & Antoun, 2014). This consolidation of local governance will certainly be a route to overcome any political stalemates resulting from current power sharing arrangements, thus achieving successful allocation of public resources, political stability and economic prosperity (Haase & Antoun, 2014).

Along this vein, this research looks into decentralization as a way forward for a stable and prosperous Lebanese state and examines how decentralization and local policy making are a potential solution for the failing economy. It proposes that the way forward for an economically prosperous Lebanon is in a modern decentralized state. The aim of this research is to investigate how decentralization could potentially emerge as a policy objective during the contemporary Lebanese economic crisis and understand the process leading up to the implementation of the solutions to better assess the capability of decentralization in the contemporary economic crisis. More specifically, the following research questions will be addressed: Would the implementation of decentralization in Lebanon lead to economic prosperity and help in mitigating the economic crisis?

Fiscal, administrative, market and political decentralization are the four different facets of decentralization (Menhall, 2017). All of these mentioned forms can have significant effects each on its particular level if it is to be applied. However, this particular research studies the effect of

plausible implementation of administrative decentralization within the Lebanese context. Therefore, this paper first examines the different bodies of the literature that tackle the effectiveness of decentralization on mitigating economic crises, then it moves to the discussion of some of the preexisting conditions in countries where decentralization was implemented. Then, it utilizes these conditions as a set of prerequisites which are to be taken as a criteria that might determine the result for the implementation of decentralization within the Lebanese context of existing legal codes and previous decentralization proposals.

Literature Review

Different facets for decentralization

Menhall (2017) defines decentralization as a mechanism of relocating authority from central to local level administration improving public participation, state accountability, responsiveness to citizens' needs and overall development. For Fritzen and Lim (2006) as cited in Menhall (2017), decentralization has a significant contribution in development and political reforms. According to the World Bank (2012), decentralization is compatible with all facets of governance structures: democratic, transitioning to democracy or autocratic. It is significant as well to define the concept of administrative decentralization which is defined according to Menhall (2017), as relocating responsibilities relevant to policy making, planning and management of public services to local governments through deconcentration or delegation. She differentiates between deconcentration and delegation through the creation of regional offices that administer central policies and transferring decision making power to a form of local government respectively. The other two facets of decentralization are fiscal and market decentralization. Menhall (2017) explains fiscal decentralization as granting local governments income independence from the central government so that they have the potential to generate and

manage and diversify their own financial resources. On the other hand, market decentralization is defined as granting the autonomy for the private sector to provide public services that the government was exclusively responsible for. Privatization can also be achieved either through contracting out public services to commercial enterprises, or through the capital market financing for public sector programs and allowing the participation of the private sector, or through the divestiture of state owned-enterprises. In addition, the Decentralization Thematic Team in collaboration with the World Bank explain that market decentralization is not exclusively achieved through privatization but also through deregulation. Deregulation decreases legal constraints on the participation of the private sector in providing services while allowing competition between private sector suppliers. Finally, political decentralization refers to the devolution of power to local governments by promoting more citizen participation and making these governments more accountable (Menhall, 2017). However, within more limited contexts such as the Lebanese context, decentralization -with its different forms- have been confronted with many challenges.

Decentralization and economic development

There exists a considerable body of literature on the impact of administrative decentralization on the economic development of states. Rondinelli (1981) argues that economic growth is significantly dependent on the ability of governments to encourage new centers of creativity within society, to increase involvement in economic activities, and to distribute responsibilities for development planning and management. He believes that the over concentration of administrative authority delays development and creates high costs on governments which usually are not able to afford. Similarly, Rodriguez-Pose and Kroijer (2009) note that decentralization increases economic efficiency due to the fact that local governments

have more access to information regarding their local communities as they are considered to be more proximate to them than central governments. Likewise, Mewes(2011) believes that the decentralization theorem of Wallace Oates best serves as an economic argumentation for decentralization. The theorem of Oates (1972) as cited in Mewes (2011) states:

For a public good - the consumption of which is defined over geographical subsets of the total population, and for which the cost of providing each level of output of the good in each jurisdiction are the same for the central and respective local governments - it will always be efficient (or at least as efficient) for local governments to provide the Pareto-efficient level of output for their respective jurisdiction than for the central government to provide a specified and uniform level of output across the jurisdictions. (p. 38)

In other words, Mewes (2011) explains that the national level benefits from specific public goods such as defense for example, while the subnational level takes advantage from other goods such as street lights. However, in order to ensure the efficiency of these public goods the theory suggests that each local government provides an efficient level of public goods for its respective jurisdiction rather than the central government providing output for the total population across the total jurisdictions. Meztger (2000) as cited in Mewes (2011) adds that, without decentralization an inefficient allocation of resources might occur if there was a surplus or shortage of the offered national public goods between different regions. Similarly, Young et al.(2008) as cited in Mewes(2011) complement Oates' theorem through emphasizing that a decentralized government is the ideal model of governance as it is the most efficient one when it comes to aligning its actions with the preferences and situations of its respective constituencies without any discrepancies.

Comparative Decentralization Models

Indonesia's Decentralization Model

Similar administered models around the world are worth researching in order to gather best practices and lessons gained for the implementation of the decentralization plan in Lebanon. Indonesia and Iraq are considered a good selection of countries where decentralization has been an alternative solution regardless if it is deemed successful or not. The rationale behind selecting Indonesia and Iraq is the fact that they share common criteria with Lebanon. According to a report done by the Konrad Adenauer Foundation and Mustakelloun (2022), Indonesia is a country that suffers from severe religious diversity where religion is very significant in granting group affiliation for Indonesians which is very similar to Lebanese diverse community of political and sectarian affiliations. This diversity led to growing identity politics infused with religious affiliations. Furthermore, Indonesia suffers as well from political corruption where government institutions are significantly ineffective due to the involvement of Indonesian political elites in corrupt, nepotistic and collusive activities.

Along the same vein, Smoke (2015) explains that Indonesia has adopted a decentralization approach where around one-third of all public spending and about half of development spending are managed by subnational administrations (report done by the European Union's ADM Multi Programme). He adds that local governments are required to offer services related to infrastructure, health, education, the environment, and other matters not expressly reserved for the national government. In addition, every five years regional assemblies are elected at provincial and local levels where citizens directly elect their provincial and local government authorities. Although more in the form of intergovernmental transfers than

independent own source earnings, revenue decentralization is nevertheless considerable in the Indonesian case (Smoke, 2015). Also, governments at the subnational level are entitled to a certain percentage of some central tax and tax revenues. Taxes on cigarettes, gasoline, groundwater, and motor vehicles are delegated to provinces, but they must also be shared with lower levels. Local governments only have a modest amount of revenue autonomy, and they can also levy user fees as Smoke (2015) explains. Additionally, local governments are funded from the Dana Alokasi Umum DAU, a fund which relies on capitalizing on 26% of the national domestic revenues. This decentralization framework has produced positive changes in Indonesia as Smoke (2015) reports, with the improvement of local expenditures on services and a remarkable improvement in their delivery. Such improvement was significantly seen in certain sectors such as health and education. Furthermore, when it comes to revenue production, Smoke (2015) reports that it has noticeably increased at the subnational level. Therefore, some bedrocks that contributed for the success of the Indonesian decentralization model can be summarized in: the allocation of public and development spending to subnational governments, enforcement of democratic representation when it comes to the allocation of authorities in the subnational governments, decentralization of revenue for subnational governments, entitlement of provinces for a percentage of the tax revenues, and the establishment of a special fund (DAU) for the support of local governments. However, in comparison to many other nations implementing decentralization, local governments in Indonesia were relatively powerful, participated in competitive local elections, had abundant access to resources, and still possessed some technical capacity as a result of how staffing was initially managed. Yet, some lessons can still be taken down from the experience. Smoke (2015) notes that the local governments remained highly dependent on the Indonesian central government in the financing realm, so this fragile local

revenue production significantly affected the delivery of services. Additionally, Smoke (2015) claims that beyond simple elections and technocratic rules for participation, public financial management, and other matters; the establishment of local accountability systems has not received enough attention. They are significant, but local governments also need to develop meaningful relationships with their citizens and teach them how to keep these governments accountable.

Iraq's Decentralization Model

On the other hand, Iraq is another country where decentralization was adopted and similar to Indonesia, it was chosen based on a common criteria with Lebanon. In Iraq, there is a strong bond to group identities where the sectarian structure of the system obliges citizens to adopt a specific ethnic and religious orientation in order to be granted access to public goods and services (Konrad Adenauer Foundation and Mustakelloun, 2022). This is very similar to Lebanon in the sense that the Iraqi governing system fails similar to the Lebanese system in managing central national issues and further divides national regions and encourages communitocracy rather than democracy and the rule of law as Saleme (201) argues. This reality provoked the application of decentralization in Iraq after the central government found itself incapable of responding to the needs of the several regions (Mawlawi, 2019). Law 21, known as the Provincial Powers Act, determined the administrative units, the scope within which they manage executive and legislative functions. Administrative units had the power through Law 21 to collect taxes, fees and duties and exert authority over mid to low-ranking public sector employees in the province (Al Mawlawi, 2019). Within this model of decentralization in Iraq, provincial councils were formed as the highest oversight powers on the functioning of local entities. Furthermore, Al Mawlawi (2019) explains that provinces were given technical,

administrative and legal authority over the directorates which lie within their jurisdiction. However, Al Mawlawi (2019) argues that this decentralization framework was partially implemented in practice in addition that it suffered from several discrepancies which resulted in considering the Iraqi experience of decentralization as complicated; neither did it fail, nor did it succeed. Some of these discrepancies were that local officials often failed to receive sufficient allocation of technical assistance and expertise to aid in the delivery of their services properly (Al Mawlawi, 2019). In addition, on the provincial level, the authorities lacked the capacity to deal with a great number of employees within their authority and execute their own budgets; so they almost failed in dispensing the vast sums at their disposal. Al Mawlawi (2019) also clarifies that the decentralization model in Iraq has neglected district and sub-district levels of governance although they are the most significant when it comes to service delivery as they are the most close to the general public. Provincial councils have been considered as well an actor that further exacerbates the problem rather than lessen it (Al Mawlawi, 2019). Al Mawlawi (2019) believes that provincial councils in Iraq have failed in their mission to oversee, as they turned to be highly politicized which further deteriorated the work of the governor and executives rather than improving it. Thus, what can be taken from the Iraqi experience with decentralization is that if local officials are to be granted authorities of a wide scope they should be provided with the needed technical assistance to deliver their services properly and deal with the enormous number of employees within their power. In addition, these local governments should be provided with a proper strategic planning and project management expertise to help with the budgetary allocations in order to deliver efficient and effective dispensing of the funds allocated to them rather than inefficient functioning.

The Prerequisites of Decentralization in Iraq-Indonesia

In Indonesia, subnational administrations manage around one-third of public spending and half of development spending while local governments are given the responsibility to offer services related to infrastructure, education, health, environment and other matters not reserved for the national government. The Indonesians have also added to their decentralization model, regional assemblies -elected by the people directly- at provincial and local levels every five years. When it comes to revenue autonomy, subnational administrations are given the autonomy of taxation on cigarettes, gasoline, groundwater, and motor vehicles, whereas local governments funding comes from the DAU fund that relies on 26% of the national domestic revenues.

In Iraq, Law 21 (Provincial Powers Act) granted administrative units the power to collect taxes, fees and duties and exercise authority over mid to low-ranking public sector employees in the province. Similar to Indonesia, in Iraq they have formed provincial councils for the purpose of overseeing the functioning of local entities while provinces were to be given technical, administrative and legal authority over the directorates which lie within their jurisdiction

| | Indonesia | Iraq | Lebanon |
|--|-----------|------|---------|
| Allocation of public and development spending to subnational administrations | ✓ | | |
| Allocation of services of infrastructure, health..etc. to local governments | ✓ | | |

| | | | |
|---|---|---|--|
| Regional assemblies at local and provincial levels | ✓ | | |
| Revenue Decentralization for provinces | ✓ | | |
| A local fund for local governments | ✓ | | |
| Collection of taxes by administrative units | | ✓ | |
| Provincial councils to oversee local entities | | ✓ | |
| Technical, administrative and legal authority for provinces | | ✓ | |

Now we are to discuss the applicability of such prerequisites of decentralization of both Iraq and Indonesia in the Lebanese context, through the analysis of Lebanese existing legal frameworks, previous decentralization proposals and the several challenges that might obstruct any decentralization attempt.

Analysis

Existing challenges for decentralization in Lebanon

Before delving into the feasibility of decentralization in Lebanon, the challenges for decentralization and previous proposals shall be examined.

Political challenges for decentralization

First, a large and growing body of the literature has investigated the challenges in which contemporary centralization imposes and which hinder in return the implementation of

decentralization in Lebanon. Sleiman (2017) differentiates between three types of challenges that hinder the implementation of decentralization in Lebanon: political, financial and administrative challenges. He reports that one of the current problems of centralization in Lebanon is the fragile sectarian-political equilibrium which produces a competition for power and resources between the sectarian parties resulting in failure of any attempts of decentralization. The idea of granting autonomy to local authorities constitutes a major threat for the authority of the central government and the sectarian parties territorial influence as it will remove the sectarian parties grip on public sources and funds which they use in their clientelistic networks. In this context Menhall (2017) reports that the existing relation between political elites and civilians in Lebanon has a strong patron-client base, in which no public source can reach civilians if it is not aligned with the political elites' interests, considering civilians as their clients. Thus, any attempt for decentralizing and widening the margin of autonomy of local governments will certainly intimidate the patrons interests as it will transform the relation into a civilian-civil servant rather than patron-client relation(Sleiman, 2017). Sleiman adds that the current political atmosphere intends to keep municipal institutions weak through limiting their financial resources -either due to low financial allocation from the national balance or due to their inability to collect taxes- to fulfill their role, thus obliging them to resort to political elites in the central government in order to get access to resources and execute local projects. This clearly serves as a fertile ground for corruption, and consolidates patron-client networks (Sleiman, 2017).

Financial challenges for decentralization

On the other hand, with the contemporary centralized form of governance, Lebanese local authorities suffer from financial limitations as well which lead them to prioritize only salient revenue resources due to the fact that direct municipal fees are not collected as their cost

of collection is greater than the value they would generate. Investment fee on generators used in industrial institutions and fee on the license for itinerant professions are examples of the taxes that became obsolete as Sleiman(2017) reports. Similarly, a community focused analysis done by Mustakelloun and Konrad Adenauer Stiftung (2022) (data was collected through interviews) uncovered the views of local administrators and municipality members regarding the funding of the administrations they serve. In an interview with a municipality member of the region of Chhim, he complained that municipalities are in dire need of financial assistance. Yahya, a municipality member in Al Bennay region pointed to the fact that the budget allocated for municipalities is also being affected by the Lebanese Lira inflation (Mustakelloun and Konrad Adenauer Stiftung, 2022). To face such insufficient funding for municipalities, several municipalities tried teaming up with other municipalities for the delivery of better services as what happened in Al Bennay, where the formation of a municipal union to help face the COVID-19 upsurge was much more effective than the response of the government (Mustakelloun and Konrad Adenauer Stiftung, 2022). The study have also shown that the public are dissatisfied by the inefficiency of their local municipalities in fulfilling their responsibilities, however, Mr. Seryani- a municipal member of Beirut- argues that municipalities also suffer from limited authority where some issues are beyond their scope of authority as by the lebanese bylaws such as road maintenance, providing water and electricity, resources and infrastructure...etc (Mustakelloun and Konrad Adenauer Stiftung, 2022). The findings of interviews have also shown that municipalities have revenues and there exist independent municipal funds but they are not that sufficient for covering all what is needed on local levels.

According to Sleiman(2017), an additional financial challenge that the contemporary central system suffers from is its reliance on antiquated rules in financial management. He explains that

large local authorities follow the 1963 Public Accounting Act while municipalities follow the 1982 Municipal Accounting Act, whilst both are outdated in accordance with contemporary financial management systems. Moreover, financial planning represents an additional financial defect as the yearly delays of the central government in transferring the Independent Municipal Fund (IMF) dues significantly affects the financial planning in local governance bodies. Sleiman (2017) adds the administrative challenges to the plethora of defects the contemporary central government suffers from. He claims that local authorities lack the sufficient funds to hire civil servants, as statistics done by the Lebanese Center for Policy Studies in 2014 have shown that 75% of municipalities in Lebanon suffer from financial limitations upon intending to hire civil servants. He adds that local authorities are prone to overloaded administrative and financial oversight which results in bottlenecks at the levels of deconcentrated tiers ,such as districts and governorates, and central government tiers. Moreover, Sleiman (2017) suggests that the absence of an e-government law leads to an ineffective and inefficient coordination between the different government tiers. Similarly, Haase and Antoun (2015) suggest different factors that may relate to the inability of Lebanon to implement decentralization and these include: ambivalence towards reform, limited municipal capacity, role perceptions of citizens. Hasse and Antoun (2015) explain that since the adoption of the Taif Accord the Lebanese political class worked to strengthen the centralized structures rather than reforming them as the preservation of these might be for the sake of their interest protection.. As for the role perceptions, Hasse and Antoun (2015) note that Lebanese people still perceive themselves as recipients of public goods and services in a client-patron affair rather than active participants in the public policy process, so they lack an interest in participation in governmental affairs while inclining to decisions made by

the central government. Therefore, the existing literature seems to agree on a plethora of challenges for decentralization in Lebanon.

Decentralization Proposals

When it comes to more practical attempts, in 2014, former minister Ziyad Baroud proposed the 2014 Administrative Decentralization Bill which proposed and highlighted mainly the division of Lebanon into 33 regions with regional councils granting them a wide scope of work while suppressing lower deconcentrated tier (districts) (Sleiman, 2015). However, this bill failed in providing a clear legal framework for the functioning of municipalities.

Now we are to discuss the applicability of the mentioned prerequisites of decentralization of both Iraq and Indonesia in the Lebanese legal framework, given the challenges that obstruct decentralization in Lebanon and the proposed models of decentralization.

Discussion

One of the main keys behind the success of decentralization in Indonesia was the implementation of revenue decentralization for provinces. If Lebanon was to adopt this in a decentralization model of its own, the municipal financing law shall be amended as its contemporary form does not serve a successful implementation of revenue decentralization. According to the Municipal Act Decree-law no. 118, Article 86 states that “municipal finances consist of the fees collected directly by taxpayers, fees collected by the state, the independent services or the public institutions on behalf of the municipalities and distributed directly to each municipality, fees collected by the State on behalf of all municipalities, financial aids and loans, revenues of municipal properties, including the total revenues of public domains related to the municipality, fines and donations.” (Article 86, p.21). Furthermore, Article 49 states that the Municipal Council has authority over any project with a public purpose or utility that is located

inside the municipality. Therefore, this nature of finance coded in the articles constitutes the revenue source for municipalities to deliver services. However, these codes are not implemented on the ground due to the fragile intergovernmental grant system IMF and the low collection rates of local taxes (Atallah et al., 2014). According to Atallah et al. (2014), the major problem in the lebanese municipal finance system is the IMF's lack of independence as the allocation of funds is significantly left at the discretion of the central government due to the existence of a decree between the Ministry of Finance and Ministry of Interior and Municipalities. Atallah et al.(2014) adds that the IMF lacks transparency as well, due to the fact that municipalities are not aware of any of the deductions the central government does to their promised funds. Municipalities consider that these deductions from the IMF committed by the central government cover expenditures that do not have to do with municipalities such as the civil defense, Sukleen bill...etc.; which obviously takes the funds away from the path of municipal services and obstruct their financing process (Atallah et al., 2014). Another drawback with the IMF distribution of funds is that the IMF allocates the funds for each municipality according to the population registered under the municipality, not according to the actual number of people living there, especially that there is a major number of municipalities in Lebanon where the number of actual residents exceeds the number of registered residents. This poses a gap between municipalities and results in poor and rich municipalities (Atallah et al., 2014). In addition, the IMF is usually slow in the disbursement of funds which leaves municipalities clueless about their revenues and subsequently clueless about the planning of their budgets.

Atallah et al. (2014) reports as well that municipalities in Lebanon suffer from low collection rates of taxes and a lack of diversified sources of revenues. Municipalities in Lebanon have the right legally to collect taxes from 36 different sources, however Atallah et al. (2014) reports that

there is an overdependence on property related fees and taxes where 85% of the taxes come from sewage fee, building permits fee, and rental value fee. This poor collection of taxes is attributed to the fact that the administrative capability is weak, human resources and IT systems are insufficient, people within the constituency lack a paying mentality (Atallah et al., 2014). Furthermore, Atallah et al. (2014) note that legal enforcement for paying taxes is lacking and emphasize the issue of accumulated unpaid taxes in addition to the restricted administrative capability for collection. Many municipalities are hesitant to impose sanctions because they think they will be more expensive than they will be profitable, they are concerned about the dire economic conditions of their constituents, or they are trying to serve the political interests of the municipal council members who want to be re-elected (Atallah et al., 2014). Municipalities want to avoid making the unpopular decision of requiring a resident to pay millions in past-due taxes (Atallah et al., 2014). Depending on the circumstances, some municipalities even provide discounts or pardons. Nevertheless, this case-by-case follow-up necessitates far more time and work from already overworked staff members (Atallah et al., 2014). These findings reported by Atallah et al. (2014) go with accordance to the findings of Mustakelloun and Konrad Adenauer Stiftung (2022) when they reported after interviews with municipal members in different lebanese regions that lebanese municipalities are in dire need for financial assistance and are not able to deliver any of their services properly.

Therefore, due to these foreseen problems in municipal financing resources any attempt of revenue decentralization for local governments cannot be applied. Municipalities lack proper funding due to the structured control of the central government on the Independent Municipal Fund and consequently not allowing disbursements to be allocated for municipalities each according to their capacity and need. In addition to the limited collection of taxes particularly

that taxes are considered a main contributor for municipal fiscal resources as stated in Article 86 of the Municipal law. As a result, this reality noted by Atallah et al. (2014) not only hinders any attempt of revenue independence for municipalities as local governments but also hinders any attempt in allocating public and development spending to subnational administrations; because fiscal resources are lacking and insufficient at the first place to be later allocated to subnational administration reflected by municipalities. Along this vein, any attempt for creating regional assemblies at provincial levels or local funds to fund local governments is not neither applicable nor realistic given that the law of municipal financing is structured on centralizing the central government grip on the IMF as a special fund for municipalities, not to mention the infringements of the central government on the resources of this fund while it is supposedly created to be independent and strictly funding municipalities. On the other hand, if conditions provided in the Iraqi model of decentralization are to be considered, they are rendered inapplicable. As was previously mentioned, Lebanese municipalities lack proper collection of taxes so allocating the responsibility of taxes collection to administrative units is not applicable given the reality of taxes collection in Lebanon. Additionally, allocation of technical, administrative and legal authority is not logical to apply as well because logically if at a smaller scope-municipalities level- technical, administrative and legal capacities are insufficient and lacking, they are not to be successfully implemented at a larger scope of provincial levels. Hence, in other words, conditions that were provided in both the Indonesian and Iraqi model of decentralization are not applicable due to the complexities and inefficiencies in the existing lebanese system; which leaves any suggestion of decentralizing in Lebanon not only a farfetched solution but a very wicked, complex solution that will not help in lessening the current lebanese

crisis as the difficulties and problems are deeply embedded in the existing administrative and legal system.

Conclusion

After the revision of nations where decentralization was successful or at least partially successful such as Iraq and Indonesia, this research attempted to recommend a set of requirements for decentralization in Lebanon. However, after the deep analysis in light of Lebanese legislative frameworks, decentralization obstacles, and prior decentralization plans, this paper has found that implementing these requirements in Lebanon is not possible to apply given the financial and political challenges the current Lebanese system suffers from. It was examined that municipalities lack adequate money as a result of the central government's organized control over the Independent Municipal Fund, which prevents payments from being distributed to individual municipalities in accordance with their capacities and needs. Additionally, the limited administrative capacity, insufficient human resources and IT systems, and the lack of a paying mentality among the constituency's residents are all blamed for the poor tax collection. In addition, the issue of accumulated unpaid taxes in addition to the limited administrative competence for collection and point out that there is insufficient legal enforcement for tax payment. Because they believe sanctions will be more costly than they will be profitable, they are worried about the dire economic conditions of their constituents, or they are trying to advance the political interests of municipal council members seeking reelection, many municipalities are reluctant to impose sanctions. The unpopular choice of asking a citizen to pay millions in back taxes is one that municipalities seek to avoid. Some localities even offer discounts or pardons based on the situation. However, the already overworked staff members must put in a lot more time and effort due to this case-by-case follow-up. Lebanese

municipalities are in desperate need of financial assistance and are unable to provide any of their services effectively. Based on this, this study concluded that implementing decentralization in Lebanon would be a fantastical, far-fetched solution to the economic crisis not an actual, workable one at least with the given legal and administrative realities.

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