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Thomas Demmelhuber | Roland Sturm [eds.]

Decentralization in the Middle East and North Africa

Informal Politics, Subnational Governance, and the Periphery

Nomos

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Nahoststudien. Middle Eastern Studies

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Preface

This book is the result of a five-year journey. During the course of our research, the phenomenon of decentralization as a policy field that reconfigures the relations between the center and the periphery gained momentum, as did the scholarly debate in this field. At the same time, the political map of the Middle East and North Africa (MENA) transformed to become more fluid and increasingly multipolar. New (aspiring) regional powers trying to affect politics at home and abroad emerged during this time. In this book, we attempt to explain the varying forms and functions of decentralization by incorporating the role of neopatrimonial networks on the subnational level in our analyses. We also aim to reflect on the diverse outcomes of decentralization in MENA countries over space and time, and to identify the puzzles and gaps in the literature for future avenues of research on decentralization in the MENA region and beyond.

This research project was funded by a grant from the German Research Foundation (DFG) from 2017 until 2021 (DE 1829/4-1 and STU 122/14-1). We are grateful for the support that made it possible to conduct comprehensive fieldwork in Morocco, Tunisia, and Jordan and to present our research at national and international conferences. Unfortunately, due to the tense political situation and deteriorating academic freedom in Egypt, we had to cancel our planned fieldwork in the country.

Special thanks go to our research associates, Miriam Bohn and Erik Vollmann, for their great work and relentless support. Many thanks go to Sylvia I. Bergh for accepting our invitation to be part of this book with a complementary international donors' perspective on decentralization. We are further grateful to Nadine Schnelzer, who was part of the project during the kick-off phase in late 2017. Working in the field can only be successful with colleagues and institutions on the ground. We owe much gratitude to the Hanns Seidel Foundation in Rabat, Tunis, and Amman; the Konrad Adenauer Foundation in Rabat, Tunis, and Amman; the Heinrich Böll Foundation in Rabat; the United Nations Development Programme (UNDP) in Rabat and Amman; the Laboratoire des Recherches sur la Transition Démocratique Comparée at the University Settat; the USAID office in Amman; and numerous local organizations, activists, academics, and journalists across Jordan, Morocco, and Tunisia. The main pillar of this study are 162 interviews we conducted in the MENA region. This

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study would not have been possible without the cooperation of our interviewees in the region – deepest thanks go to them.

We also thank Ellen Lust, who directs "The Program on Governance and Local Development (GLD)" at the University of Gothenburg, for her support and invitation to the GLD program's activities and publications. Our home institution, the Friedrich-Alexander-Universität Erlangen-Nürnberg, also provided us with abundant support, which enabled us to fully concentrate on our research agenda. The numerous stages of publishing our findings and the final stage of preparing this manuscript in particular have always been a journey with many pitfalls. With the tremendous support of Sabrina Ahmed, Ibrahim Bebars, Katharina Griethe, Jenny Hecht, and Katharina Nicolai (all FAU Erlangen-Nürnberg) it turned out to be an easy trip. We thank all of them for their work and support.

Finally yet importantly, we are very grateful to our publisher Nomos. Many thanks go to our senior editor Beate Bernstein and to the book series' co-editors Claudia Derichs, Georg Glasze, Mathias Rohe, and Stephan Roll for their excellent cooperation and for accepting us in the Nomos series "Nahoststudien".

Thomas Demmelhuber and Roland Sturm Erlangen, May 2021

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1. Decentralization in the Middle East and North Africa: The Puzzle

Thomas Demmelhuber and Roland Sturm

Every country in the world needs a subnational governmental level – local, regional, or both – to administer policies. Decentralization has accordingly been in the limelight of scholarly debate both for OECD countries and for other world regions such as the Middle East and North Africa (MENA) for the last decades. For the MENA region this is a surprising finding as the states of the region were once considered "the most centralized in the world" (Kherigi 2017, 4). This debate on decentralization centers not only on the regionalization of policy implementation, but also on the political impact of the center on all subnational levels. Depending on the quality of a state's center-periphery relations, either the periphery's influence may shape the political structure to favor a federal or strongly decentralized state (bottom-up decentralization), or it may inspire the center to strive for the periphery's de-politicization and to uphold the control of the periphery (top-down decentralization). Decentralization initiated by the center (top-down) is especially vulnerable to political games by autocratic regimes: As autocratic power holders pretend to improve democratic representation by de jure decentralization, they may delegate the "right to act", but remain hesitant to accept a subnational "right to decide"[1].

The transfer of rule from the central government level to regional and local levels leaves room for a variety of different scenarios for political, constitutional, and cultural change. It moreover offers a wide array of possibilities for political instrumentalization, both to the benefit of political elites in the capital and to actors involved at the regional and local levels. All actors fight over decentralization for the same reasons: They fight over the access, design, and output of state institutions, as meaningful decentralization changes the basic parameters and setup of state power and authority (Eaton, Kaiser, and Smoke 2010, 1).

Political and academic debate on decentralization – which is but one of several forms of power-sharing between the center and the periphery – broadly carries a normative bias. Although decentralization does not per se

1 For the distinction see, for example, Keman (2000, 196-227).

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undermine the dominance of the political center, decentralization is frequently assumed to be a one-way street towards a greater level of democracy and degree of good governance. We do not fundamentally question this presumption. Our research, however, aims to solve the puzzle why the results of decentralization politics differ dramatically, even though the rhetoric and motives that accompany the political phenomenon share a similar spectrum across countries and regions. We believe that in order to comprehend this discrepancy, the "menu of decentralization" must be understood within a broader setting of agency, historical context, and the respective institutional designs, in order to account for the diverse outcomes of decentralization across the MENA region over space and time. We understand decentralization as an instrument of high flexibility: In some cases it is a tool that can be displayed without being put to use, in other cases it is but a broken promise, and in yet others, decentralization is truly a first step to local empowerment.

Decentralization – a story with many chapters

When it transpired that the mass uprisings rolling over the MENA from 2011 onward mainly originated far from the capitals of the region, the limits of an approach neglecting the potential of subnational governance became evident (Hoffmann, Bouziane, and Harders 2013). This lesson on political dynamism entered the scholarly debate and ensured some diversification in approaches, perspectives, and awareness of cross-cutting issues. Yet the mainstream of MENA Political Science retained its strong central state bias. Only limited attention has since been payed to political change at subnational levels of governance (Busse and Bank 2021). The current resurgence and ongoing resilience of autocratic regimes in MENA seem to validate this traditional focus on agency and institutional design from a top-down perspective.

While local levels of government are of central interest regarding the cooperation of countries with international donors and as reference points for emerging challenges in the periphery – such as terrorist activities in border regions or transnational migration routes – the regional level of government has hardly been addressed at all. The dominating perspective on center-periphery relations is that they are binary and encompass only the relationship between the central state level and the local level. This reflects the worldview and self-perception of political elites, as well as their practice of governing from afar. Central elites permit local elites only a secondary political status. They coopt them in order to neutralize them politi-

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cally and to streamline decision-making processes. Elite rotation – orchestrated by the central state level – is an often-used mechanism to prevent elites from gaining too much power in local settings (see chapter 4). Free and fair elections at the local level with potential to undermine the grip of central state elites on the local power game are the exception rather than the rule. Instead, local elections are frequently postponed, abolished or manipulated. Autocratic regimes developed a broad toolbox for election management. It provides them with the ability to reconcile formal processes with pre-determined outcomes. In any case, only a narrow corridor for local autonomy exists.

When from 2011 onward the mass protests of the periphery spilled over to urban spaces across the region, several MENA regimes responded to the increasing uncontrollability of the political dynamics by broadening their discourse on decentralization and local governance reforms. Resilient monarchs, inter alia of Morocco and Jordan, used decentralization reforms to stabilize their grip on power. This illustrates and strengthens the argument made by Heydemann (2007) on regionalization as a form of authoritarian upgrading (Vollmann et al. 2020) instead of a serious effort to decentralize power. Reform efforts primarily targeted the mobilized sections of the population. Decentralization promised an end to wide-spread socioeconomic dichotomies and regional disparities along traditional lines of friction between the center and the periphery. In addition, the reforms addressed the international community. Widely broadcasted narratives of domestic reform aimed to communicate the sincerity of attempts to re-configure national political orders in MENA. Even the formerly heavily centralized regimes Tunisia and Egypt opted for decentralization and introduced according principles in their new constitutions. While in Tunisia, the democratic transition was successful and the ensuing reform process included substantial and challenging decentralization efforts, the re-autocratization in Egypt after two military interventions stifled all reform and decentralization processes. The today remaining structures do not deserve the label decentralization.

We conclude that despite different motives, objectives, and outcomes decentralization has become a significant policy project for many MENA governments. The states of MENA were once considered "the most centralized in the world" (Kherigi 2017, 4; Shalaby et al. 2020), which places the region in stark contrast to other world regions (Harb and Atallah 2014; 2015). Moreover, hardly any quantitative data for the scope and quality of decentralization in the MENA region is currently available (Harguindéguy, Cole, and Pasquier 2019).

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For some MENA countries, decentralization offers a strategy to foster democratic consolidation (Tunisia). For others, decentralization serves as window dressing in symbolic and orchestrated reform processes (Algeria, Oman), it enables authoritarian upgrading (Morocco, Jordan), or remains a catchphrase exploited by hard-line autocrats (Egypt). From this tentative list, it seems obvious that regime type matters for decentralization outcomes. However, the list reveals no information on diverging or overlapping content and processes of decentralization strategies. We need a deeper understanding of the reciprocal effects between elite networks and decentralization processes, in order to gain insight into the discrepancies of the legal institutional designs of decentralization and their de facto outcomes.

To regard political decentralization in MENA only through the lens of the Arab uprisings would fall short of grasping its potential, even though the tremendous increase of decentralization rhetoric and actions since 2011 affects our research. Despite the centralist traditions of all MENA states, we can observe decentralization debates and reforms in almost all MENA countries since the early 1990s. In the 1990s and 2000s, decentralization policies were implemented by top-down reforms. They were initiated by central governments in order to increase the respective regime's capacity to govern the periphery, to create (output) legitimation by increasing the efficiency and performance of their rule, and by allocating external support and funds from international donors who were the first to advocate political decentralization for the sake of fostering and/or supporting good governance. What is more, decentralization seemed to be a panacea for all political, economic, and social deadlocks, even as a tool for conflict settlement as the cases of war-torn Sudan and Lebanon have shown par excellence. Heavily endorsed by the international community, for example the World Bank, the United Nations Development Programme (UNDP), and USAID, the expectations of reform projects were high and encompassed political, social, and economic improvement. Notwithstanding the positive point of departure, the lack of coherence between objectives and strategies runs like a thread through policy implementation. How can international donors tackle the dominating conflicts between efficiency and empowerment or between empowerment and corruption?

However, the reform projects must not be understood only from a Western or an international donor's perspective. The political, economic, and social context factors in the respective countries with their varying political orders and legacies matter and are much more than an intervening variable. It has become evident that the triggers of decentralization are manifold: The strategic responsiveness of autocratic regimes targets both the populace and the international community. But what does decentral-

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ization stand for in the MENA region? How can we explain variance in decentralization processes? Who are the relevant actors behind decentralization, and how can we grasp their motives? Despite substantial research in this field, a lacuna in research exists regarding the question of how to understand the numerous challenges facing decentralization in the MENA region.

Our approach in this book is empirical. We do not accept as a normative premise that decentralization matters and we are not concerned with the question whether decentralization or centralization might be the better alternative of governance. Instead, we orient ourselves along one central assumption: The outcome of the decentralization processes driven by center-periphery dichotomies in traditionally centralized states highly depends on the role of informal politics and neopatrimonial networks at the central, regional, and local level (first presented in Demmelhuber, Sturm, and Vollmann 2020). This applies both to the transition from a more centralized to a more decentralized state and for the stability and efficiency of institutional decentralization.

The premise of this book builds on neopatrimonial networks as an explanatory factor for the varieties in outcome of decentralization at the local and regional level. The respective objective is to provide a deeper understanding of decentralization processes correlative to their influence. Neopatrimonialism is a predominant pattern of authoritarian rule in most MENA countries. It implies a deep-rooted entanglement of modern state bureaucracy with a strong and broad-spanning net of personal relations. Neopatrimonialism – as our findings for Tunisia show – remains a constant challenge for democratization and the consolidation of democratic order. With our comparative study of Morocco, Jordan, Tunisia, and Egypt, we can present a broad perspective on the dynamics of neopatrimonialism in MENA countries and we can help generate an understanding of difficulties in and requirements to implementing decentralization reforms in the region.

The book is based on a research project funded by the German Research Foundation from 2017 to 2021. The project allowed us to pursue seven field work trips to the region and to conduct 162 interviews with politicians and state employees, civil society actors, researchers, journalists, and foreign observer organizations on the central, regional, and local govern-

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ment levels (plus five interviews with representatives of donor organizations for Sylvia Bergh's chapter).[2]

The book's rationale and outline

This book contributes to research on subnational governance in the Middle East and North Africa by investigating political, economic, and social links between top-down decentralization strategies and neopatrimonial elite networks for three levels of governance: the central, regional, and local levels. Based on qualitative and quantitative data, the book offers conceptual insight for the comparative study of decentralization worldwide. The book presents findings on Morocco, Jordan, Tunisia, and Egypt based on our conceptual approach and comprehensive field work. The wider framework of decentralization and the role of informal institutions, fiscal relations, and neopatrimonial networks therein is a point of departure for a new understanding of subnational governance. By deconstructing decentralization as a contested topic of an ongoing political, economic, and social debate, we provide additional insight into the puzzle of top-down decentralization and its effects. Our analysis entails a four-part agenda: (1) Understanding decentralization from the perspective of the periphery rather than the central state level, (2) evaluating how decentralization takes place in neopatrimonial and thus largely informal contexts, (3) using fiscal policy and informal financial flows to shed light on decentralization (including deviant behavior such as corruption) and (4), providing conceptual insight for the study of international donors' role in decentralization processes.

The book starts with a conceptual chapter authored by the editors on decentralization in MENA across space and time, beginning with the genesis of MENA statehood. Guided by a thorough historical analysis of the emergence of nation-states in the region, this chapter develops the conceptual approach for the analysis of decentralization processes. The authors suggest that decentralization is inspired, channelled, and instrumentalized by informal neopatrimonial elite networks on the national, regional, and local levels of government. Fiscal and budgetary policies are then introduced as empirical tools to investigate the gap between normative intents

2 For security reasons we conducted field work in three out of four countries. Shrinking political spaces in Egypt and the increasing repression of academics in the country did not allow us to do field research in Egypt (see chapter 3).

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and purpose of formal decentralization, such as local empowerment, and the diverging outcome and greatly more complex reality of decentralization.

In view of the importance of fieldwork to our study and the need for an exploratory approach, the empirical part begins with a chapter on the pitfalls and challenges of doing fieldwork research at the subnational level in MENA countries. As put forward by Miriam Bohn, Thomas Demmelhuber, and Erik Vollmann, field research in non-democratic contexts is problematic. Even prior to the Arab uprisings, the clustering of autocratic regimes in the MENA region held great challenges regarding the access to the field, access to data and archives, and the identification of potential interview partners or participants for survey research. In most cases, research was possible only within legal "grey zones", as official permissions to conduct research are difficult to acquire. For international scholars, access to the field was usually granted via tourist visas and fieldwork was conducted with the implicit tolerance of the security apparatus. Even so, among the research community there exists an implicit shared knowledge regarding the scope of possible research, restricted by "red lines" known to the informed researcher in the field. With the alleged murder of the Italian PhD student Giulio Regeni at the hands of Egyptian security forces in 2016 (Egyptian authorities have rejected all responsibility) and other cases of arbitrary imprisonment of international scholars in MENA countries (for example Matthew Hedges in the UAE 2018), the situation of academic research has settled into a new reality. As Grimm puts it: "Authoritarian Middle East regimes don't like academics" and this "trend signals a massive rollback of the auspicious research climate" (Grimm 2018). On the turn side, these developments have at least and last triggered debate on fieldwork conditions among academia, funding bodies, and multipliers of international cooperation. The goal is to attain a more sensible risk assessment when planning and doing fieldwork in MENA countries (Glasius et al. 2018; Grimm et al. 2020).

For the research on this book, these developments required us to look for a maximum return on insights we could gain through fieldwork. The empirical findings on the roles of neopatrimonial elite networks in the politics of decentralization and in fiscal policies are presented by Miriam Bohn and Erik Vollmann (both worked as research associates in the research project) from a comparative perspective in two separate chapters. Their contributions, which provide indicators for the degree of verifiable decentralization, are guided by our working hypotheses (see chapter 2).

The chapter on the role of neopatrimonial elite networks in decentralization is based on the premise that MENA politics are a product of for-

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mal-legal institutions entwined with informal rules that gain salience through highly personalized structures of power relations. Though the periphery has always been central to this type of personalized governance, the subnational dimension of neopatrimonialism has remained a lacuna in the comparative research literature on MENA states.[3] In light of the revival of decentralization efforts and discourses following the Arab uprisings, Miriam Bohn and Erik Vollmann, however, argue that the analysis of the relationship between local governance reforms and neopatrimonialism is key to a better understanding of governance and policy formulation in the MENA region. Decentralization reforms have a significant impact on patron-client relations between the central and the subnational levels. They provoke a principal-agent problem, but also create a new set of incentives for a number of policies. Thus, a systematic analysis of central and subnational elite dynamics is essential to broaden the understanding of decentralization under neopatrimonialism. Both authors conclude that the country-specific interplay of central and subnational elite networks impacts the legal framing and the practical outcomes of decentralization processes, and vice versa.

The chapter on fiscal policies in times of decentralization builds on the same assumption, namely that the boom in decentralization rhetoric and action after 2011 were reactions to protests caused by long-standing local government malfunction and economic deprivation of the periphery. In all four investigated cases, the discourses and reforms use a language of "positive discrimination" and promise a reformed relationship between the center and the periphery. In theory, this should lead to an improvement of subnational administrative efficiency and an empowerment of the long-neglected periphery. In the setting of ambiguous legal contexts and high influence of traditional patron-client relationships within the central state level, decentralization reforms do not always result in the participative, democracy-enhancing, and reconciliatory model that governments and international donors advertise. The establishment of subnational institutions with sufficient and independent funds that allow the sovereign execution of tasks and fulfillment of rights is a necessary precondition for meaningful decentralization. Both authors show that fiscal decentralization is the litmus test for the willingness of political rulers to commit

3 Hertog (2011, 5) offers, for example, an inspiring narrative of state-building in Saudi Arabia since the 1930s relying on a "heterogenous system of formal and informal, rent-based clientelism in which vertical links" to the rapidly emerging central state level dominate.

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themselves to decentralization and for tackling the deficits of local governance in a region.

This book is above all the result of a research project investigating domestic politics in four countries. In order to capture the international dimension of the decentralization discourse, we invited Sylvia Bergh to contribute to our book. She analyzes the perspective and impact of international donors on decentralization reforms for the cases of Morocco and Tunisia. By focusing on two donors in two countries (World Bank and German GIZ), with five program/project case studies, Bergh illustrates that aid support does not operate in a linear continuum, but is dependent on several contextual variables and incentives. In other words, it matters what form aid takes and how it is delivered. Donors are aware of their role, but are convinced that the struggle for good governance is worth the deficits of decentralization efforts.

Main findings: Decentralization, a theater of reform?

For the examples of Morocco, Jordan, Tunisia, and Egypt, our findings illustrate a strong impact of agency and institutional design on the outcome of decentralization processes. Neopatrimonial elite networks matter to the content and roll out of decentralization strategies in the MENA region. There is also robust evidence that regimes are cautiously watching the unfolding dynamics of decentralization reforms in order to avoid unintended (and potentially threatening) consequences for regime stability and power balances. In other words, setting up the institutional design for decentralization does not preclude "reforms of the reform": As the Jordanian case shows, negotiations to revise decentralization laws are a continuous process. The intention of central governments is to minimize the side effects of local autonomy and to reduce political emancipation.

Our analysis of Morocco, Jordan, Tunisia, and Egypt reveals how different elite networks use formal and informal institutions within a decentralized state structure to maintain or widen their influence, resources, and power (see chapter 4). The empirical analysis also clearly illustrates that decentralization can constitute a "Pandora's box" to the political regimes, filled with intended and unintended consequences. Although in all four case studies decentralization is formally and informally designed to benefit the regime, the regimes are circumstantially hesitant to fully commit to the legal framework they have supported. Regimes fear the possibility that it could backfire and result in high transaction costs for the center. Based on numerous interviews, both Bohn and Vollmann present a trajectory

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showing how the monarchies Morocco and Jordan have spanned a solid network of patron-client relations between the center and the periphery across subnational state institutions. Through this network, the Jordanian regime closely observes the management of Transjordanian and Palestinian communities – overwhelmingly to the benefit of Transjordanian tribes. When decentralization affects this set-up, the Jordanian regime reacts with harsh repression or modified modes of cooptation. Subnational actors in Morocco are likewise carefully divided and controlled by a net of state agents, whose dominance over subnational councils remains unbroken. While party elites engage actively in elections and political competition, they are dependent on alliances with local notables, party coalitions and deference to the *makhzen* (the royal court as the powerhouse of the king and his closest associated elite groups) as well as its national and subnational representatives.

Though both Morocco and Jordan grant some minor autonomy to subnational institutions, formal and informal practices that can curtail the power of peripheral actors permanently play out in the background. In all four countries, elite rotation between major subnational positions is a common practice to contain the influence of certain individuals, especially that of governors with far-reaching powers. In all four cases, the structure of elite networks and their respective behavior affects the de facto outcome of decentralization. Bohn and Vollmann present robust empirical data, which illustrates that Jordan and Morocco are playing a sensitive balancing game and oscillate between the wish to appease the international community and to present themselves as reformers on the one hand, and the need for strategies to manage socio-political and economic conflict on the ground on the other. A decentralization reform deeply interferes with a country's patron-client structure and its outcome depends on the central and subnational elites' reactions. The competitive clientelism and gerrymandering that accompanies subnational elections, as well as elite capture, for example by corruption, easily twists the logic of a decentralization reform.

Our research on the four countries shows that the era of fiscal decentralization has not yet arrived in the MENA region (see chapter 5). While all cases in our sample use the language of decentralization and subnational finance, meaningful fiscal decentralization has yet to emerge from half-hearted legal changes and official rhetoric. Though comparable and reliable data are still rare, we can detect some trajectories in absolute spending when we compare the subnational fiscal situation of Egypt, Jordan, Morocco, and Tunisia before and after the Arab uprisings. In a meticulous investigation of fiscal data, Vollmann and Bohn show that all countries in-

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creased subnational state expenditures since the 1990s – boosted by IMF structural adjustment programs. It is remarkable that additionally Morocco and Tunisia record significant progress after 2011. Tunisia's path to decentralization is still inconclusive, but it suggests a radical break with the hyper-centralization during the years of Ben Ali's regime. In Jordan and Egypt, however, the usual annual fluctuations of subnational expenditures remained in place even after 2011. Far-reaching fiscal decentralization could have a significant impact on pre-existing neopatrimonial networks between the center and the local level. The Jordanian regime is not willing to go down that road at present. All in all, the research by Vollmann and Bohn presents robust data that support our basic assumption that fiscal decentralization is the litmus test for the willingness of the center to commit itself to decentralization.

Jordan, Tunisia, and Morocco have all emphasized that the regional level has to play a central role within their reform packages, but only Morocco has chosen the path of meaningful regionalization and has thus fully left the "stage of a mere reform theater". This decision is beginning to show in the financial allocations the Moroccan regions receive. Nonetheless, the bulk of subnational spending, most of the revenue generation, and the largest share of salaried employees remain at the local level. If the regions are meant to become more than investment hubs at the hands of national initiatives and central state actors, Morocco needs to further accelerate its regional financial decentralization.

Regional disparities are central to the decentralization agendas in all four countries. The analysis suggests that decentralization is used in different ways to target the center-periphery nexus. Surprisingly, Tunisia still seems to uphold its preferential treatment of the capital and the Sahel, the traditional origin of its political elites, when we compare per capita expenditures of local councils. While Morocco's central northern regions also seem to be the continuous winners of subnational council expenditures in absolute terms, the per capita analysis shows a more nuanced picture: Strategically important peripheral regions such as the Western Sahara or the conflict-prone Oriental region (on the border to Algeria) spend more financial state resources per capita than the northern center. Political redistribution also occurs in Jordan: Zarqa, Irbid, and the capital Amman have the largest percentage of Palestinian communities amongst all Jordanian governorates. The authors' evaluation illustrates that majority-Transjordanian rural governorates traditionally connected to the regime receive larger amounts per capita than Zarqa and Irbid, the two largest and most urbanized governorates after Amman.

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The data presented by Vollmann and Bohn provide robust evidence that fiscal decentralization in MENA suffers from overwhelming dependence on central state transfers, weak subnational revenue generation, and problems with (local) tax collection. Combined with strong administrative oversight and general reservations of central actors and ministries towards subnational entities, the fiscal autonomy of subnational governments is small in all countries. Therefore, as the cases of Morocco, Tunisia and Jordan suggest, the capacity of subnational governments and their willingness to spend the small amounts they are provided with is limited.

Subnational governments thus often seem ill-equipped to contribute to the success of decentralization reforms in a meaningful way. Better human and financial resources as well as improved implementation capacities are crucial for successful subnational governance. A change in political culture that makes political success and autonomous decision-making less extraordinary at the subnational level is also necessary. Political cultural change has to be accompanied by convincing new regional narratives for which we found but scarce evidence. Strong political will of the central regimes would be necessary to move reform projects forward. Without a doubt, this would challenge both established neopatrimonial networks and assume the political conviction of MENA regimes that decentralization is the way forward. We have found no circumstantial evidence that such a development exists, or that such a crucial turning point might manifest in the near future.

In times of the COVID-19 pandemic, the political impetus for change is under tremendous pressure. The crisis has served as an excuse for re-centralizing certain powers under the pretext of fighting the virus. Yet, as the chapter authored by Bergh demonstrates, decentralization debates in the countries are interwoven with international donor programs that – depending on their loan volumes – have a significant impact on the changing center-periphery relations. In the donors' view, greater autonomy should be allocated to subnational levels that hold a significant potential for local citizens to challenge neopatrimonial networks.

Outlook – a roadmap for further research

The scope of our research and the robust results derived from our qualitative and quantitative data gives some insight into potential trajectories for further research. First, informal institutions are crucial to studying the role of neopatrimonial networks. At the same time, their analysis is the most difficult task: They are informal, ever changing, fuzzy, vague, and complex

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by definition. Fieldwork produces elite maps, but only limited information on power relations inside neopatrimonial networks and the parallel world they embody next to traditional state institutions. Even in "normal times" this is a major challenge for empirical research. When the transparency of decision-making processes further erodes and power struggles move behind the scenes in times of crisis, it becomes an insurmountable obstacle. The reality of shrinking political spaces and the consistent resilience of autocratic regimes will certainly remain a challenge for future research.

Second, fiscal policies haven proven to be a promising indicator and starter to trace the scope, quality, and outcome of decentralization. Additional policy fields might also offer promising entry points for future research, such as the health sector, infrastructure or public services on the subnational levels. Everything that immediately affects the living conditions of the general population can locally and regionally provoke the question: Where is our institutional access to representation and decision-making?

Third, MENA governments and regimes are learning from each other when it comes to strategies and modes of regime survival. Are they also learning regarding the implementation of decentralization strategies? The conceptual approaches derived from the international dimension of authoritarianism (in particular diffusion theory) might offer tools to trace possible emulation effects among MENA countries.

Fourth, another crosscutting issue in our sample was the common challenge all MENA governments have been facing when dealing with electoral cycles at the local level following decentralization efforts. They were all challenged by the success of actors from the spectrum of Political Islam. On the one hand, there seems to be a trend to curtail these dynamics by relying on various repressive measures. On the other hand, our results hint that moderate Islamists are also looking abroad for inspiration or best-practice models from like-minded Islamist groups, organizations, and parties. Systematic comparative research on this topic is still deficient.

Fifth, based on the exploratory research on Morocco, Tunisia, Egypt, and Jordan, the MENA region might offer an interesting context to expand the sample by using a fuzzy-set comparative qualitative analysis that also includes testing additional variables and an interregional perspective for Sub-Saharan cases.

These potential avenues of further research show that the scholarly debate on decentralization in the Middle East and North Africa has just begun with an ever growing "to-do list". A debate on meaningful decentralization is always also a debate on the quality of democracy. Decentralized

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rule without corresponding decision-making by elected representatives is difficult to imagine. As the experience of the OECD world shows, this first step to regional and local empowerment is much less dangerous to the ability of the center to govern than, for example, the experiences of France or Poland illustrates. However, this insight also tells us that the regime type matters and the involved elites matter even more.

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2. Conceptualizing Decentralization and the History of Statehood in the Middle East and North Africa

Roland Sturm and Thomas Demmelhuber

Decentralization, "the transfer of rule from the central government level to regional and local levels" (Demmelhuber, Sturm, and Vollmann 2020), has been on the rise globally since the early 1990s (see Figure 1). Decentralization is one among several forms of power-sharing between the center and the regions in a nation-state[1]. It is a broad category which subsumes top-down and bottom-up processes of social, constitutional and cultural change. Its implementation carries a normative quality (see Wibbels 2006, 166): The concept implies improved democratic standards when implemented (see Jones 2009) and it is regularly included in a broad set of indices on the quality of democracy.[2]

These effects of decentralization are difficult to prove as, among others, Treisman[3] has demonstrated. He argues, "it is hard to reach any general conclusions about whether political – or administrative, or fiscal – decentralization will improve or impair the quality of government and economic performance." (Treisman 2007, 274)[4] Therefore, any one-size-fits-all prescriptions of decentralization are not particularly helpful (see Hutchcroft 2001, 24). It would moreover be incorrect to assume that the predominance of autocratic regimes in the MENA countries precludes decentralization by definition. On the one hand, there is no rule of thumb for normative judgments. It is moreover of high importance to move beyond the association of authoritarianism with centralization and democracy with decentralization. […] The process of decentralization may sometimes promote democracy, but it is quite easy to conceive of an "*autocratic* decentralization" in situations where authority is devolved to authoritarian enclaves at the local level (Hutchcroft 2001, 33).

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1 Nation-state is hereby a descriptor of the analytical (national) level and not a normative concept within the notion of Westphalian statehood, see also Tilly (1992).
2 For example, V-Dem Institute (2020).
3 See also, for example, De Vries (2000).
4 See also Kaiser and Ehlert (2009).

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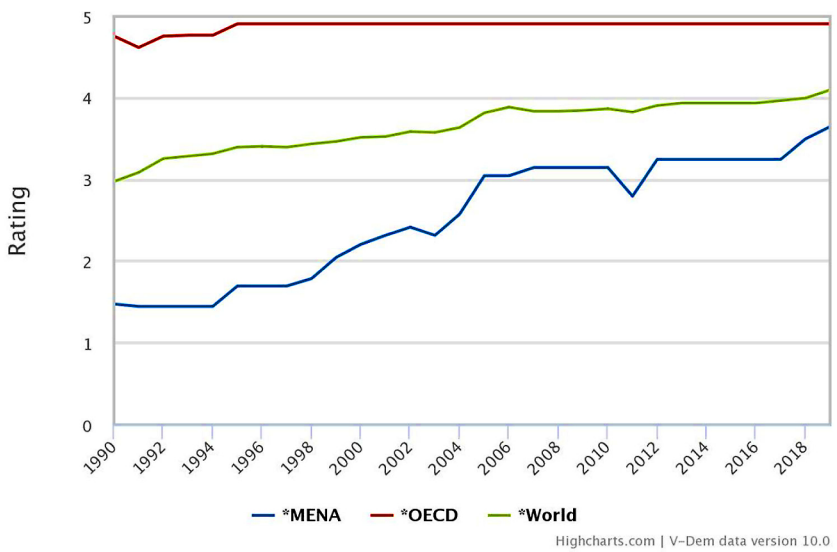
Decentralization can upgrade as well as downgrade and/or challenge authoritarian rule (see Vollmann et al. 2020). On the other hand, despite a consistently high number of resilient autocracies both in the MENA (see Kneuer and Demmelhuber 2021) and worldwide (see Lührmann and Lindberg 2019), decentralization has been in vogue as a political reform initiative for more than three decades. Figure 1, based on data retrieved from the Varieties of Democracy index, illustrates this trend of increasing electoral modes on the local government level in MENA countries and worldwide. The critical juncture of the Arab uprisings led to a further boost in decentralization rhetoric, although decentralization implemented on the ground – as shown in Figure 1 with "local government elected" as proxy indicator – increased only marginally.

Figure 1: Decentralization and elections on the local level over space and time



V-Dem (2020) coding: 0: Generally, offices at the local level are not elected. 1: Generally, the local executive is elected but not the assembly. 2: Generally, the local assembly is elected but not the executive. 3: Generally, the local executive is elected and there is no assembly. 4: Generally, the local assembly is elected and there is no executive. 5: Generally, the local executive and assembly are elected.

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Varieties of decentralization beyond international donors' hope

What are the triggers for decentralization? What does decentralization stand for in the MENA region? How can we explain variance in decentralization processes? Who are the relevant actors behind decentralization and how can we grasp their motives? Despite substantial research in this field, the question of how to understand the numerous challenges facing decentralization in the MENA region constitutes a gap in research.[5]

The approach we have chosen in this edited volume is empirical, as we do not accept as a normative premise that decentralization matters and we are not concerned whether decentralization or centralization might be the better mode of governance. We go beyond normative assumptions that decentralization is a necessary precondition or even a booster for democratization: Western donors, including the International Monetary Fund (IMF), the World Bank, as well as local civil society activists have been encouraging decentralization reforms for decades. They expected decentralization to enhance local autonomy, democracy, accountability and the overall socioeconomic situation of a country (for this perspective see chapter 6; see also Vollmann et al. 2020). However, one decade after the Arab uprisings began, only Tunisia managed to continue down the bumpy path of democratic consolidation with numerous stress factors still to come (see Demmelhuber 2018).

Where and what is the region in MENA statehood?

When comparing decentralization efforts we are confronted with an unsolved problem of institutional design. So far, there is no consensus on what constitutes a region in a domestic setting. In MENA countries the definition and denomination is deeply influenced by the colonial/imperial era and the process of state-building that began in the early 20th century. In every state of the world there are subnational tiers of government that are often tied to distinct purposes, such as water or electricity grids. Administrative needs foster administrative decentralization. Any empowerment of a region – even in a limited and/or cosmetic form – has an impact on the policy- and decision-making in a country independent of its regime type.

5 See both for the research base and the still persisting research questions the program on "Governance and Local Development (GLD)" at the Department of Political Science, University of Gothenburg.

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In MENA countries, this kind of empowerment is frequently an informal side effect of decentralization, as our cases demonstrate, rather than a deliberate strategy. This side effect is a conspicuous one. Whether the acceptance of regional approaches legitimates regional governance often depends on resources redistributed (we focus on fiscal policy) and the ability of regions to integrate into the neopatrimonial power games that traverse all levels of subnational government. All regions in MENA countries have in common that they provide an additional stage (in addition to local government) for the struggle between efficiency and participation in governance. Table 1 summarizes the choices for regional policy styles that might develop as a result of this struggle.

Table 1: Regional policy styles

	Regions with resources and economic clout	**Regions without resources and weak economies**
Regional identities strong	subsidiarity	partnership
Regional identities weak	exploitation	loyalty to the center

In our case studies, regional policy styles are less dichotomous than Table 1 seems to suggest. Informal decision-making processes and networks at play help avoid an attack on political dominance of the center, even if identity conflicts or conflicts over resources remain possibilities. However, loyalty to the center is but one factor that defines the relationship between the center and the regional governance level. Further factors include the quality of top-down dominance and the influence of new models of partnerships (e.g. cooptation of local elites for party lists) that may impact electoral contests. Institutional design allows relative flexibility in structuring the future of decentralization. But "central agencies", "top-down models" and "regional agencies" (see Table 2) remain more important than the opportunities a bottom-up decentralization process would provide. It is remarkable how little attention is paid to transactional costs of national and regional governance in the MENA countries, especially when the center expects regions to be more than compliance managers.

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Table 2: Alternatives of institutional design for decentralization (based on Fowler [2020, 715])

Institutional design	Agencies	Coordination mechanism	Advantages	Constraints
Central agencies	State	Policy monopoly	Minimizes coordination costs; reduces bureaucratic layers	No access to local capacities or resources
Top-down	State; local	Directed by state agency; local serves as state sub-unit	Incorporates local capacities and resources	Coordination costs; local agencies are compliance managers
Bottom-up	State; local	Bargaining between state and local	Incorporates local capacities and resources	Coordination and bargaining costs
Regional agencies	State; regional	Directed by state agency; some bargaining between state and regional	Development of specialized capacities	Additional layer of bureaucracy; information asymmetries
Emergent governance	State; local	Self-organization	Local flexibility	Economy of scale for transaction costs

The narrow definition of efficiency that guides the countries in MENA when they implement decentralization, as well as the countries' tendency to avoid meaningful regional and local participation, become manifest in the high restrictions and limitations to electoral arenas at the local level (see Figure 1). But the lack of regional and local involvement is not a one way-street. Local and regional administrators often see themselves in a tradition of obedience and loyalty toward the center and rarely developed a strong impetus to shape regional and local governance.

Structure matters

We accept and pay tribute to the fact that governments and parliaments in the MENA region have partially opted for implementing decentralization measures. The methods and means of these efforts often correlate with the history of state-building in MENA since the early 20th century. This includes a colorful mixture of pre-state patterns (in particular going back to the Ottoman era) and external engineering on behalf of European powers during the colonial/imperial era (see Hudson 1977). Historical and contemporary social science research on the MENA region has shown that pre- and early modern identities, as well as the selection of representatives, were often attached to cities or certain landscapes. For a long time after in-

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dependence, domestic regions and regional identities no longer played a formal role, although regional identities remained in people's minds (see Visser and Stansfield 2008). Local or regional identities were considered obstacles to the development of a national identity and the consolidation of national sovereignty (see Philipp 1994). In the ideologically dominant discourse of nationalism that prevailed for many years, there was a fierce competition between territorial (local) nationalisms of newly established independent states and the narrative of a unifying Arab nationalism. Both preferred a centralist concept of statehood for the sake of forging a nation (see the works of al-Husri; see also Tibi 1990 a/b) and defending the nation against external adversaries (in particular after the independence of Israel 1948; Gershoni and Jankowski 1997).

There is a broad consensus in Middle East Political Science research that the personal and often informal exercise of power is of great importance for understanding MENA politics. This implies a certain ad hoc character of state order, which leads to a mosaic structure of societies in the region. For this reason, some state-building processes such as in the Gulf region have even been called "historical accidents" (Anderson 1991, 3). State order is both the result and cause of constant social struggles and negotiation processes. The personal or dynastic character of state rule in the MENA region led to a concentration of power in a few centers, while the center's power and influence over people and territory waned and fragmented as the spatial distance to the center increased (see Herb 1999). Each political order was thus based on the interaction of the center and peripheral groups who defended their autonomy against efforts of the center to control them. The center integrated local groups and created statehood by utilizing traditional pre-state modes of rule, as Hertog (2011, 10) vividly illustrates for the case of Saudi Arabia:

> The modern Saudi state was created rapidly […] through the decisions of a few Saudi royals. In this hierarchical, vertically divided hub-and-spoke system, the only common denominator has been the central role of the Al Saud ruling family as patrons and controllers of the purse and the only macro-level political force in the kingdom.

Particularly in peripheral regions, there is often a deep-rooted network of autonomous subsystems that has evolved over centuries. Mielke et al. examined this as a dimension of social order in the absence of statehood (see Mielke, Schetter, and Wilde 2011). These structures only partially build on a legal basis. In many cases, they are based on informal claims. The exercise of power is usually legitimized through a ruler's specific personal qualities that allegedly guarantee the continuation of local traditions (see Hertog

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2011). The strong interdependence reproduced in neopatrimonial networks and patronage-based relations, which function as a recognized category of order in the relationship of municipalities, regions, and the national level, can deprive decentralization efforts of their normative goal (such as, for example, dismantling socio-regional center-periphery dichotomies). It is precisely the informality of political and social orders that counteract the aims of decentralization.[6]

In the MENA region, the transfer of sovereignty to lower levels of government based on the principle of subsidiarity (see Table 1) has nowhere taken hold (see Demmelhuber and Sturm 2016). The idea that efficient centralized governance is superior to models of regional empowerment remained unchallenged for a long time. The colonial legacy, the nation-building process, and the clustering of autocratic regimes among MENA states were unfavorable conditions for decentralization. This may be one reason why in international comparisons MENA countries are thus far virtually non-existent in databases (see Harguindéguy, Cole, and Pasquier 2019), with the exception of Morocco and Egypt. Our research results (see chapters 4 and 5) will provide a more nuanced picture by taking a closer look into the cases of Morocco, Tunisia, Egypt, and Jordan.

Institutional reform as booster

Decentralization in the MENA region is first and foremost a strategy of national governments. They respond to the (financial and political) pressure of donor nations or feel forced to accommodate ethnic minorities and/or local elites who are important to securing stability and security as well as economic success. The institutional consequences of decentralization reforms have many aspects. For practical reasons, governments may decide to deconcentrate public administration, that is to say ministries open up branches in a country's periphery or at least implement representation that both monitors and tries to steer regional activities. Lower level public administration may be short-lived regarding details of their tasks and powers. This is a flexible and convenient transmission belt for central government initiatives, but on the downside rigidifies a hierarchical relationship with the regions. A constant threat to the regime is the possibility that reports on regional needs and on resistance regarding central government inter-

6 See, for example, current findings on Tunisia by Yerkes and Muasher (2017).

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ventions are whitewashed to please the upper levels of public administration and the political elite in the capital.

At least in theory, the entrenchment of decentralization in national constitutions is a step forward. Through textualization, legal minimum standards for routes of regional participation come to be. Whether constitutional provisions play a role in national politics in reality is an empirical question. In the MENA region, as in other countries with written constitutions, we can expect many degrees of deviance from the standards and practices a constitution aims to uphold. And yet, constitutional rules allow discussions on the spirit of legal privileges and procedures, both by the judicial branch of government and by the general public. What is more important, written constitutions may legitimize decentralization and may provide a forum for further constitutional change. The essence of decentralization, however, lies not in the constitution itself but in society. It is society that entrenches decentralization and makes it meaningful in practical terms despite being permanently challenged by underlying neopatrimonial networks, as our research on Morocco, Tunisia, Egypt, and Jordan demonstrates.[7] Wibbels (2006, 167) calls the structural consequences of diversity that stem from the forces underpinning institutions rather than from the institutions themselves "institutional endogeneity". Institutional endogeneity strengthens the argument for our bottom-up empirical approach in contrast to the top-down expectations that models of decentralization create. We are, of course, well aware of the paradox inherent to decentralization: Its progress finally depends on the willingness of the center not the wishes of subnational legal entities.

Measuring decentralization

Because of the absence of federalism in MENA countries (see Mallat 2003)[8], the arena between the national and local level often remains an ill-defined category from a constitutional perspective. Here Elazar's concepts of self-rule and shared rule (1987) are helpful, as they move beyond rigid constitutional terminology. They make it possible to center in on the political process of decentralization and the balance or imbalance established

7 For a similar discussion on federalism see Thorlakson (2003).

8 The federal constitution of the Iraq, for example, has no substantial consequences and Iraqi statehood is by definition fundamentally challenged. For a more optimistic view see Mingus (2012).

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between central and local powers. Shared rule in MENA countries is above all informal rule, whereas formal self-rule scarcely exists and/or does little to shift the power balance in nation-states. Genuinely regional tasks are often still de facto in the hands of local officeholders. However, the local level pursues very different priorities and distinct political logics. Moreover, local politics is not necessarily the product of decentralization since it builds on a long political tradition, which in the course of decentralization has been confronted with new political impetus.

In addition to administrative decentralization and regionalism in a nation-state, regions in the Middle East and North Africa can be defined by the decentralization of policies. Constitutionally anchored decentralization is often, but not always, the pre-condition for policy decentralization. National security policies, for example, can develop regional structures without a formal revision of competences in a nation-state. Meaningful decentralization and resulting financial independence is a prerequisite for substantial policy making. But how can this be organized? A number of empirical questions have to be asked: Which level of government collects taxes, how much do they collect, how much autonomy do subnational levels of government have in setting tax policy, and how are revenues shared across levels of government (see Wibbels 2006, 169)? It is said that "country experiences by and large suggest that there is need to supplement the decentralization of spending responsibilities with the assignment of significant sources of revenue to subnational governments." (Lalvani 2002, 25; see also Hankla 2009, 640).

Any budget for the regions in MENA countries can naturally be co-financed by regional sources and/or taxes. The allocation of funds is, however, above all a strategic tool for the center to provide incentives that create loyalty (not least by the access to corruption that a budget makes possible[9]) and distribute resources to support preferences for regional development as endorsed by the center. Ironically, research has shown that participation of the center in subnational government (shared rule) helps to avoid corruption excesses, which are more prone to occur in situations of local and regional self-rule. There seems to be an agreement in literature that decentralization as such is no panacea for corruption (see Neudorfer and Neudorfer 2015).

Virtually all decentralization indices make use of fiscal variables (see Harguindéguy, Cole, and Pasquier 2019, 12). Budgetary allocations can be block grants or categorical grants, which are meant to improve the effi-

9 As has been shown by Kuenzi and Lambright (2019).

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ciency and effectiveness of policies. Block grants tend to increase the regional and local budgetary autonomy, whereas categorical grants involve the center in subnational decision-making. In Wibbels' (2006, 170) view:

> The more decentralized governments rely on intergovernmental transfers, the greater the incentive for subnational politicians to engage in the kind of overspending that can threaten the overall economic health of a nation.

This, he suggests, can be avoided by granting subnational spending powers that encourage tax competition and favor less intrusive governments on the local level. As of now, these powers are out of reach for subnational governments in MENA countries. Regional budgets can lead to political gains as well as political power compromises between central and regional elites and/or subordinates. Such budgets function as a seismometer of tectonic changes in the power relationship between the center and the regions.

Empowerment and its limit

In the MENA region, decentralization may function as a concession to (emerging) rival power centers, be they ethnic strongholds, territorial power centers of oppositional actors, economic hotspots, or (in rare cases) conditions by donors. Decentralization remains flexible and its effects are highly informal. As long as the role of the center is left unchallenged, a wide range of administrative and organizational changes is possible. The changes' success above all depends on efficiency criteria and on their fit with the dominant power relationships in a society. The form and legal characteristics of decentralization arrangements may differ, but they converge when it comes to resources, supporting networks, and the role of the center. For the center decentralization is a governance problem. A more successful and robust steering process and change management is more important than participatory democracy or the empowerment of regional elites.

Empowerment is predominantly only the second step. It follows the creation of preconditions for regional elites to attain relative autonomy. Neopatrimonial networks have a regional dimension, but they do not automatically create regional autonomy. These networks are inclined to support authoritarian political cultures. In these environments, regional decision-makers tend to rely on traditions of obedience and formality. They do not see constitutional or institutional change as opportunity struc-

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ture, but as a new environment for the power games they know. Networks infiltrate formal structures of authority, they penetrate institutions and administrative routines of policymaking (see Hutchcroft 2001, 27). It is therefore problematic to assume as De Vries does, that "local elites do not support decentralized responsibility for issues having national or global causes and consequences." (De Vries 2000, 218). Local elites' tactical value for maintaining neopatrimonial networks is worth more to central elites than the issues at stake. Hence, the scope literature on neopatrimonialism and the role of patronage networks both generally and in the region in particular is as diverging as it is comprehensive. At times the literature even developed a hegemonic character (see Erdmann and Engel 2006; Ruiz de Elvira, Schwarz, and Weipert-Fenner 2018). Its focus was primarily on the central state level, including the respective constellations of actors. The political relevance of neopatrimonial networks in the periphery is admittedly acknowledged, nevertheless, previous research usually leaves the question of the role of patronage networks in processes of decentralization unanswered.

Conceptual roadmap: How to grasp the informal in a formal setting?[10]

We argue that decentralization in the MENA region can only be understood by looking at the role of neopatrimonial networks at all levels of government, i.e. the central, regional and local levels. Policies of decentralization are guided, inspired and used for their purposes by informal personal networks. They penetrate the central (national), regional and local levels of government. Decentralization processes, how they emerge and how they function, are hence more than the result of constitutional reforms. The impact of decentralization depends heavily on the degree and quality of informality and its framing by neopatrimonial networks.

We attribute special importance to elite networks at the regional level who are connected with their counterparts at both the central and the local levels of decision-making. We assume that these neopatrimonial networks, because of their strategic position between the national and local level, can have the ability to shape the outcome of decentralization policies. We derive three vital characteristics of governance in the MENA region from the literature: (1) Formal rule is centrally organized but fluid,

10 The conceptual argument is based on Demmelhuber, Sturm, and Vollmann (2020).

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with autonomous social fragments in the periphery. (2) Neopatrimonialism is a basic principle of governance throughout the region. This implies a systematic interplay of formal and informal politics. (3) The integration of research on elite actor networks on the regional and local levels into our research agenda is overdue.

We assume that interactions between formal and informal institutions will change the outcome of decentralization: State authority may for example be impeded by insufficient funding or dependence on regime elites. Mere delegation of administrative tasks can be exploited by sub-national elites and actors and redefined in order to steer policies towards autonomous decision-making. This results from interactions of informal and formal institutions. After their independence in the 20th century, MENA states were centralist states, but statehood in the Westphalian notion of nation-states often remained precarious. Because of arbitrary boundaries and "divide et impera" tactics under colonial rule, the formation of the MENA states began without political unity or (a national) identity of the people. Decentralized structures often served colonial/imperial powers' interest by excluding actors while promoting and fostering other actors on the local level. The centralist regimes of the new states employed a personal or family-based logic of governance, heavily reliant on neopatrimonial networks (see Herb 1999). The citizens' loyalty to the national regimes' rule remained in competition with other strong social ties based on religion, ethnicity or, most importantly, tribalism – especially in the periphery of the MENA states. Formal governance remained wanting in the provinces where a pre-state social order of autonomous sub-entities prevailed. To govern in the MENA periphery, rulers had to work with or against those sub-state patrimonial authorities. In a pivotal contribution on the importance of family and tribe in MENA politics after formal independence, Charrad elaborates on the strategies of the Moroccan, Tunisian and Iraqi leaders to establish their regimes' rule over national and local neopatrimonial networks. She identifies patterns of marginalization and integration (or shifts between those patterns) as strategies of the center when dealing with local networks (see Charrad 2011).

The importance of traditional authorities and institutions in the periphery remains high. Regimes still need to deal with local or regional elites to assert peripheral governance. The importance of personal patron-client networks and the interplay of formal and informal politics for efficient governance results in a high degree of flexibility of neopatrimonial rule in the Middle East and North Africa. It is logical to assume that the same flexibility will be found when looking at decentralization policies. The impact of informal decentralization policies is likely to be even more important

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than legal norms imply. To assess the impact of neopatrimonial networks on the national, regional and local levels of government, we have to identify the political elites involved and their interests in decentralization policies (see chapter 4). Hence, we argue that the neopatrimonial network of elites at the national level is accompanied by neopatrimonial networks on the regional and local levels of a country. The center, or even sectors of the center, can interact with lower-level networks. In some cases they are tightly interwoven with them. For our approach, it is crucial to acknowledge the existence and relevance of neopatrimonial networks on the regional and local levels. We also need to analyze their possible connections with the national level. While direct cooperation or interaction between the regime and the regions has the potential to marginalize the regional level, we assume that this context still is important for a (limited) role of the regions in formal decentralization reforms. Neopatrimonial networks facilitate interactions between the central government and the regional and local levels. It is possible, as we show in this chapter, to identify different kinds of networks and to trace them. First and foremost, regional positional networks are based on the formal status of regional decision-makers. This formal position is always open to constitutional engineering, but above all dependent on the role of informal power bases and informal decision-making. The identification of relevant elite actors and their interactions is the key issue for an explanation of the variance in the outcome of decentralization processes. Previous investigations of elite networks were macro-level studies, primarily interested in the regime's perspective. The thematic focus on decentralization allows for updated elite mapping that integrates actors beyond the center who are politically relevant for decentralization reforms (for methodological reflections, see chapter 4).

Top-down and bottom-up factors of decentralization

Decentralization is the transfer of rule from the central level to regional and local levels. It is often a deliberate formal process implemented by centralist regimes, but it is nevertheless (1) influenced by informal clientelist and patronage networks in the center, the region and in the municipalities, and (2) does have an impact on the creation and functions of those networks. Decentralization modes encompass the top-down (central) regime decisions and actions as well as bottom-up activities and the feedback of local and regional actors when enabling, using, or circumventing changes of governance. The strategies of MENA rulers since the 1990s gave preference to a top-down (driven by the regime) implementation of decen-

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tralization, mostly – but not only – by establishing or strengthening formal institutions. Another strategy is the endorsement of neoliberal reforms and privatization of local service provision. Instead of increased regional accountability and efficiency, as results of these reforms scholars have observed the strengthening of central state influence due to the elimination of traditional checks and balances (see Bergh 2012; Clark 2018). The seminal approach by Hutchcroft (2001), however, points to the possibility of (informal) bottom-up decentralization as an attempt of local patrimonial networks to fill in the voids left by weak capacities of the central regime. Most comparative studies with a macro-level perspective did not capture this notion of decentralization. Yet it seems of high relevance in the case of MENA regimes, who are generally characterized by a high fragmentation of the centralist regime's capacity in the periphery.

Although formal provisions for decentralization have a strong potential to determine structural and policy outcomes, we expect that for decentralization in the MENA region the impact of informal processes is of even greater importance. Central aspects for the efficacy of decentralization processes are the perceived legitimacy of decentralization and/or people's support, the goals of the involved neopatrimonial networks, and the strength of local and regional actors.

As argued above, we expect that decentralization in MENA is shaped by the interplay of formal and informal institutions and is driven by the relationship of neopatrimonial networks on different levels of governance. Neopatrimonial governance in the MENA region stands for an ongoing struggle of the central government with socio-political fragments in the periphery. Neopatrimonial networks can therefore shape, use or undermine the institutional setting of a given state, depending on their respective goals:

(1) MENA states have witnessed the co-optation of local elites through the central regime, thus circumventing the restrictions of formal institutions. Do actors on the regional political level defend the formal standards of decentralization policies? Or do they align with informal government strategies? The latter is likely to attract formal support and resources by the central government.
(2) Central elites might experience decentralization as a possibility to widen their influence on different political levels or offices. To the central elites, the networks at the lower levels should function as an extension of their spheres of influence. However, the situation may arise that newly empowered regional elites appear as threats to national level networks, which could prove as a barrier to successful cooperation.

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(3) If strong local and regional actors exist, they may strive for greater autonomy by making use of formal decentralized institutions. But if the legal setting of decentralization politics lacks local and/or regional support, or mirrors the patronage networks on the national level, they may try to circumvent such institutions.

Fiscal policy and decentralization

The undisputed importance of informal institutions in MENA states implies that the evaluation of the normative claims of decentralization can only be a point of departure, a blueprint for officially presented intentions that must be compared with the de facto outcome of the respective reforms. We suggest fiscal policies as a testing kit for the true quality of regional power-sharing. Using fiscal policies as an indicator allows us to trace decentralization. Financial relations between the national and sub-national levels of political systems can serve as an important indicator of the de facto implemented level of decentralization strategies. Fiscal policy leaves its imprint on other policy fields as well. The ability to tax one's population has been described as a regime's extraction capacity. It is a proxy for a regime's capacity to govern (Cheibub 1998; see also Lieberman 2002). This establishes a direct link between taxation and the governability of a political regime. But in the MENA region, tracking taxation may be insufficient to deduce political realities, if it is used as the sole indicator for the capacity to control public finances. This is particularly true for rent economies who do not have a tax-burden, or are dependent on taxes only to a very small degree. The analysis of taxation data and the division of tax revenues between the different levels of the political system provides additional information on central state's capacity to govern, or on the corresponding capacity of sub-national governments. There is some evidence that sub-national institutions occasionally fall short of their potential in tax collection, either because of a lack of administrative efficiency, or even intentionally in order to uphold local support (Harb and Atallah 2014). Another explanation may be a narrow tax base and structural factors (e.g. informal economies). A broader approach to understanding budgetary policies of MENA states is thus necessary (see Lust and Rakner 2018). Local budgets are not interesting per se, but they provide facts that help understand the readiness of central governments to decentralize. Accordingly, a significant change in resource allocations may signal the empowerment - or conversely the loss of power – of the subnational level. Local budgets are an indicator of the possible degree of power-sharing. If national gov-

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ernments decentralize fiscal policy and reduce financial oversight, they thereby promote a higher degree of decentralized decision-making processes.

Conclusion

Decentralization is a vividly discussed topic among populace and governments in many parts of the Middle East and North Africa. International donors such as the IMF or the World Bank, Arab civil society activists and organizations, as well as some researchers have articulated great expectations. But in reality, the outcomes of decentralization reforms and their consequences at the local and regional level are yet unknown or unclear at best. Nonetheless, the topic presents an excellent opportunity to develop a broader and deeper understanding of governance and governability under the condition of neopatrimonialism in MENA countries. Neopatrimonialism is the informal, all-embracing and penetrating feature in the interplay of the central, regional and local levels of the Middle Eastern and North African state. Based on an assessment of the quality and nature of neopatrimonial networks in the MENA region, we identify, track and explain the causes and outcomes of political decentralization. By doing so, we present a more dynamic and elite-driven understanding of decentralization policies in MENA countries. We hereby moreover demonstrate how focusing on the composition, change, and interdependence of neopatrimonial networks relevant for decentralization attempts is a promising alley of research to help explain the variety of outcomes of decentralization reforms. By utilizing fiscal policy and informal financial flows to investigate decentralization in depth, we aim to provide conceptual insights for the study of decentralization worldwide.

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3. Doing Research on Subnational Levels of Autocracies: Field Work and Methodological Approach

Miriam Bohn, Thomas Demmelhuber, and Erik Vollmann

Field research in non-democratic contexts is challenging. Even prior to the Arab uprisings the clustering of autocratic regimes in the MENA region held great obstacles regarding access to the field, access to data and archives, and identification of potential interview partners or participants for survey research. In most cases, research played out within legal "grey zones" in terms of official permissions to conduct research. International scholars were granted access to the field via tourist visas and fieldwork was conducted with the implicit toleration of the security apparatus. Even so, there is a tacit knowledge among the research community regarding the unvoiced but clearly defined "red lines" that limit the scope and possibilities of research and movement in the field.

The Arab uprisings were more than a turning point for the social and political configuration of the region. The newly evolving political map impacts research on and in the region. The reasons for this are manifold, but three related aspects stand out: First, in times of popular upheavals narratives of alleged clandestine interventions by external actors lent cause to ruling regimes to identify actors from abroad purportedly responsible for instability and turmoil (also referred to as "the third hand", Wessel 2018). This led to a tremendous increase in suspicion toward foreign researchers, who are increasingly considered agents of external intelligence or other external parties. Second, the security apparatus in most MENA countries invested a lot in domestic surveillance techniques, both in offline and online, making it even more difficult to acquire the consent of potential interviewees. And third, in times of changing makeup of political power and not fully established top-down capacities, competing security/police branches may lead to diverging interpretations of what is allowed and lawful and what is not. Experiences of arbitrary arrests and misuse of power have been the consequence for many researchers in the MENA region. This fundamental change has led to a thriving literature in the field of how to do research in authoritarian contexts, which was long overdue (Glasius et al. 2018; Grimm et al. 2020). Based on these context factors, our research was driven by several methodological premises, benchmarks, and tools.

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Case selection and period of investigation

In this book we analyze the interplay of neopatrimonialism and decentralization in Morocco, Jordan, Tunisia and Egypt. To detect changes and continuities over time, we concentrate on the period from 1990 until 2020. As the most vital public discussions and reform endeavors regarding decentralization – as well as our fieldwork – took place after the Arab uprisings, the focus of our analysis is the period after 2011. The local governance discussions in the 1990s vastly reflected international donors' calls for subnational governance reforms and liberalization. We use the decentralization reforms of that era as a necessary baseline to assess the trajectories of change and continuity in the current generation of reforms. This broad timeframe enables us to capture major dynamics that show an impact on the development of decentralization in each country: continuing patterns as well as specific events. Despite a variance in regime type, size, urbanization and colonial history, our four cases experienced the Arab uprisings as heavily centralized authoritarian regimes with limited potential to pacify protests with classic instruments of a rent economy (e.g. increasing social welfare, subsidies). All four were considered neopatrimonial (see Table 1) at the time, and opted for a decentralization reform or enshrined it in their constitutions as a reaction to the protests. While major and regionally exceptional reforms followed in Jordan, Morocco and Tunisia, Egypt's propensity for reform has been curbed ever since the power transition to as-Sisi in 2014 (see Figure 1).

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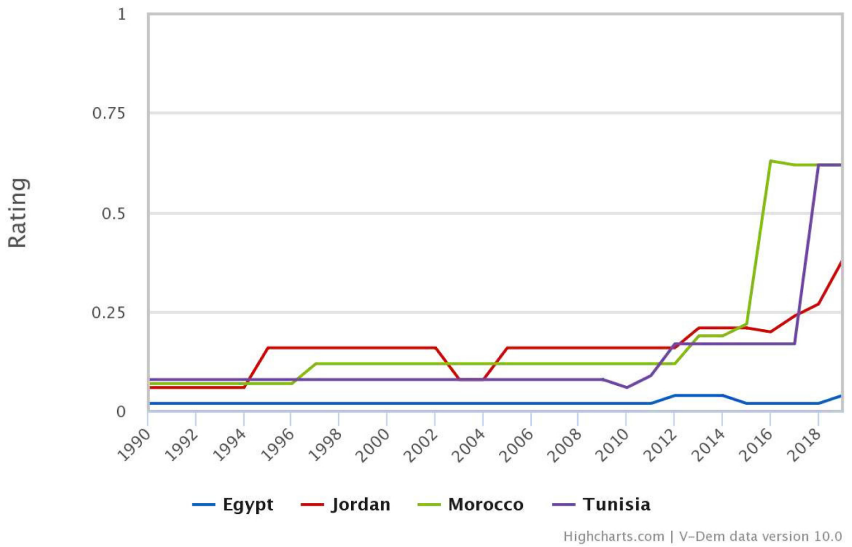
Figure 1: Increase in local government power (V-Dem)



V-Dem (2020). Combined index of the existence of elected local governments and their power vis-à-vis nonelected actors on the same level, range between 0 (non-existent or subordinate) and 1 (existent and dominant).

Attempts to decentralize longstanding neopatrimonial structures unite these four countries. They are low- to middle-income MENA countries that cannot rely on rentierism alone to appease the protesters. Beyond these similarities, the four countries vary on important characteristics. In order to illustrate similarities and differences of the four cases under investigation, Table 1 summarizes major demographic and socio-economic features of each country. Egypt has the largest population, but also the lowest urbanization rate (despite a concentration of inhabitants in and around the Nile Valley). Jordan and Tunisia share a similar population size, but Jordan's degree of urbanization is significantly higher with a score of 91% of the population living in urban spaces. Jordan also encompasses by far the smallest territory in our sample. Central state power need not spread far from the capital Amman to reach the Jordanian hinterland, whereas Moroccan let alone Egyptian regime power is stretched thin over vast landscapes with dispersed populations. This might be an incentive to decentralize to increase the state's capacity in the periphery.

All our cases started as autocratic regimes. Morocco and Egypt both deteriorated from moderate to hardline autocracies between 2010 and 2020,

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while Jordan kept up its status as moderate autocracy. The most profound change occurred in Tunisia: The country developed from a hardline autocracy in 2010 to a defective democracy in 2020 in the aftermath of its political upheaval (see Table 1). Neopatrimonialism has been present in all countries for long periods of time. Comparing the V-Dem local government index of 2010 and 2019 (see Table 1), Egypt kept almost the same rating while Jordan and Morocco show slight decreases. Tunisia shows the biggest change with a score of 0.84 in 2010 and only 0.08 in 2019. This would suggest a full turnaround of neopatrimonial power structures. Ongoing corruption perception, the persistence of the old economic elites and the importance of favoritism cast doubt on that score. The corruption perception index remains relatively unchanged in the young democracy since 2012 and is on the same level as in the other political regimes. Moreover, survey data for the Global Corruption Barometer suggest that more Tunisians experienced increasing corruption in 2019 than the population of our other cases. This replicates the high popular skepticism of 2016, where Jordanians and Tunisians very clearly led our list of cases in terms of distrust. The percentage of people reporting they had to pay a bribe over the course of the previous year also remains relatively constant throughout the Tunisian transition. The level is significant, though it is lower than that reported for the other countries of the sample. The percentage of people who perceive government officials as corrupt are on a comparably high level in all four cases. Egyptian, Moroccan, and Tunisian local councils were (slightly) more often perceived as corrupt than their central governments in 2016. In 2019 (after the Tunisian decentralization reform), the young democracy drew equal to Jordan, where more people believe the government to be corrupt than members of local governments.

Table 1: Country characteristics in comparison

	Egypt	**Jordan**	**Morocco**	**Tunisia**
Population (2019) in million	100.4	10.5	36.5	11.7
Area in km²	1,001.450	89.320	446.550 / 710.850 [1]	163.610
Urbanization in % (2019)	43	91	63	69

1 Second value with disputed areas (primarily the Moroccan-controlled Western Sahara).

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	Egypt	Jordan	Morocco	Tunisia
Percentage of population in capital	Cairo: 9.6	Amman: 19.5	Rabat: 5.2	Tunis: 19.9
Wealth group / GNI per capita in USD (2018)	Lower middle 1800	Upper middle 4210	Lower middle 3090	Lower middle 3500
System status, current and before uprisings (BTI democracy score)	2020: hardline autocracy (3.5)	2020: moderate autocracy (4.3)	2020: hardline autocracy (3.7)	2020: defective democracy (6.6)
	2010: moderate autocracy (4.2)	2010: moderate autocracy (4.0)	2010: moderate autocracy (4.1)	2010: hardline autocracy (3.8)
Neopatrimonialism (V-Dem index, 0-1, low – high)	2010: 0.68	2010: 0.51	2010: 0.41	2010: 0.84
	2019: 0.67	2019: 0.36	2019: 0.3	2019: 0.08
Corruption perception Index[2]	2019: 35	2019: 48	2019: 41	2019: 43
	2015: 36	2015: 53	2015: 36	2015: 38
	2012: 32	2012: 48	2012: 37	2012: 41
Global Corruption Barometer[3] Risen Corruption	2019: /	2019: 55%	2019: 53%	2019: 67 %
	2016: 28%	2016: 75%	2016: 26%	2016: 64%
Paid bribe	2019: /	2019: 4% / wasta: 25%	2019: 31%	2019: 18%
	2016: 50%	2016: 4%	2016: 48%	2016: 9%
	2013: 36%	2013: 37%	2013: 49%	2013: 18%
Government officials / Local government councilors	2019: /	2019: 36% / 28%	2019: 37% / 38%	2019: 31% / 27%
	2016: 27% / 36%	2016: 34% / 24%	2016: 35% / 39%	2016: 31% / 32%

Own depiction based on data by BTI 2020; World Bank 2020; V-Dem 2020; OECD and UCLG 2019; Transparency International 2020a; b.

Analyzing subnational dynamics under authoritarianism: Methodological approach

The main argument of this book is that elite dynamics and interactions between all levels of governance – central, regional, and local – influence the process and the outcome of decentralization. Different strata of elites respond to the incentives of reforms and make use of or react to formal and informal practices and institutions that accompany such reforms, in order

2 From 0 (highest level of corruption) to 100 (clean).
3 Percentage of respondents.

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to maintain or gain more influence as well as to undermine the position of others. Eventually, elite behavior twists the logic of the decentralization process, leading to different outcomes from what was expected as a result of the de jure framework, for example in terms of elite representation within subnational institutions, or the efficiency and equality of public service distribution and economic development.

The analysis of elites is an important branch in current political science study. In order to widen our understanding of politics "beyond the center" (Hoffmann, Bouziane, and Harders 2013) it is necessary to extend the focus beyond the state as the main actor and the central level as unit of analysis. Including elite perspectives at different levels of politics is one way to accomplish this necessary shift in research. Conducting fieldwork interviews with elites can be a viable method to create original data that helps us to look beyond a static understanding of the state and the regime, and to reveal regime interactions with different strata of the populace. However, the research on elites is very heterogonous and up until now, literature does not provide a common understanding or definition of elites and how to approach them (Morris 2009; Mikecz 2012; Cochrane 1998; Rice 2010; Perthes 2004). For the purpose of this book, we employ a broad understanding of elites as a privileged group within society, characterized by proximity to power or with a particular expertise (Morris 2009, 209). Following the argument of Woods (1998, 2106ff.), elites have (1) privileged access to resources that may not only be material but also encompass coercion, organizational, administrative, or symbolic capital, as well as knowledge and psycho-personal elements (e.g. charisma). (2) Not every individual has particular access to all resources, but they are interlinked by networks of social or professional relations. Lastly, elites are (3) socially or discursively constructed as elite by the recognition of their elevated status vis-à-vis the population. Accordingly, this allows us to not only include the top-regime elites into our analysis but also to consider oppositional, professional, regional, local, or societal elites.

In the empirical chapters we employ a mixed method approach using established findings within the literature, official state sources, media reports, and original fieldwork. Our argument draws on fieldwork in Morocco (April 2018 – May 2018 and October 2018 – December 2018), Jordan (April 2018 – May 2018, October 2018 – November 2018 and January 2020 – February 2020), and Tunisia (October 2019 – November 2019 and January 2020 – February 2020), where we conducted semi-structured interviews ($n = 162$) with politicians and state employees, civil society actors, researchers, journalists, and foreign observer organizations on the central, regional, and local government levels. Because of the political situation in

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Egypt, the deteriorating academic freedom and major security issues, we decided not to conduct fieldwork in our fourth case study. Instead, we relied on an evaluation of existing literature, official state channels, media reports and country experts.

We employed clusters of open questions in three blocks relative to (1) the framework of decentralization and its implementation, (2) the financial organization of subnational governance, as well as (3) elite networks and the interactions between actors and institutions. Since the interviews were conducted in an authoritarian (or transitional) environment, the safety of our interview partners had priority. Though decentralization is not per se a "hot topic" in relation to security interests of authoritarian regimes, special care is important when dealing with state-elite relationships, discrepancies between the text of laws and their implementation as well as country-specific "red lines" (e.g. the decentralization process in Morocco is strongly connected to the king, the unsolved Western Sahara question, and even the protest movements in the northern Rif region). We thus decided not to specify the date of the interviews and the position of the interviewees (see Glasius et al. 2018 for an extensive discussion of obstacles and techniques during fieldwork in authoritarian environments).

Fieldwork description

Conducting fieldwork in the periphery of MENA countries is challenging. Every researcher aiming to analyze the subnational levels of government is confronted with a variety of vital questions: How can I get in touch with people far away from urban areas? How do I get there? Is it safe to stay overnight? How do I interact with local officials? How far can I go with my questions? In order to answer some of these questions and provide some insight into fieldwork on the subnational levels, we divided this section into two parts: the preparation phase and the actual field work.

Preparation phase ahead of the field trip

Planning potential interviews from abroad is difficult. It is possible to reach out to international organizations before the visit and to arrange meetings with them. However, local organizations or individual interviewees are hard to contact from abroad. Emails remain unanswered and establishing contact via mobile phone or instant messaging services is limi-

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ted to a small pool of pre-existing contacts. Even if this is the case, the contact person will usually ask the researcher to reach out to them as soon as they have arrived in the country to make an appointment. The focus of the preparation phase is thus the creation of a research plan, a questionnaire for interviews, and to collect sufficient information on safe research techniques in authoritarian contexts.

Conducting fieldwork in the periphery

Accordingly, the engagement phase of fieldwork usually starts upon arrival. The essential device for the researcher is a local SIM card as many interviewees rely exclusively on mobile phones for the coordination of appointments. The next step is thus to reach out to contacts via calls, instant messages and emails. The initial recruiting of interviewees is based on (1) suggestions of colleagues who were kind enough to share contact information and (2) on a pool of observer organizations (especially the German political foundations). The latter are usually engaged in cooperation projects and other forms of support concerning decentralization and were thus a relevant source of information. Consequently, their experience and contacts opened up the access to relevant actors in the field who, in turn, were usually helpful to identify further potential interviewees. This eventually led the way into the regions and enabled us to conduct interviews with local government officials and observer organizations. Based on an evaluation of official organizations, news reports and legal documents, we also searched for additional persons of interest and either tried to find their contact credentials (e.g., LinkedIn, Facebook, email) or asked other contacts for their help to get in touch with them. However, lacking a connection to a colleague or preexisting contact, potential interview partners were sometimes harder to motivate for an interview.

A trip to peripheral regions differs significantly between the countries. In small countries like Jordan, it was most convenient to arrange a driver for one day who would drive from one interview to the other, and then back to the city in the evening. It is also the safest way to travel to the periphery, especially for female researchers. In the region, most of the times we had a contact person who already waited for us on arrival to take us to the interviews. We deliberately decided not to use recording devices in our interviews. Due to the authoritarian (or transitional) research environment we worked in, we tried to minimize risks and vulnerabilities to surveillance (digital and otherwise) for both our contacts and us (Ryan and Tynen 2020). We stored contact information of our interviewees and the

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notes we took separately and encrypted sensitive files. Lack of word-for-word-transcripts may result in the loss of some information, but overall it was more compatible with the dynamic interview settings we found ourselves in: Depending on the interviewee, sensitive questions had to be asked with caution, if at all. Some were eager to provide information, others rather hesitant, especially when asked for names, informal practices, and financial flows. Recording the interviews can thus further irritate interview partners and may prompt them to withhold important information. In addition, many interviews took place in noisy surroundings like coffee shops, restaurants or hotel lobbies, sometimes we changed locations in the middle of an interview as our contacts wanted to show us something. At times, interviews evolved into group interviews when our contacts introduced us to colleagues and partners.

Most of our interviews were conducted in French and English. For some interviews, especially those outside the city centers, we arranged a professional interpreter or a colleague who is fluent in the local Arabic dialect. Our interviews were semi-structured encounters based on an open questionnaire that we prepared in coordination with the research team. However, we stayed open-minded and adapted the questions with respect to the position or background of each interview partner. We frequently incorporated important news or questions raised by prior interviewees into our set of questions to permanently advance our understanding of the issues. During an interview, it is rarely possible[4] to ask each question prepared for the questionnaire. Often interview partners raise their own points or open up a new perspective, which may eventually change the structure of the interview. Flexibility is thus extremely important to accommodate the different insights and backgrounds of our partners as well as the different lengths of the interviews (from 30 minutes shared between interviewee, translator and interviewer to three hours one-on-one).

Public finance and subnational data: Issues of quality and availability

While elite relations are vital for our understanding of decentralization under neopatrimonialism, the fiscal relations of center and periphery are another important tool to assess the state of decentralization in the MENA region. Reliable and long-term data on public finance are very scarce in the

4 It would also not have been sensible to do so. Not every contact is in the position to inform in detail on all three topics of our interview structure.

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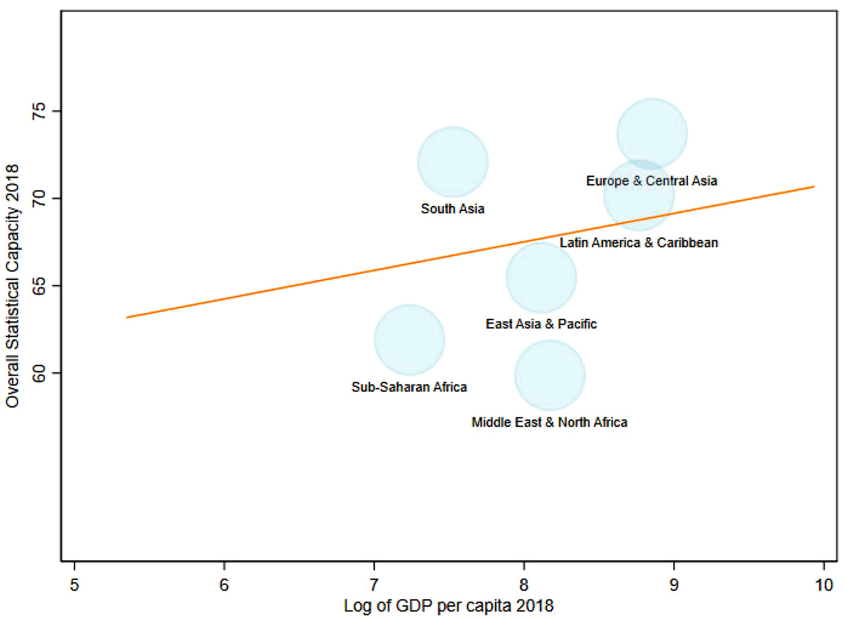
region and the situation is even worse for subnational finance. Consequently, most quantitative studies on the workings and effects of (fiscal) decentralization exclude the Arab world from their analyses.[5]

Even when we focus on macro level data independent of decentralization, the MENA region lags behind other world regions in data accessibility and quality. It is the only region that saw a decline in its statistical capacity (i.e. data quality and accessibility) between 2005 and 2018. Its mean is now last among world regions behind Sub-Sahara Africa (see Figure 2). Even where the World Bank registers relatively high levels of statistical capacity, we still face a lack of micro level data (Arezki et al. 2020). Definitions and accumulations of core state statistics might deviate from overarching World Bank definitions and thus vary between cases.

Figure 2: Development and statistical capacity of world regions in 2018



Arezki et al. (2020, 17).

5 Ivanyna and Shah (2014) are an exception among large-n studies on decentralization in this regard.

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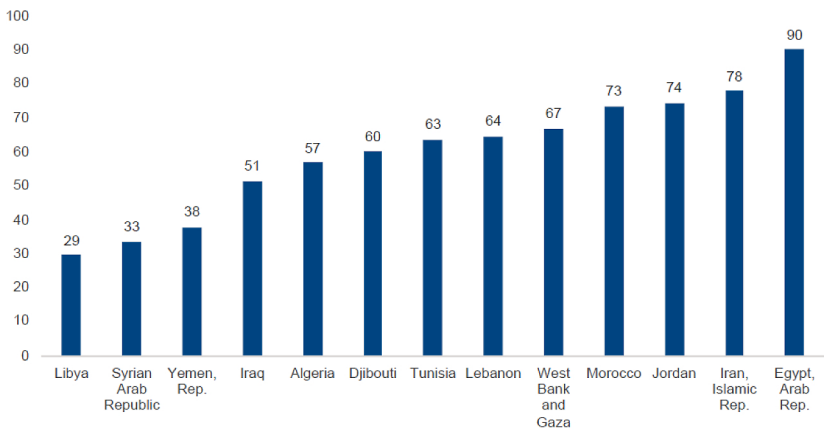
The problem seems accentuated when working with data on subnational phenomena. Data on subnational finance was often inaccessible for parts of our period of investigation (Jordan, Tunisia). Our analysis sometimes suffers from a palpable lack of disaggregated data (Egypt, Morocco), missing data from parts of the reporting subnational entities (Jordan, Tunisia) or reported values that vary between different official ministry sources (Tunisia, Jordan).

Figure 3: Statistical capacity score for MENA countries, 2018



Arezki et al. (2020, 18).

World Bank data suggest the highest statistical capacity for Egypt (see Figure 3). This high value, however, does not translate into an easier access to subnational data for our purposes of investigation – on the contrary. The Egyptian regime faces allegations it would hide its vast military spending through artificially downsizing military resources in state statistics. Many comparative social science datasets have not updated their latest ratings on Egypt because access to the field and other sources of information have become ever more difficult to acquire.

Kandil (2020) claims that the shortfalls in the quality and accessibility of official data in MENA countries cannot solely be explained by insufficient resources or new procedures: "National statistics centres in most MENA countries were set up decades ago, so they have had enough time to build capacity; the dearth of adequate, accurate, reliable and timely data has to be explained by unwillingness to share information." (Kandil 2020)

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In this region as in other world regions, the possibilities and incentives for governments to manipulate reported data, e.g. in times of crises to guarantee stability, are seldomly discussed but often presupposed problems of political economic analyses (Aragão and Linsi 2020; Wallace 2014). The problem is not unique to autocratic regimes, but likely more accentuated in some, as for example data problems in Egypt suggest.

We acknowledge these limits and accept that an analysis of subnational fiscal data in the MENA region may inevitably show gaps at times. Nevertheless, even with fragmented data it is possible to reveal certain trends over time. We are also aware that official fiscal data may not always document the de facto numbers, especially not under the condition of neopatrimonialism. Interviews with subnational government officials, civil society organizations and country experts can make up for this by helping to detect possible inconsistencies in fiscal flows and the politics behind the presentation of data. In our analysis, whenever possible, we combine quantitative data on fiscal decentralization and local finance with qualitative material from original field research and secondary literature to shed light on the dynamics of fiscal decentralization in the MENA.

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4. Untangling Elite Networks and Decentralization in the Middle East and North Africa: Neopatrimonialism Revisited

Miriam Bohn and Erik Vollmann

Politics in the Middle East and North Africa (MENA) is an amalgamation of formal-legal institutions and informal rules built on a highly personalist structure of power relations known as neopatrimonialism. Though the periphery is central to this type of personalist governance, the subnational dimension of neopatrimonialism was vastly neglected in past research. Since both our understanding of autocracy and neopatrimonialism build upon the notion of power-centralization in the hands of the ruler and the central regime, the state-centeredness of most research on the MENA region is reasonable. In light of the revival of decentralization efforts and discourses following the Arab uprisings of 2010/11, however, we argue that a thorough analysis of the relationship between local governance reforms and neopatrimonialism is key to advancing our understanding of governance and policy formulation in the MENA region. Though mostly not considered to be part of high politics, decentralization reforms have a significant impact on patron-client relations between the central level and the subnational territories of the body politic (Cammack et al. 2007; Demmelhuber et al. 2020). A systematic analysis of central and subnational elite dynamics is thus essential to broaden our understanding of decentralization under neopatrimonialism. Patron-client networks are asymmetric power relations with a clear dominance of the ruler as "prime patron", yet he is also dependent on the compliance and the successful management of his clientelist networks. We argue that the country-specific interplay of central and subnational elite networks has an impact on the de jure formulation and the de facto outcome of decentralization processes, and vice versa.

The purpose of this contribution is to examine which role neopatrimonialism and elite dynamics play in shaping the process and outcome of decentralization, with a focus on the post-2011 developments in four MENA countries (Morocco, Jordan, Tunisia, and Egypt). A core element of neopatrimonialism is a well-balanced interplay of both formal and informal institutions. Neither the idealistic absence of the informal (legalistic-bureaucratic) rule, nor the complete dominance of informal politics (patri-

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monialism) alone can explain politics in the political system (Erdmann and Engel 2007). We focus on the de facto process and outcome after the implementation rather than the de jure formulation of the reforms. Based on fieldwork interviews and observations as well as the literature on neopatrimonialism, decentralization and informal institutions, our analysis explores three main questions:

- How do national and subnational elites use both formal and informal institutions in their attempt to gain and maintain influence, resources, and power?
- Decentralization processes have the potential to reconfigure elite networks from the center down to the local level and can thus be both threat and opportunity for different strata of elites. Can we see significant changes in elite constellations between the center and the subnational levels?
- How does elite behavior explain the deviations between the legal institutional design of decentralization and its de facto outcome?

The inclusion of regional disparities is crucial to understand the logic of subnational governance in the MENA. The regimes have been using neopatrimonial networks to handle the periphery for decades, but the dynamics of 2011 revealed the limits of this supposed security network, as most of the protests originated from the socio-politically neglected periphery. Over time, most political and economic power in MENA countries was concentrated in the center and a few well-connected regions. The result was a major gap between urban and rural regions concerning public services, development, and political influence. Consequently, the implementation of decentralization reforms in MENA countries may on the one hand contribute to appease peripheral populations by granting them more venues of participation, authority over subnational state affairs, and by boosting their economic development. In addition, reforms may increase central control over the periphery depending on the legislative design. On the other hand, not only does decentralization challenge existing clientelist structures that have been used to stabilize the regime for decades (Clark 2018), it also means giving away power to a population that has proven its willingness to stand up against the regime if necessary. Therefore, our empirical analysis adds center-periphery disparities to the examination of our

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three research questions as these disparities are main drivers of recent decentralization processes (Vollmann 2020).[1]

Decentralization, neopatrimonialism and elites in the MENA

Decentralization in the MENA

Decentralization is the transfer of competences from the central government level down to the subnational levels of government, for example to the regional and the local political administration (Demmelhuber et al. 2020). Despite a historical tradition of strong elites in the periphery, MENA regimes are nowadays infamous for their centralized state order. Decentralized power arrangements among various traditional leaders (e.g., tribal or religious) characterized the MENA region long before Western states imposed their colonial rule upon the territories. When colonial powers established a centralized, bureaucratic state administration, they engaged with the traditional elites in form of decentralized power sharing to make them comply with the new state. After gaining independence, the region's new rulers built upon the colonial state administration and continued to centralize their power. They assumed a variety of strategies that simultaneously upheld and marginalized the position of traditional elites. For instance, the new power holders used strategic co-optation of local notables (e.g. Morocco) and marginalized their power via formal-legal measures such as the merger of municipalities (e.g. Jordan) (Charrad 2011; Harb and Atallah 2015; Vollmann 2020; Shalaby et al. 2020; Demmelhuber et al. 2020; Bouabid and Iraki 2015).

Though Western donors generally advocate decentralization in MENA countries, even World Bank researchers no longer deny that the topic is much more complex than it being a technical measure leading to good governance. Politicians and bureaucrats fight over decentralization for the same reasons they fight over the design of state institutions: Their power

1 Our analysis draws on original fieldwork in Morocco (April 2018 – May 2018 and October 2018 – December 2018), Jordan (April 2018 – May 2018, October 2018 – November 2018 and January 2020 – February 2020), and Tunisia (October 2019 – November 2019 and January 2020 – February 2020) where we conducted semi-structured interviews (n = 162) with politicians and state employees, civil society actors, researchers, journalists, and foreign observer organizations on the central, regional, and local government levels. For an extensive fieldwork description and our rationale behind the case selection see chapter 3.

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and authority are at stake (Eaton, Kaiser, and Smoke 2010, 1). A meaningful delegation of tasks and power away from the center should be an anathema to the interest of centralized authoritarian states. Are decentralization reforms thus just "window dressing" without any meaningful impact on governance in the MENA? Building on the literature on neopatrimonialism and informal politics, we argue that local governance reform and the relationship between national and subnational elites are pivotal to understanding politics even in the highly centralized MENA region.

Neopatrimonialism and decentralization

Despite different pathways for the organization of power and of approaches towards the periphery, the personalist character of politics is indisputable in all our four cases.[2] Drawing on V-Dem data, neopatrimonialism has clearly been present in the four countries for a long period of time (see Figure 1). The rulers built their power on extensive patron-client networks that laid the foundation for neopatrimonial political systems. Consequently, a systematic amalgamation of legal-formal institutions and informal elite interactions characterizes the political process in Jordan, Egypt, Tunisia, and Morocco (Demmelhuber et al. 2020).

Neopatrimonialism is a type of rule that combines features of two Weberian ideal types: bureaucratic-legalistic rule and patrimonialism (Eisenstadt 1973; von Soest 2010; Erdmann and Engel 2007). Legal-rational institutions exist and visibly structure the state organization. We see the formal separation of the public and private sphere and officials holding positions in bureaucratic organizations. However, authority is heavily personalized and state elites exercise their legally-defined powers "as a form not of public service but of private property" (Clapham 1985, 48). Moreover, the traditional linkages of authority might persist, though in a less pronounced

2 While Tunisia's transformation process resulted in an extremely positive rating by V-Dem, neopatrimonial networks especially between economic elites and ministerial elites are still intact (see the section on Tunisia in this chapter). Also, the perception of public corruption is high. A majority of Tunisians was convinced that corruption had risen during the last year both in 2016 (64%) and 2019 (67%). Tunisians experience it as a national and subnational problem. 31% of the population believes the government to be corrupt, as do 27% regarding local councilors (2019) (Transparency International 2020a; b). We thus argue that the strong neopatrimonial character, which characterized Tunisian politics over decades, has not been fully eradicated.

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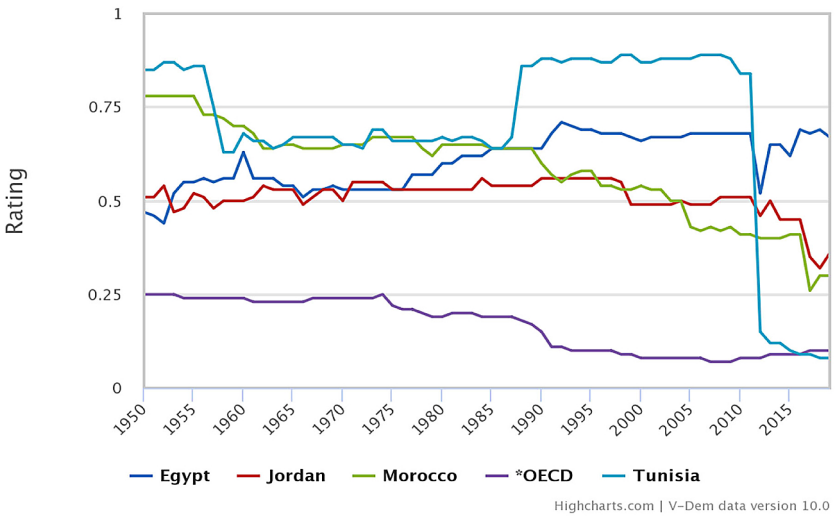
version of patrimonialism, by taking on a more transactional character (Sigman and Lindberg 2017; Erdmann and Engel 2007).

Figure 1: Neopatrimonialism in the MENA region



V-Dem (2020), data ranges between 0 (low neopatrimonialism) and 1 (high neopatrimonialism, composite index of indicators for the three dimensions clientelism, presidentialism, regime corruption.

Empirical approaches propose three features of neopatrimonialism: *clientelism*, i.e. the targeted exchange of goods and services for political support, *presidentialism*, which we translate into its core meaning of systematic power concentration in the hands of the ruling regime, and the *elites' use of public office and resources for private or political benefit* (Sigman and Lindberg 2017, 5–6; Bratton and van de Walle 1997). The last dimension includes the common occurrence of corruption as an informal institution (Teorell 2007; Helmke and Levitsky 2004). Current measurements of neopatrimonialism such as the Varieties of Democracy Index of Neopatrimonialism (see Figure 1) even use (regime) corruption as a proxy indicator for this third feature. The relatively high perception of local government corruption in our four cases also underlines the value of neopatrimonialism for the analysis of subnational government reforms. In Morocco, 38% of the populace in 2019 perceived local governments as corrupt. Central government officials were rated as equally corrupt (2019: 37%). We see almost the same level of corruption perception in the case of Tunisia, where

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27% of the population view subnational councilors as corrupt (31% for government officials). Jordanians also experience high levels of local government corruption with 28% in 2019, but the central government is believed to be more corrupt (by 36% of the population in 2019). Subnational perception of corruption is also very high in Egypt, with 36% in 2016, more so than the central state officials (2016: 27%).[3] In this setting, governance is "the formation and stewardship of the formal and informal rules that regulate the public realm" (Hyden, Court, and Mease 2004). We agree with Sigman and Lindberg (2017) in their evaluation that neopatrimonialism is not a form of "African exceptionalism" but a common trait of most developing countries.[4] Since power concentration that "resists delegating all but the most trivial decision-making tasks" (Bratton and van de Walle 1997, 63) is a defining feature of neopatrimonialism, decentralization should stand in normative opposition to it. However, the personalist character of politics in neopatrimonial rule implies cooperation with elites on the ground to formulate and implement state politics. Dealing with subnational politics is therefore a core challenge of neopatrimonial state organization. On the one hand, the cooperation with local elites is necessary to govern the periphery, but on the other hand (subnational) elite power can also be a threat to the regime. An authoritarian regime's management of subnational elite structures is thus a necessary perspective to better understand the logic and functioning of neopatrimonial rule. For instance, elite rotation is a commonly applied strategy of neopatrimonial rulers to keep elites from gaining too much power within one locality (von Soest 2010). Therefore, we argue that analyzing the interplay of formal and informal institutions and systematically integrating the elite perspective is necessary to understand local governance reforms under neopatrimonialism.

Elites and decentralization[5]

The ruler and the regime elites are the dominant players in the network of patron-client relations. Thus, they decide on the rules for other elites' ad-

3 Data based on Transparency International 2020a; b.

4 Informal institutions are, to a degree, present in all world regions and can sometimes improve political processes and outcomes also in democratic contexts. We would also like to state that personal relations of subnational office holders and the importance of local notables are as well to be found in Western local politics. They are not per se anathema to democracy.

5 To gain a deeper understanding of our definition of elites, see chapter 3.

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vancement, rotation, or if need be punishment, by withholding rewards, privileges, and access to state resources. Elite-regime-relations might be asymmetric, but they are reciprocal. The regime relies on the support of well-connected elites and their clients for the formulation and implementation of politics, and builds on their resources and capabilities to form a basis of support for the regime.

Accordingly, the cooptation and management of elites are vital strategies of both authoritarian and neopatrimonial regimes (Gerschewski 2013; Heydemann 2007; Vollmann et al. 2020; Hinnebusch 2012; Aalen and Murias 2018). Since central patron-client networks usually reach to the local level, decentralization challenges both the structure and the rules of existing patron-client-relationships as well as the formal institutional landscape they are embedded in. MENA regimes tend to limit reform processes to purely administrative decentralization. They delegate responsibilities to state agents and subnational branches of central ministries, thereby circumventing the potential regime-threats of political or fiscal decentralization. Nevertheless, reform processes offer incentives for different strata of elites to engage with state institutions and the political regime, for instance through the creation of new jobs. New ways of participation offer the possibility to gain positions of prestige and access to state resources that in turn can be redistributed within the own personal network. Participation may even provide a chance to influence policies (Lust 2009). Decentralization can thus help to bind strong subnational elites, including oppositional actors, to the regime. However, the bottom-up reaction largely depends on the actions and attitudes of influential subnational elites towards the regime, which brings back in the regional question. Some regions are highly loyal to the central regime, other locations may be centers of oppositional activism or anti-regime forces. In the latter case, decentralization offers oppositional actors a new platform to gain voice on the subnational levels of governance and to expand their own clientelist networks. Therefore, regime strategies such as the systematic fragmentation and disorganization of party systems, as well as the repression of opposition also influence the outcome of decentralization processes. Additionally, the prevalence of informal practices such as election fraud and vote buying have a profound influence on the distribution and intentions of elites across subnational institutions. Elected members' focus on service provision in the sense of competitive clientelism (Lust 2009) strongly affects the outcome and performance of decentralization (e.g. transparency and economic development) – in many cases to the disadvantage of the broad public or poor and less influential communities. Closely related is elite capture, the possibility of elites to influence development processes in accordance with

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their personal interests and priorities. With this practice, elites retain access to resources they usually would not have (Rajasekhar et al. 2018, 22). Not only central elites can benefit from elite capture via decentralization. As Johnson et al. argue, half-hearted decentralization efforts can enable local elites to capture major shares of public resources originally allocated to the poorer part of populations (Johnson et al. 2003). Elite capture thus has a significant impact on the outcome of decentralization: It may disproportionately benefit certain individuals or groups over others. The most likely beneficiaries are strong, pro-regime elite networks rather than poor communities or regions with oppositional background. Overwhelmingly, these practices help ensure pro-regime majorities within subnational institutions instead of ensuring a heterogeneous mix that represents the community. Controlled spaces for political competition can appease and contain both the opposition and other elites without seriously endangering the status quo. To prevent strong subnational elites from gaining high degrees of influence within a community or a region, authoritarian regimes apply strategies such as elite rotation amongst appointed members of central and subnational institutions. Hence, decentralization reforms may offer additional incentives for political participation and contestation. At the same time, the newly established competition may also be part of the regime's strategy to balance power relations between elites on all levels of government, as new struggles for influence and resource distribution between different institutions emerge (see also Vollmann et al. 2020).

Elites and decentralization in Morocco

Center-periphery relations: Reformism in the king's name

The kingdom of Morocco is a unitary state with a centralized power structure surrounding the monarchy and its *makhzen*, i.e. the palace and its clients consisting of – amongst others – the king's advisors, economic elites, high-level bureaucrats, the security apparatus and loyal traditional elites (Hissouf 2016). The *makhzen* is the country's core elite network, which originates from the pre-colonial sultanate. It was originally based on religious and tribal symbols and rituals of authority, and has "formalized" and amalgamated those traditional modes of rule into the bureaucratic state apparatus of modern Morocco (for a rich historical introduction see Daadaoui 2011). Core administrative elites still largely come from *makhzen* families that have served the sultanate since the 15th century. The monarchy is the largest economic player in Morocco and has used liberalization

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and privatization policies of the 1990s and 2000s to strengthen its ties with the kingdom's economic elite. Business power was traditionally and is still concentrated in the hands of only few families (Walter 2017; Lagarde, Bencheikh, and Khrouz 2011; Akdim 2013).[6] The current king Mohammed VI. advocated a strong shift away from his father's style of rule and introduced a myriad of modernization and democratization reforms that earned him his reputation as a reformer. Despite the high praise his reforms received from the international community after the Arab uprisings, Moroccan politics have shifted back to a strategy of modernization without democratization wherein the "flaws" of democratic actors are offset by "getting things done" interventions of the monarchy with (re-)increased repression (e.g. against the freedom of the press). Accordingly, Morocco is still considered a hardline autocracy (BTI 2020) despite international applause and the king's sterling international reputation as a reformer and moderating and stable anchor in the region. The king's latest diplomatic success led the US government to officially recognize Morocco's rule over the disputed Western Sahara area in exchange for the normalization of the kingdom's diplomatic ties with Israel. The Western Sahara conflict has dominated Morocco's external policies for decades. The regionalization approach to decentralization is deeply interwoven with the regime's attempts to gather international support for its claims over the Western Sahara by granting increased autonomy to the area (Collado and García 2015; White 2015).[7] While the new Moroccan constitution of 2011 formally reinforced the power of democratic actors (e.g., the king now needs to choose the prime minister from the strongest party in parliament), the palace's power remains largely unrestricted. Policy projects are still mostly dependent on the king's approval or based on initiatives not from the government, but from the king's own cabinet. Though Moroccan parties are relatively strong in comparison to other MENA contexts and

6 The economic elites are often labeled as "Fassi" for those former merchant families originated from Fez, although they have since largely relocated to Casablanca. Economic and political power intertwine as the Fassi are often coopted by the palace into high-level state positions or compete for an MP status. Fassi are not restricted to – but very much include – the el Fassi family. As the patrons of the Istiqlal party with Abbas el Fassi as prime minister (2007–2011) the el Fassi illustrate that structure (Bencheikh 2011; Akdim 2013).

7 The normalized relations with Israel further improve Morocco's standing with the West. Although there is a moderate risk to alienate parts of the Moroccan population over the perceived betrayal of the popular Palestinian cause, Morocco has long had relatively good relations with Israel and the two states have carried on their economic and intelligence cooperation despite the lack of diplomatic relations.

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political competition exists, it is closely regulated and the legal parties do not question the monarchy's superiority. Though Mohamed VI. describes his rule as "technocratic", removed some of his father's elites from major positions (Zerhouni 2004) and introduced "fresh blood" into the apparatus (e.g. his friends and co-students from the collège royal), the overall structure of the Moroccan elites remained intact.

Despite the top-heaviness of Moroccan politics, subnational politics and decentralization deeply penetrate the kingdom's political structure. The new constitution of 2011 was presented not as a reaction to protest, but as a necessary change to accommodate a report by the Consultative Commission on Regionalization. This emphasizes (political) decentralization as a principle of the Moroccan state. It was followed by an (ongoing) ambitious decentralization reform that vastly increased the power of the regional level in 2015 – at least on paper. The monarchy has used decentralization as a tool to uphold and increase its central power since independence. King Mohamed V. encouraged the creation of rural Amazigh parties to neutralize the urban dominance of the Independence Party (Istiqlal) that tried to diminish his powers. Decentralization reforms were moreover used to (successfully) motivate parties to end their boycott of national elections, while upgraded municipal powers made it attractive to compete in local elections. The redrawing of subnational administrative maps, the division of subnational councils or increase of jobs in subnational institutions were used over time to react to crises or to stifle opposition from below (Bouabid and Iraki 2015).

Decentralized power structures: Top-heavy decentralization, sophisticated oversight and new regionalism

Today, three subnational government tiers form the institutional backbone of decentralization in Morocco: municipalities, provinces and prefectures, as well as regions. All of them are all under the auspices of the Ministry of the Interior (MoI): An elected column (directly or indirectly) accompanies an appointed column of administrative control organs, which represent the state and the king. In 2018, the elected column comprised (1) 1503 municipalities (90% of which have less than 35,000 inhabitants), (2) 63 provincial councils (rural), and 12 prefectural councils (urban), as well as (3) 12 regional councils (until 2015: 16), whose members were directly elected for the first time in 2015. Subnational councilors are also represented on the national level via indirectly elected members of the second chamber of parliament.

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The councils are flanked by appointed representatives of the MoI on each subnational level: The *wali* controls the regions, and simultaneously governs one of the provinces and prefectures of the region. He is the nominal representative of the Moroccan king in the regions and controls the decisions of the regional council. The governors on the provincial and prefectural level hold the central position of state control as they oversee the provincial as well as the municipal council decisions (legal state control of elected subnational elites). The governor also leads the agents of state at the local level: The *caid* (rural) or *pasha* (urban) acts on the municipal level with close control over local security and local councils. Beneath them, the *muqadeem* (urban) or *sheikh* (rural) works as part of everyday administrative life in municipal districts (Houdret and Harnisch 2018; Tafra 2017). This system of administrative oversight (*tutelle*) stems from French colonial heritage. The center, however, used it to reinforce the ties between the monarchy and the early-independence Moroccan tribes. They were thus integrated into the official state structure, but the bureaucratic selection logic and chain of command from the MoI replaced the tribal origins over time (Charrad 2011; Vollmann et al. 2020; Bouabid and Iraki 2015; Venema and Mguild 2002).

Subnational governance in Morocco has been modified by a host of reforms that increased the de jure influence of decentralized actors (especially on the local level) under the constant dominance of the representatives of the *tutelle*. In the independent kingdom, the first municipal charter and the elections of 1960 predate the first constitution (1962) and national elections (1963). The elected councils, however, primarily worked as an assisting organ to the *caid*, functioning as the executive organ of the MoI in the municipalities. Local politics primarily brought the *makhzen's* "eyes and ears" to the ground. Local politics were a tool to ensure national unity in the young state, "to replace the tribe as the focus of local loyalty and to consolidate monarchic power at the local level" (Bergh 2020, 26). A second municipal charter elevated the position of the local council president, who became the executive organ of the municipality (de jure replacing the *caid*). The administrative oversight could, however, step in at any point. At the same time slow administrative procedures led to weak capacities for implementing projects. The tax reforms of 1989 improved the funds of Moroccan local governments by entitling them to a fixed share of the VAT, though the skill level and experience of local staff and councilors remained low (Bergh 2020; 2017). While municipalities and provinces / prefectures were mentioned in the constitution of 1963, the new constitution of 1992 also recognized the regions, though their role remained vague. Hassan II had first created seven regions in 1971, between 1997 and the

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new reforms of 2015 Morocco counted 16 regions (Reifeld 2014). Under the rule of Mohamed VI., the decentralization discourse developed a new drive that led to a new municipal charter in 2002, which was amended in 2009. In 2010 a consultative commission on regionalization was formed. The latter's report became the foundation of the post-2011 reforms as well as the discursive anchor for the creation of a new constitution in 2011. The core element of the decentralization reforms in this time was the formal integration of Non-governmental organizations (NGOs) into local governments (possibility for official partnerships between subnational governments and associations and integration into consultative commissions). The reforms also enforced local development plans and reduced the overall number of local councils that had sky-rocketed in the 1990s (Bergh 2017; Bouabid and Iraki 2015).

Neopatrimonial networks and decentralization: New arenas for controlled competition, training grounds for political actors, dominance through scattered responsibilities

The post-2011 reforms increased the prerogatives, funding (see chapter 5) and salaries of (some) decentralized actors[8]. The regions received the largest formal "upgrade" of all subnational territories and are now responsible for a myriad of tasks (partly overlapping with those of other institutions). Subnational elections have always played a role in Moroccan politics and the local and regional elections of 2015 offered the national political parties a widened arena to compete for influence. Since parliament is widely regarded as relatively powerless, political parties try to influence subnational politics via decentralized councils. As the national elections receive less and less attention by the voters, the importance of subnational elections becomes evident by their higher turnouts in recent history (see Figure 2). Subnational political competition upholds the importance of gaining the support of local notables. Political parties are often center-heavy and lack a decentralized party structure. Therefore, the clientelist "manhunt" to charm local elites into becoming candidates on their party tickets in order to appeal to those notables' networks is widespread and

8 The salaries of all types of council presidents and their vice-presidents have increased considerably. The focus on regions is also visible here as the (now directly-elected) regional presidents receive the same remuneration as national ministers. Regular council members do not receive remuneration which greatly diminishes their capacities to control the presidium and get fully involved in council politics.

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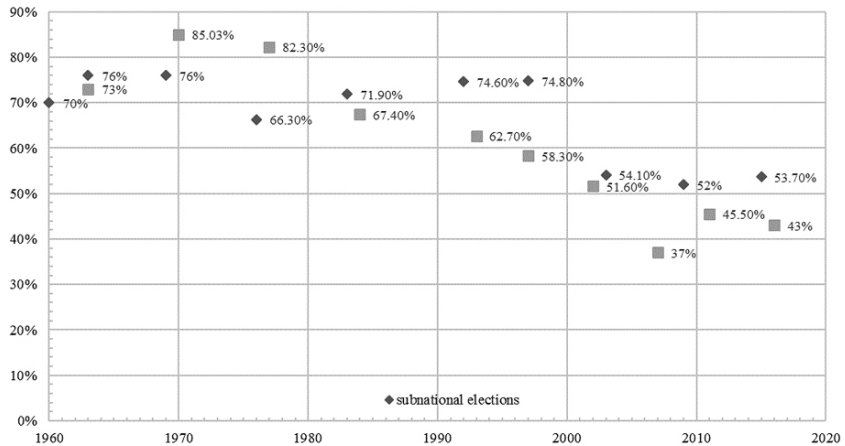
not free of central-state involvement (Tritki 2015; Desrues 2016). Reports of straightforward vote buying are also common (interviews Rabat May 2018). Subnational party politics are often described as largely absent between elections and the perception of a widespread absence of party actors and subnational councilors provokes criticism (interviews Rabat, Ifrane, Sefrou May 2018).

Figure 2: Development of voter turnout in Moroccan elections



Own depiction. Subnational elections cover local elections for all years and regional elections since 2015.

Decision-making power, access to funds and even remuneration are concentrated in the presidium of the councils.[9] As the council presidents (or mayors at the local level) are elected from amongst the council members, the building of council coalitions is necessary. This has helped to restrict the influence of individual parties. As large strata of the party system are coopted "administration parties", the potential for an opposition to the regime in subnational councils is weak. The last elections have seen the relative success of the moderate Islamist Party for Justice and Development (PJD) that can be considered the closest there is to a regime opposition in the legal party spectrum. But its dominance in subnational seats did not

9 Moroccan law does, however, know a remuneration for political group leaders and heads of committees, an arrangement that could foster the development of party structures and capacities.

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translate into a majority of council presidencies (Sturm and Vollmann 2020).

The regional presidencies are mainly controlled by presidents who formerly held ministerial or governmental positions, who have economic ties to the state and the monarchy, or who have had positions in king-led commissions (Sturm and Vollmann 2020; Vollmann et al. 2020; Tafra 2017). A prime example is the regional council president of Fès-Meknès, Mohand Laenser, whose party Mouvement Populaire only won 5 of the 69 regional council seats (7%, to compare: PJD won 22 seats, PAM 15). Laenser had been active in ministerial positions since 1969 (Tafra 2017). Between 2012 and 2013, he was Minster of Interior, a position closely controlled by the palace.

The background of regional leaders also demonstrates the importance of subnational politics for the central elites: While the career paths of elites in Morocco are mostly considered to be centripetal, the former career paths of regional presidents on the central level as well as of some metropoles' mayors hint to an increasing importance of subnational politics. The Moroccan state has long supported the connection of subnational and national politics by allowing actors to hold both subnational and parliamentary mandates. This has encouraged subnational elites to strive for a role on the national level. Decentralization thus contributes to the renewal of national elites and its formal institutions are targeted both by national and subnational elites (Sturm and Vollmann 2020). The newly upgraded regions are in dire need of attention and well-known actors. Though clearly the focal point of recent reforms, the regional councils lack the de facto power and financial clout to make their mark on Moroccan politics. The nation, the city or village and even to some degree the province or prefecture are rooted in the minds of Moroccan citizens. The regions, however, are an artificial and relatively new institutional level. Accordingly, prominent national figures such as the controversial former regional president of Tangér-Tétouan-Al Hoceima, Ilyas El Omari, a media owner and former president of the palace-related Party for Authenticity and Modernity, can help and increase their visibility. Otherwise, regional councils face the threat of being sidelined by national ministries and the *wali* (interview Rabat Nov 2018). Though the decentralization laws of 2015 stress the independence of each tier of subnational government and the non-existence of a hierarchy, some municipal actors perceive the regions as a threat. Overlapping tasks and underfunding in combination with the possibility to "upstream" council tasks to higher levels of government contribute to a competition of elected councils (interviews Rabat May 2018, Casablanca, Tanger Nov 2018, Settat Dec 2018). Though agents of the MoI no longer officially con-

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trol council decisions before they are carried out (ex-ante *tutelle*), its representatives still dominate the councils. They are present at the meetings and the now established ex-post control still upholds an important role for the administration. Especially in rural areas, the representatives of the *tutelle*, as has been reported, often behave as if they would preside over the councils. The latter often only reluctantly take the initiative without the approval of the king's "eyes and ears" on the ground (interviews Rabat May 2018, Casablanca Dec 2018). The neopatrimonial concentration of power in the hands of the central regime is thus reproduced through the de facto persisting culture of *tutelle*.

Well-connected local elites (e.g., landowners, businesspersons) who were elected to subnational councils are treated differently and are even courted at times (interviews Rabat, Ifrane May 2018). Moreover, unclear legislation, a delay in its implementation or follow-up legislation, as well as the insufficient training of many councilors contribute to an ongoing dependency of subnational councils on administrative oversight (interviews Rabat, Marrakesh May 2018, Rabat, Casablanca, Nov 2018). The *tutelle* institutions follow a principle of rotation to decrease their potential for rivalling the central regime, which is a common feature of neopatrimonialism. The high-level state representatives (*wali*; governor) are presented as non-political actors and indeed are often career bureaucrats. Though the *tutelle* represents the central state subnationally, other central actors need to be considered in our analysis. Central state initiatives for development that are often connected to the king such as the Initiative for Human Development (INDH), large and prestigious projects as the economic center of the TANGERMED port in Tanger or the restructuring of the Bouregreg delta in the capital region of Morocco are carried out on the national level. Subnational councils need to cooperate with national ministries, or responsibilities are sidelined by the creation of semi-private agencies for the implementation of projects. The "agencification" of large urban planning projects is one increasingly popular mode to circumvent formal institutional settings (sometimes including ministries). This takes political power away from subnational (and sometimes national) institutions in the name of liberalization and a friendly climate for international investment (Amarouche and Bogaert 2019). The dispersion of institutional power ensures that institutional elites cannot get too powerful and organize an opposition to *makhzen* politics.

Central ministries and their administration, too, are often reluctant to give away power to decentralized or deconcentrated actors. The ongoing process of increased deconcentration (administrative decentralization) aims to strengthen subnational ministerial service provision. As the *wali's*

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role in the coordination of regional ministerial services has increased by a law passed in late 2018, this could result in a necessary challenge of the reluctance of state administration elites to decentralize (Zaki 2019). We see, however, also the possibility that democratically legitimated elites are sidelined in the process, as the deconcentration law does not deal with subnational councils.

Another group of elites cannot be neglected when dealing with decentralization in Morocco: Civil society organizations. In the past, the regime used local governance reforms to coopt political parties. We now witness the same patterns with civil society organizations which led to the establishment of a codified role in subnational governance (Clark 2018). Subnational councils are obliged to work with NGOs and they are included in official local politics (e.g., subnational planning), or are involved in the provision of subnational services (such as water, electricity, sanitation, transport) (Bergh 2009). The privatization of decentralized competences, such as waste collection, also reinforces the ties between the *makhzen* and local cronies in the form of public-private partnerships. Lucrative contracts often end up in the hands of economic elites close to the palace (Mekouar 2018, 3).

One the one hand, this disperses the responsibilities of the elected actors among elected other elites. On the other hand, national funds and initiatives that support NGOs condition their funding on regime-friendly or neutral behavior. Subnational councilors are involved in their funding, e.g. through the INDH. This also led councilors to initiate civil society organizations. In the INDH, however, subnational elites are dominated by ministerial representatives and agents of administrative oversight like *walis* and governors (Clark 2018; Bergh 2017; 2012; Vollmann et al. 2020).

The current state of decentralization in Morocco disperses power and responsibilities between a plurality of political and non-political elites. It both enlarges the circle profiting from state funding (i.e. co-optation), which widens the regime's neopatrimonial networks and increases the obstacles for effective coordination amongst individual actors who could cooperate and potentially pose a threat to the regime.

Elites and decentralization in Jordan

Center-periphery relations: Highly interwoven, strictly selective

The Hashemite Kingdom of Jordan is a unitary state with a highly centralized structure that revolves around King Abdullah II, who has headed the

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country since 1999. He rules over Jordan with an extensive repertoire of de jure and de facto power, supported by a sprawling web of patron-client relations that reach into both major population groups in Jordan, the Transjordanian and Palestinian communities – not least due to his wife Queen Rania, who is of Palestinian origin. These two groups constitute a major division line in Jordan's political landscape. Transjordanian tribes – or East Bankers – are the original inhabitants of the area and are regarded as the backbone of the monarchy. Accordingly, they occupy a majority of positions in public state institutions and the military. The Palestinian population came to Jordan as refugees after 1948 and 1967. Some individuals, especially from among the Palestinian business elite, became influential players in Jordanian politics over time, but most Palestinians work in the private sector rather than in state institutions. Though they form the majority of the Jordanian population today, Palestinian communities are systematically marginalized by the regime in terms of socio-economic and political participation and development vis-à-vis the Transjordanian population.

Though it is a highly centralized state, Jordan paradoxically is also characterized by the dense personal ties between the center and the periphery, which result from the strong emphasis on tribal and family structures. All decisions of national importance are de facto taken by the king, under consultation of his advisors and the Royal Court, whereupon the Prime Minister and the cabinet execute these decisions. Central elites, including ministers and even the Prime Minister, undergo frequent rotation. The cabinet is typically dissolved whenever it is under fire. Central elites usually represent a certain tribe, family, and locality. Each of Jordan's 12 governorates has a distinct historical background, social and economic features, and a different degree of political influence. The spectrum reaches from governorates with highly heterogenous populations and urban centers like Irbid and Zarqa, to Amman as the majority-Palestinian capital and economic center of the country, to southern rural and majority-Transjordanian governorates such as Karak, Ma'an, and Tafilah. Majority-Transjordanian regions do not, however, guarantee blind loyalty vis-à-vis the regime. Transjordanian populations are amongst the sharpest critics of the center, such as the rural governorates Ma'an and Tafilah who have a history of strong oppositional activities, or Karak with its well-educated, politically influential tribal population.

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Decentralized power structures: From relative autonomy to high central control

Under the supervision of British colonial power, Abdullah ibn Husain I, Emir of the Emirate of Transjordan, integrated the Transjordanian tribes that originally inhabited the area into the state apparatus, in order to ensure their compliance with the newly founded Emirate in 1921. The establishment of municipalities thereby played a significant role, as powerful tribes were granted to rule over them autonomously. Gradually, the *sheikhs* became key mediators between the new regime and the populace (Alon 2009). This early municipal system marks the origin of modern Jordan's subnational governance system, with far-reaching consequences: The Transjordanian tribes became the traditional support network and main political ally of the monarchy. Ever since, the Hashemites play a sensitive balancing game between the Transjordanian tribes and the majority of the population, which arrived in several refugee waves from Palestine, Iraq, and later Syria (Alon 2009; Clark 2018). Until independence in 1946 and the creation of the Hashemite Kingdom of Jordan, the municipalities had already lost most of their autonomy and political power to the center, but the tribes retained significant influence in the socio-political structure of the country. However, when Jordan slipped into a financial crisis in the 1990s, the following reform course revealed the high socio-political impact of decentralization. Jordan's deeply indebted municipal system was a direct result of low subnational state expenditures in combination with a costly patron-client system that had served the tribal elite for decades (see chapter 5). Neoliberal local governance reforms supported by the International Monetary Fund helped to rearrange Jordan's subnational governance system and to push its efficiency, but they displeased the rural Transjordanian tribes that saw their neopatrimonial networks erode. Meanwhile, the business-oriented Palestinian population in the city centers profited from the measures.

Until today, central state institutions exclusively coordinate all major public service sectors, including education and health. The governorate (regional) level consists of 12 governorates under the jurisdiction of the Ministry of Interior (MoI). The institutions function as the extended arm of the MoI in the periphery and are thus mainly concerned with security issues. At their center is the governor, usually from a military background. He coordinates all state institutions within the governorate, including security forces. All major positions on the governorate level are subject to frequent elite rotation. Governors are replaced every one to two years to keep them from gaining too much power in one location. Individuals with a prestigious position on the governorate level, e.g. the governor or the dis-

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trict manager (*mutasarrif*), have good chances to reach higher positions in the governorate or the central level in their future careers. Jordan's twelve governorates are further divided into 103 municipalities, which are supervised by the Ministry of Local Administration (MoLA). Only the two economic heavyweights, the Greater Amman Municipality (GAM) and Aqaba Special Economic Zone Authority (ASEZA), are directly supervised by the Prime Minister. Traditionally, municipalities elect a mayor and a municipal council who are responsible for tasks of minor importance, such as urban planning and waste management.[10] Even if limited, a position in the municipality still comes with a certain degree of prestige and power within the community.

The decentralization reform of 2015, implemented in 2017, barely touched the municipalities, but it established a partly-elected governorate council within each of the 12 governorates (15% of the governorate council's members are appointed by the council of ministers at the recommendation of the Minister of the Interior). An institution with elected members at Jordan's governorate level was unprecedented. The governorate councils are involved in the decision-making processes regarding major development and infrastructure projects within their territory. Members get to express their preferences and needs. Its executive functions, however, are strictly limited since all measures concerning the implementation or the financing of the projects are exclusively coordinated by central state institutions and their directories in the governorate. Nevertheless, the presence of a new subnational council immediately affected existing elite configurations with repercussions for the outcome of the reform.

Neopatrimonial networks and decentralization: A theatre of reform to uphold the status quo

While municipalities mostly serve the regime to establish patron-client relations between the center and the local level, and as a platform to represent influential local tribes and families, the governorate institutions traditionally function as central control mechanism in the periphery. The introduction of elected governorate councils by the 2015 decentralization law threw this prevailing local governance system out of balance. According to

10 The exception is the GAM, whose mayor as well as 25% of the municipal council members are appointed by the Council of Ministers on the recommendation of the Minister of Local Administration (Art. 3, Law on Municipalities 2015).

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official regime statements, the reform had three major goals: (1) organizing capital investments to the governorates more equally, (2) reducing the members of parliaments' (MPs) status as local service providers (this role is common in MENA regimes), and (3) increasing the diversity of members that occupy subnational institutions to better represent the broad population by introducing governorate-wide elections. All three goals inevitably touch existing neopatrimonial relationships between the center and the local level. Capital projects for the governorates were in the past decided behind closed doors in the central ministries, often based on patron-client relations of ministerial staff and without the involvement of the local communities. Hence, the projects often did not serve the broad public, but influential tribes or communities with good ties to central elites profited instead. When decentralization was finally implemented in 2017, local elites rushed to apply as candidates for the governorate council election.[11] Many hoped to obtain a position of prestige through the membership in the new institution – at least the reform promised to provide each governorate council with a significant amount of funds (an average of 25.8 million USD per governorate in 2018, see chapter 5). After their election however, council members were disappointed to learn about their limited power due to the formal institutional layout on the one hand, but also because of informal practices that further marginalized their position. Municipalities, ministries as well as MPs were to a large degree not supportive of the new institution, as they feared competition by new elites and a loss of their own (informal) power to provide benefits for their clients vis-à-vis the governorate council. Interviews in different locations indicate that ministries frequently refuse to implement the governorate councils' projects, or stop contractors' payments without pre-warning. MPs are rejecting collaboration with the councils that share the same constituencies and, in many locations, municipalities and governorate councils are engaged in an ongoing argument about superiority. As a result, the efficiency of the governorate councils suffers dramatically. In some governorates, the allocated budget for the governorate councils benefits powerful central elites rather than the local communities. For instance, interviews in Karak (Feb 2020) revealed that a majority of the projects in Karak were implemented by companies with ties to the Tarawneh brothers, a highly influential Transjordanian family from Karak. Atef Tarawneh, one of the three brothers and the speaker of parliament between 2013 and 2020, has already been under fire for securing government tenders worth millions for his broth-

11 Municipal and governorate council elections took place on the same day.

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ers' companies during his time in parliament (Al-Shawabkeh and Ghbari 2016). However, in 2020 the Tarawneh brothers were targeted by the latest anti-corruption and tax evasion crackdown of the government, temporarily freezing their assets until the investigation closes (OCCRP 2020). Due to the high amount of pressure upon him, Tarawneh decided not to run for parliamentary elections in November 2020. The incident is a blueprint for how central elites can benefit from decentralization using informal channels including corrupt measures, leaving behind demotivated council members with no intention to run for election again. Depending on the governorate, however, the experiences of the council members differ significantly. To cite a member of the governorate council in Tafilah, a rural, majority-Transjordanian governorate: "Now we are Jordanians". In contrast to other governorates, he enthusiastically reported about the difference the decentralization reform makes for Tafilah, as they now have significantly more central financial support at hand for the development of the governorate. In their opinion, decentralization opened new doors to stretch out their arms to the center.

Reinforced by the practice of competitive clientelism, the lack of a functioning party system, as well as practices such as gerrymandering, elections in Jordan commonly benefit firmly established neopatrimonial elite networks, overwhelmingly based on tribal and family structures. Prior to each parliamentary election between 1989 and 2016[12], a new election law made sure to divide Palestinian and oppositional communities, so that their candidates would have less chances to win mandates. For this purpose, the district managers (*mutasarrif*)[13] of each governorate were instructed to draw the constituency borders accordingly. The 2017 municipal and governorate elections did not significantly contribute to more diversity within subnational state institutions either. Independent tribal candidates won over 80% of the mayoral positions as well as municipal and governorate council seats. There were a few exceptions. For instance, Islamists were very successful in the elections. One prominent example is the Zarqa municipality, that elected Ali Abu al-Sukkar, a former deputy secretary general of the Islamic Action Front (IAF) party as mayor, and seven other members of the IAF into the governorate council (the council has a total of 30 elected members, 8 are appointed). The IAF is the political wing of the

12 The 2020 parliamentary elections took place under the electoral law of 2016.

13 Each governorate is further divided into districts, with a responsible district manager (*mutasarrif*) each. He is monitoring developments within his territory and reports to the governor.

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Muslim Brotherhood in Jordan and the strongest party behind the Palestinian cause. Although the Jordanian regime tolerates Islamist political representation to some extent, this turnout was not popular within regime circles. Zarqa is the second largest governorate in Jordan, majority-Palestinian and a well-known Islamist stronghold. The governorate has thus traditionally suffered from central financial neglection (for more details see chapter 5). In the end, al-Sukkar's time as mayor of Zarqa was not going to last for long. Several interviews in Zarqa (Jan/Feb 2020) confirmed that the Cities and Villages Development Bank (CVDB) – an institution tied to the Ministry of Local Administration (MoLA) that manages the municipalities' budget and is also in charge of granting loans to them – long denied the Islamist mayor any loans he applied for. Zarqa municipality suffers from high debts and thus, any mayor is practically powerless without additional loans from the center. Furthermore, central ministries prevented al-Sukkar from attracting a large financial package from Turkey in order to compensate for the absence of central transfers. In May 2019, he resigned due to health issues. The former mayor Emad Momani, who comes from an influential Transjordanian family, took over and was immediately granted loans by the CVDB and allowed to pull other sources of financial support by the ministries. The events around al-Sukkar exemplify the power struggles between central and subnational elites and their impact on the outcome of decentralization. Overall, the Jordanian case points out to the double-edged character of decentralization reforms under neopatrimonialism.

Elites and decentralization in Tunisia

Center-periphery relations: The shadow of the ancien régime

Tunisia's decentralization project is the only reform of our case selection that is taking place in an environment of a transition to democracy. After the country's independence in 1956 and the abolishment of the Tunisian monarchy in 1957, Tunisia's leading political figure Habib Bourguiba tried to create a strong national state with a predominantly national identity. An active abolishment of tribal structures as well as strict political centralization was the result. Zinedine Ben Ali's authoritarian rule followed this trajectory and established one of the most centralized regimes in the region. Decentralization reforms and subnational governments existed under the strict rule of the center and the ruling party (Neo Destour, later Democratic Constitutional Rally – RCD). Local politics were a means to enforce cen-

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tral party rule and national security. Strong regional discrepancies or even discrimination characterizes the political and economic power distribution in Tunisia. Since Bourguiba's rule, most elites originated from the capital Tunis and the northern coastal regions (Sahel). Their politics let Tunis and the Sahel flourish, while the southern and interior regions are still disfavored peripheries. Though "positive discrimination" is a principle of the post-2011 decentralization reforms to reduce the imbalances between center and periphery, the process is still dominated by central elites and interior and southern regions have not been able to achieve a meaningful redistribution of decentralization funds (see chapter 5).

While Ben Ali was ousted in 2011, regime ties of elites were not brought to an immediate end. Former alliances remained mostly in place and unchallenged (Kchouk and Mamuji 2019). As transitional justice remains a sensitive topic and many civil society activists condemn the widespread amnesties for former regime elites below the highest level of government, old networks still play a role in national and local politics. Central economic elites and most cadres of the old regime's party remained relatively unscathed after the regime change (Kchouk 2017; Günay 2019; Heurtaux 2018; Oubenal and Ben Hamouda 2018).

The old regime had coopted business elites by giving them leeway and preferred access to the otherwise grindingly slow bureaucracy. Elite loyalty under Ben Ali was also ensured by the threat of using arbitrary persecution against them in the case of defections (Günay 2019; Meddeb 2020). Until today, Tunisia's penal code and legislation are a tangled web of obscure, overlapping or even contradictory regulations, which result in an arbitrary application of the law by the authorities. Despite the de facto ties of economic elites to the old regime, with regard to political office, the old regime kept the economic sphere and the setup of political actors separate. During the transition period, economic elites used the opportunity to gain political influence by co-financing political parties or by striving for the immunity that comes with the status of MP (Kchouk 2017; Kchouk and Mamuji 2019; Oubenal and Ben Hamouda 2018). The economic elite networks that survived also affected the fate of regional disparities. The predominantly Northern elites used their contacts to the center to discriminate against contestants from the interior regions (see below). The ministerial services and local administration remained largely unreformed and old contacts remained in place.

Many former regime elites consider themselves apolitical or claim they have been working in the interest of their country not the authoritarian regime (interviews Sousse Oct 2019; Tunis Nov 2019 / Feb 2020). While the constitutional assembly (2011-2014) did restrict the access of members

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of the former ruling party, these provisions were not continued for later elections to keep the political peace during the transition. Estimates suggest, that 80% of the candidates for local council positions in the first local elections of 2018 had been members of the old regime's ruling party (Yasun 2020).

Decentralized power structures: Strong local governance turnaround halted by central state resistance

Tunisia has a history of centralized administration with a subnational administrative oversight system (*tutelle*) that it inherited, as in Morocco, from French colonialism. Administrative oversight developed into a subnational instrument to enforce the rule of the Ministry of Interior and the presidential palace. The *tutelle* connected a net of central state representatives with a complex layer of administrative tiers. Governors head the governorates and have always been the focal players and connecting agents of the central state, local and regional politics in the country. Though all *tutelle* administrators are appointed by the Ministry of Interior, Ben Ali oversaw the selection of governors. Under the governors' command are the delegates (*mu'tamad)* who control the delegations and the '*umda* as head of one of the many districts (neighborhood or rural districts). Elected institutions had a far less sophisticated role under the old regime. Regional councils existed in theory, but they were quasi-monopolized by the governor. Only the municipal councils were elected and entitled to choose a mayor amongst the councilors. In practice, the amalgamation of state power and the ruling party led to a dominant position of the RCD in the municipalities (around 80% of councilors) and the control of all mayors by Ben Ali's party. The district chiefs and delegates were the de facto faces of the regime party on the ground, because they would facilitate contacts to the ministries and disperse party funds to "deserving" citizens (Volpi, Merone, and Loschi 2016; Clark, Dalmasso, and Lust 2019). Moreover, the local heads of administration (secretary generals) were placed under the command of the MoI and were mainly responsible for the formulation of the local budgets. Municipal councils had no financial autonomy between the combined interests of *tutelle*, the MoI, and party rule (Clark, Dalmasso, and Lust 2019). As the old regime used subnational institutions primarily as a mechanism of control, citizens often perceive municipal politics as a dimension of state security. Mistrust of the state is still widespread, and municipalities are perceived as part of it. The latter fight this "heritage" of the old regime and declare themselves as being separate from the state. Minis-

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terial actors also consider municipalities to be "different" and set apart from the state (interviews Tunis Dec 2019, Feb 2020). This process of alienation leads to conflicts between central state institutions and local councils.

After ousting Ben Ali in the 2010 and 2011 uprisings that sparked in Tunisia's periphery in Sidi Bouzid, the "new" Tunisia opted for a radical change. While the former constitution of 1959 included a taciturn recognition of municipalities and regions (governorates), the 2014 constitution lays special emphasis on decentralization with a whole chapter on the subject. It was drafted under the influence of Tunisian regime outsiders as the electoral rules to the constitutional assembly restricted candidacies of former ruling party members, while opposition parties, especially the Ennahda party whose leaders had partly been exiled under Ben Ali, won a plurality of mandates. The strong emphasis on decentralization in the constitution is thus a clear signal of change from the old system. It also spurned the infamous Ministry of Interior as the symbol for popular suppression both in the capital and through its oversight over governors subnationally (Kherigi 2020b). The newly founded Ministry of Local Affairs and Environment today presides over decentralization. The institutional landscape now formally comprises 350 municipalities, 24 regional councils and districts. However, regional elections have not yet been held. The hyper-centralization of the regime in Tunisia left the new transitional democracy with an especially large burden: Prior to 2014, 70% of the country's area was not municipalized (Tarchouna 2019). Of the now existing 350 municipalities, 86 were newly created after 2014. The center opted for a slow and long-term implementation of the decentralization law (Local Collectivities Code) of 2018 over the course of 27 years. Though the extensive legal text (400 articles) introduces relatively strong democratic institutions on levels between the local and national governments with quasi-regional and governorate councils, these have not yet been established.

The administrational oversight in the bicephalic system (a legacy of French rule as in Morocco) remains the responsibility of the MoI. While the creation of the Ministry for Local Affairs was a clear break with the strong institutional legacy of the MoI control over local affairs, the development of local governance still relies on the MoI and other ministries. Unfortunately, the inter-ministerial cooperation in Tunisia is traditionally weak, and coalition governments of antagonistic partners have not resulted in clear-cut political agendas (Kherigi 2020b). The enduring statist and centralist political culture in the dealings of state ministries further hinders a meaningful implementation of decentralization in Tunisia (Tarchouna 2019).

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Neopatrimonial networks and decentralization: Old ties, new actors, and cautious central governments

After drafting the constitution, interests and priorities of political elites shifted to the national level. The constant infighting in the Tunisian government prevented a consensual vision of the Tunisian decentralization process. The future of the ambitious decentralization project in the young democracy remains unknown as severe government crises[14] channel all resources and efforts to the national level. But most actors remain verbally committed to the constitution and its emphasis on subnational governance. (Kherigi 2020b; Bel Haj Amor 2020; interviews Tunis Oct / Nov 2019) A further development of decentralization as well as subnational elections were delayed until 2018, and local governments were appointed by the center far into the transition period. The long delay between drafting the constitution and the first actual decentralization law or the organizing of subnational elections kept the control over subnational politics wholly in the hands of coalition governments, who feared political defeats in the subnational arena (Clark, Dalmasso, and Lust 2019; Belhadj 2016). Local councils associated with the old regime were replaced by special delegations put together by the central state actors in the transition period after 2011. Although they could experiment with new problem-solving strategies and modes of institutional interaction, the delegations were also politicized by the government and used as a tool to uphold central state dominance and power concentration in the hands of the central government (interviews Tunis Oct 2019, Feb 2020). Their chances to withstand national politicization were also conditioned by the support they received from local networks. This reinforces the importance of local level ties. The long-promised local elections were delayed repeatedly, but were finally held in 2018 (Kherigi 2017; Demmelhuber 2018).

The often-delayed decentralization law only passed through parliament shortly before the elections. This made it impossible for candidates to thoroughly familiarize themselves with its content. As the law itself opted for a sequenced implementation and contradicts a plethora of other existing

14 Tunisian governments reshuffled almost every year since 2011. The economic situation remains dire after terrorist attacks brought the vital sector of tourism down in 2015, and the state and politics are met with major distrust by the population. The Tunisian budget is heavily dependent on international loans and the government is encouraged to pursue a course of strict austerity. The consolidation of the Tunisian institutional democracy thus has not been able to grant socioeconomic benefits to the wider public.

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laws, the de facto relationships between local councils, governors, and the central state remain unclear and subject to political power struggles (interviews Tunis, Sousse Oct 2019). The decentralization law grants competences formerly de jure and de facto held by the governors to directly elected regional councils. But since the first direct elections of regional institutions have not yet taken place, in their absence governors as representatives of the MoI try to keep the regional prerogatives "in trust". At the same time, mayors feel that they should inherit regional powers until the councils on these levels are elected since they represent the will of the people locally. This heightens the existing conflicts between these two institutions (Kherigi 2020a; b; interviews Tunis Oct / Nov 2019). The current role of *tutelle* actors below the governor is relatively unclear (even to some delegates) and likely to diminish considerably when the decentralization law is fully implemented (interviews Tunis, Sousse Dec 2019). A large part of their influence made up the access to the ruling party elites and their funding, a network that broke down after the party's dismantlement. The deployment of special delegations instead of newly elected local representatives, repeated delays in holding local elections and fights regarding the wording of the decentralization's legal code also reflect different political agendas of the then dominating Ennahda and Nidaa Tounis parties. The moderate Islamist Ennahda was forbidden under Ben Ali's regime and many of its prominent figures, including its leader Rached Ghannouchi, came back from exile after 2011. Ennahda became part of the transitional government (Troika, 2011-14), remained a major political power in the governments after the first regular elections (2014-2019), and came first in the fragmented parliament after the 2019 elections. Nidaa positioned itself as the secular counterpart to Ennahda. It also became the new political home to many elites of Ben Ali's regime and was a major coalition partner in the governments between 2014 and 2019, as well as the party of the Tunisian president at the time. The party has since split into several branches.

Political affiliations matter not only nationally but also on the local level. Signs of favor-trading and cooperation are more common when mayors and governors are members of the same political party (Yasun 2020). Moreover, the Ennahda, the only remaining stable party after the elections of 2019, organizes internal trainings, data collection, and inter-level problem solving mechanisms for their own mayors (interviews Tunis Feb 2020). Ennahda also won the race for mayoral positions in Tunisia (131 of 350). However, what was feared by the top-heavy and centralized political parties became reality: Independent candidates were largely successful and gained 127 mayorships. Political parties on the national level are in crisis,

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with the multiple secessions from the Nidaa Tounis party, culminating in the election of the non-affiliated law professor Kais Saied as President (Wolf 2019). Many fear that most parties (besides Ennahda) will not be able to provide party list coverage for subnational elections in the future. This may raise tensions between central and local political actors that are not politically aligned.

While party politics seem to matter for the relationship between councils and *tutelle* agents, in general governors of all parties are cautious when it comes to rapid change in decentralization and warn against instabilities from below. Their legal role has been substantially downgraded by the decentralization law of 2018, but since they are under the auspices of the MoI and appointed by the Prime Minister (after political negotiations between the ruling parties), they do not always feel bound by the code (interviews Sousse, Tunis, Oct 2019, Tunis Nov 2019, Feb 2020). Some old regime governors still are in office, though "new era" governors including those belonging to the moderate Islamist party Ennahda are in place. Many retain good networks and connections (which some new mayors do not possess) and they control the access to the local police, subnational offices of ministries, and have some influence on the local allocation of funding. Therefore, many mayors are dependent on cooperating with the governors. The local council presidents feel empowered by their democratic legitimacy, whereas the governors can be subject to frequent reshuffling after the numerous government changes in Tunisia. Regional agents of the *tutelle* (such as the governors) still mainly control governorates from which they do not originate. What used to be a mechanism under the *ancien régime* to keep local ties of the MoI agents in check has now allowed incidents where governors block development initiatives for the municipalities in the governorate they oversee in order to increase the chances of their own birth places (ICG 2017; Meddeb 2020). Regional reconciliation by decentralization and developmental reallocation is still widely perceived as a zero-sum game.

Struggles for influence also take place inside the local councils. Mayors are the only paid councilor position and they are responsible for the execution of municipal politics. Local councils and mayors also are dependent on their staff (see chapter 5) and their Secretary General (SG), the head of administration. The administration and many SG positions have largely been unaffected by the regime change of 2011. Most Secretary Generals have more experience with local governance than local politicians, and local councils need to rely on their legal and practical knowledge. At times, this leads to power asymmetries between democratically elected representatives and their administration. Mayors with prior experience in the pub-

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lic or local administration tend to fare better in their control over their administration (interviews Sousse, Tunis, Oct 2019). As local elected elites are dependent on the cooperation of the regional governors, ministerial support, and in many cases even their own heads of administration, their position in the unfinished legal environment of decentralization is precarious. This is one factor that contributes to the widespread resignations of individual councilors, local councils as a whole, and mayors in Tunisia.[15] The peak of local governments' demission in 2019 can be interpreted as an upheaval of the political landscape prior to the parliamentary and presidential elections. This ongoing phenomenon is, however, also an indication for the local governments' sense of impotence in the country's current political system. Local government members and mayors often loose local support if they try to change the longstanding distribution of local funds, or if they try to enforce the law against influential business owners or associations (interviews Tunis Oct 2020, Feb 2020). The relative stability of the relations between old economic elites (located in Grand Tunis and the Sahel), ministries and governors, as well as the reintegration of old regime elites into the political sphere after 2014, has major implications for the new decentralization reforms. Old ties between *tutelle* agents, economic actors, and ministerial elites remain salient and lead to "unbureaucratic" decisions and project allocations. The old center-periphery conflict remains in place. The northern business elites use their connections with the national administration as well as with the governors to threaten competing new entrepreneurs from the interior regions, or to deny them access to licenses and the national market if they do not cooperate with a business partner from the north (ICG 2017).

15 As mayors are forbidden by law from having other income sources, many former businesspersons, lawyers, or physicians found themselves downgraded in their standards of living after taking up office. Moreover, mass defections of councilors were a strategy to bring down mayors that dominated over their councilors and a means to produce political scandals in advance to the national and presidential elections.

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Elites and decentralization in Egypt[16]

Center-periphery networks: Turbulent times, yet surprising consistency

The Egyptian case differs from the other three countries through two major power transitions since 2011. First, long-term President Husni Mubarak was ousted following the protests of 2011 that also terminated the rule of the National Democratic Party (NDP) and its broad national outreach to the local level. In 2013, the military removed democratically elected President Muhammad Mursi from power in a coup. Despite two regime changes within roughly three years, pre-existing patron-client networks between the center and the local levels have remained remarkably stable.

Mubarak's long-term rule was de facto a single-party regime under presidential rule. Thus, central and subnational institutions were filled with NDP members or allies as part of the regime's strategy to handle the periphery and to manage its elites (Martinez-Vazquez and Timofeev 2011). During this period, the decisive intermediary agent between the center and the local levels developed to be what Menza refers to as "lesser notables". People from diverse sociopolitical and economic backgrounds, often of only moderate social origins but extensive networks within their communities, became essential players as middlemen between state institutions and the local populations (Menza 2019). For instance, Hajj Gad Megahed, a merchant and influential member of the Megahed family, which is based in Upper Egypt and deeply involved in Egyptian business and politics, is a well-known figure in the Misr al-Qadimah district in Cairo. He can be considered a lesser notable. Personalities such as him have developed solid patron-client relations with central and regional state officials and are thus commonly consulted in disputes within their community, because they maintain good ties to local police officers and other security agencies (Menza 2013a). In many cases, their ties to the security apparatus and other state authorities are based on bribery and corruption. Oftentimes it is also a sign of the notables' high standing within their families. But their power can reach up to even higher levels: Lesser notables carry a significant role in elections. Not only do they frequently run for municipal or parliamen-

16 The Egyptian case is only based on desk research. Due to the political situation in Egypt and the deteriorating academic freedom, we decided not to conduct fieldwork. Instead, we relied on an evaluation of existing literature, official state channels, media reports and country experts.

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tary elections themselves, but they are also a popular address for MP candidates who aim to win over certain constituencies. In return for services or money, the notables can push candidates by using their influence to secure the votes of a certain district. Through patronage networks like these, the notables contributed to consolidating the NDP's rule in the periphery (Menza 2013b). However, their political affiliation can vary: Under Mubarak, lesser notables were not only affiliated with the NDP, but also with the Muslim Brotherhood (MB) that gained increasing local support during Mubarak's presidency (al-Awadi 2009). Yet, as soon as they became fierce competitors for NDP candidates in the electoral districts, or challenged the fiefdoms of the lesser notables associated to the NDP, the regime reacted with more penetration via the state security apparatus (see e.g. for the district of Imbaba: Abdo 2000). Quite commonly, lesser notables took a rather opportunistic stance and frequently changed their patrons from the NDP to the MB and vice versa, depending on their personal agenda (Menza 2013a). In contrast to more prominent political figures around Mubarak and the NDP, for the most part the lesser notables were able to keep their influence after 2011 due to their respective political independence. Notably, the aftermath of 2011 initiated a race for alliances with lesser notables amongst major political forces (Menza 2019).

After the military coup of 2013 abruptly ended the short rule of Mursi and the MB, which has been labeled a terrorist organization since 2013, the Egyptian state is on a path back to a hyper-centralized system. A short interim period of community activism of so-called popular committees who were – for example in Greater Cairo – filling the void of dissolved NDP networks was rather abruptly ended by massive repression (under the legal umbrella of the state of emergency, Demmelhuber 2019). The military has always played a significant role in Egyptian politics and the administrative state order. However, its influence is likely to increase under as-Sisi's regime and in the absence of a state party with similar tremendous local outreach as the former NDP. Although the 2020 election results indicate a rise of the Mustaqbal Watan Party (Future of the Nation Party), which is affiliated with as-Sisi, it has less implications for local politics.

Decentralized power structures: An ever-failing public service sector, yet no improvement in sight

The roots of modern Egypt's decentralized governance system reach back to the founding of the republic under Gamal Abd an-Nasser after the revolution of the free officers in 1952. Despite several revisions of the local ad-

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ministrative system, Nasser consolidated a centralized state order in which political decision-making over local issues and subnational fiscal policy is predominantly coordinated by central authorities. Under President Anwar as-Sadat (1970-1980), the new constitution of 1971 and a by-law in 1979 (law 43/1979) brought a division of Egypt into 26 governorates that are further subdivided in urban and rural governorates. Essentially, the basic principles of this structure have remained intact until today. The recent constitution of 2014 divides the state into three local administrative units: governorates, cities, and villages – with "legal personality" (Art. 175). The presently existing 27 governorates separate into urban and rural governorates with different administrative subdivisions[17]. The head of each governorate is the governor, who is appointed by the President and provided with a broad spectrum of executive competences. Egyptian governors have extensive de jure and de facto powers. Under Mubarak, the Minister for Local Development (operating under the High Council for Local Administration) was de jure tasked with coordinating all local administrative matters. De facto he was replaced by the Council of Governors, illustrating the governors' power (UNDP and The Institute of National Planning Egypt 2004). Each of the local administrative units further comprises a local executive council filled with appointed staff representing central ministries, and one elected local popular council (LPC) to monitor the work of the executive institutions. The heads of all local units, however, are appointed. By law, the LPCs are entrusted with a supervising function vis-à-vis the heads and executive councils of the local units, but their power is de facto limited to an advisory role (Tadamun 2015). Overlapping responsibilities and a hierarchical order of the subnational levels further diminish the influence of local entities. Consequently, not only does the regime control local entities, but the local entities also monitor other local institutions' performance: Executive councils and LPCs oversee each other's work as well as that of the entities on the lower administrative tiers. The center furthermore administers and closely monitors major public service sectors and subnational fiscal policy. Under Mubarak's rule, the failings of the Egyptian regime to provide a broad range of public services via the state's local administrative units became evident by the fact that civil society organizations began to step in for the regime to support poor and vulnerable populations in many locations across the country. Particularly religious

17 Fully urban governorates (*muhafaza*) are divided into districts (e.g. Cairo and Alexandria), rural governorates (*muhafaza*) into regions (*markaz*), cities (*madina*), and villages (*qariya*).

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charity organizations were involved. It was primarily the MB who compensated for lacking government services, but other Islamic or Coptic organizations equally provided aid to marginalized communities. Their freedom to act, however, changed dramatically under as-Sisi's rule (Brechenmacher 2017).

Until the time of writing, the 2014 constitution's provisions still await clarification and implementation through a local administration law. A respective draft law finally made it into parliament in 2018, but has not been ratified yet. To date, ministries have refrained from implementing several aspects of the constitution. Most significant is the absence of local elections since 2008 and thus, of any elected institution on the subnational level. After the LPCs were dissolved in 2011 to dispose of National Democratic Party (NDP) affiliated elites, they were staffed with appointed personnel.

Neopatrimonial networks and decentralization: Strong bottom-up dynamics and frightened central elites

During Mubarak's rule, the primary opposition of the regime was the Muslim Brotherhood. Over the decades, the Brotherhood had established a strong support base on the local level, not least as a result of its social work in major public service sectors such as health. It was common for the Brotherhood to take over public institutions or professional associations and to convert them into successful entities that eventually served their cause. Hence, when Mubarak announced the advancement of a decentralized state structure in his presidential manifesto of 2005, opinions towards the project were divided in the NDP. Until then, all major positions had been carefully appointed by the center. Most governors were former military generals who demonstrated little interest in serving anyone except their personal clientelist networks (Martinez-Vazquez and Timofeev 2011). The national legislative elections of 2005, in which the Brotherhood won 88 of 444 seats (around 20%), were an initial indication of how threatening the Muslim Brotherhood's grass-root initiatives could become. As a consequence, the 2006 local elections were postponed until 2008 to avoid the risk of establishing too many Muslim Brothers in elected subnational state institutions. Ahead of the 2008 elections, the Egyptian opposition had to face enormous formal hurdles, because of a series of amendments to 34 articles of the constitution in 2007. This led to widespread social unrest in the 27 governorates (Herzallah and Hamzawy 2008). The amendments were clearly designed to contain the influence of the Muslim Brotherhood, as they banned all political parties with religious frameworks, leaving the

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organization – once again – with no other option than to register their members as independent candidates to run for elections (Brown et al. 2007)[18]. Given the strong support the organization could mobilize on the local level, the Mubarak regime further strove to minimize the impact of the Brotherhood's independent candidates. Facing too many formal hurdles to register their candidates prior to the 2008 local elections, the Brotherhood ended up boycotting the elections at the last minute. Clearly, the regime feared that its neopatrimonial networks at the local level would not be strong enough to control the Muslim Brotherhood's influence in an election. With a dramatically low voter turnout of only 5%, the NDP won the elections by a landslide, occupying over 95% of the seats (Herzallah and Hamzawy 2008). In the end, formal-legal measures helped to contain the regime-threatening dynamics of local politics and to uphold pro-regime majorities within subnational institutions. The 2008 local elections would become the last ones held in Egypt up to this day.

When the Arab uprisings spilled over to Egypt in 2011, the country was about to enter a period of extraordinary uncertainty. With a history of grass-roots organizations assuming state tasks, the population became active again. In Cairo and Gizeh for instance, neighborhoods formed local popular committees that helped organize everyday life and needs in the absence of a functioning state. Throughout 2011 and 2012, these committees were successful in forcing local state agents and institutions to comply with the communities' demands. Before that, local state institutions would often be unresponsive to any incoming directives or requests. But circumstances changed since they were no longer protected by the central state and the NDP. Increasing repression by the as-Sisi regime since 2013 gradually marginalized their freedom to act and diminished their influence at the local level. Simultaneously, old local elites from the Mubarak regime often coopted the new local political actors, which further limited the autonomy of this local activism (Harders and Wahba 2017). In other locations, local committees had been established by old local NDP affiliates and their patron-client networks (Meehy 2017). The Egyptian population proved its ability to compete with state institutions in terms of public ser-

18 In addition, while the amendments facilitated the legal framework for political parties to nominate a candidate to run for presidential elections, they also set out conditions for independent candidates that were almost impossible to fulfil. Inter alia, independent presidential candidates were now obliged to register the support of a minimum of 230 members of parliament and local councils, a provision which raised the political significance of elected local councils (Brown et al. 2007).

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vice provision on several occasions. But as-Sisi's harsh crackdown on civil society activism has led to an end of almost all of these activities (Meehy 2017). Since the crackdown also targets religious charity organizations that played an important role in public service delivery under Mubarak, the situation of peripheral populations may have worsened (Ismail 2019; Brechenmacher 2017).

Seven years after the coup, as-Sisi is still in the process of consolidating his power (Noll 2019). He has upheld the state of emergency since 2016. The regime remains hesitant to implement a local governance law that could destabilize the current situation. The ratification of a new law would urge the regime to hold local elections. This constitutes a risk to the as-Sisi regime, due of the absence of a party that keeps strong ties to the periphery as Mubarak's NDP had done. The 2014 constitution formally limits the LPC's power by stipulating that elected local councils' decisions should be final, but executive authorities may interfere "to prevent the council from overstepping these limits, or causing damage to the public interest or the interests of other local councils" (Art. 181). For now, committing to meaningful decentralization poses too much of a threat to central elites and their power to control the periphery. According to several sources, as-Sisi continues to hinder a new local administration law due to an internal struggle between several intelligence agencies (Mada Masr 2020).

So far, as-Sisi relies on his military networks to govern the periphery. In strategically important governorates including Red Sea, al-Ismailia, Port Said, Suez as well as North and South Sinai, almost all governors since the mid-1990s came from military backgrounds. In other governorates the governors' backgrounds varied between the military and other non-security-related professions. In some governorates including Cairo, al-Sharqiya and Asyut, governors rarely had ties to the military. During the first governor reshuffle since as-Sisi's inauguration in 2015, only three out of 17 new governors had a background as military generals. The other 14 governors included several university professors, judges, or government officials. No women or Copts were among them (Atlantic Council 2015), nevertheless this may be interpreted as a good will message to the international community, because a few years later the situation changed. The number of military generals appointed as governors increased considerably after 2017/2018, even in governorates such as Cairo, al-Sharqiya and Asyut, who are used to non-military governors. In November 2019, 11 out of 16 new governors had held senior positions in the security sector or the army. For instance, General Muhammad El-Sherif, who had formerly served as security chief of Giza and Alexandria (Al Tawy 2019), replaced the governor of Alexandria (a professor of engineering). Simultaneously, for the first time

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in Egyptian history, as-Sisi named Nadia Ahmed Abdou Saleh, a Muslim woman, as governor of Baheira in 2017. In 2018, he took one-step further by appointing Manal Awad Mikhael, a Coptic woman, as governor of Damietta (Shaban 2018). This may have been an attempt to appease international donors as well as to coopt Coptic communities. In July 2020, as-Sisi announced a new law (Law No. 165 of 2020) that allows for the appointment of a military advisor and a number of assistants to each governorate nominated by the Minister of Defense. The new advisors shall report to the Ministry of Defense and are instructed to handle security affairs and problems within the communities, thereby coordinating with the respective subnational authorities. They are also allowed to attend meetings of the executive councils if they wish. Critical voices rate this as an attempt to gain control over the periphery by further militarizing subnational institutions (Al-Monitor 2020; Anadolu Agency 2020). However, the new law may not only be the result of security questions, but also of economic considerations. The presence of a military advisor in each governorate will open up new possibilities for companies affiliated with the military to land large-scale projects (Al-Monitor 2020). The Egyptian military has been involved in the private business sector for decades, but recent legal changes under as-Sisi's rule have made it easier for military companies or private companies owned by former military officers to obtain government contracts (Adly 2014). According to a source from the Ministry of Military Production, the revenues of 20 military companies reached around 840 million USD in 2018/2019, which is a five times higher amount than in 2013/2014 (Dunne 2018).

Government corruption at the local level has taken over new dimensions ever since the local administrative institutions are exclusively filled with appointed staff and no elected council monitors their work (Rabie 2019). Meanwhile, as-Sisi created his own administrative capital city, Wedian, a gated zone from where he rules the country and is surrounded by hand-picked military officers and state servants. Wedian is located far from Cairo and possible threats of popular movements (Dunne 2018). The large-scale protests of 2019 prove that the Egyptian population is growing increasingly impatient and is now ready to openly express socioeconomic grievances, despite the power of as-Sisi's extensive repression apparatus. These developments indicate that as-Sisi's plan to rely on repression to consolidate his rule is beginning to erode and will need some reconsiderations in order to uphold legitimacy in the long term (Demmelhuber 2019). Overall, the case of Egypt demonstrates the power of bottom-up dynamics and grass-roots organizations vis-à-vis the regime when it comes to local

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public service provision and highlights the sensitivity of decentralization under neopatrimonialism.

Conclusion: Smart vs. old-fashioned autocrats and the shadows of the past

Our analysis of Morocco, Jordan, Tunisia, and Egypt reveals how different strata of elites – reaching from the center down to the local level – use formal and informal institutions that make up a decentralized state structure to maintain or widen their influence, resources, and power. The empirical analysis also clearly illustrates the fine line between the opportunities and threats of decentralization under neopatrimonialism. In all cases, the design of decentralization formally and informally benefits the regime. However, under certain circumstances regimes are hesitant to commit fully to the legal framework as it holds potential to backfire. Over the past decades, the monarchies Morocco and Jordan, who survived the Arab protests relatively unharmed compared to Tunisia and Egypt, have spanned a solid network of patron-client relations between the center and the periphery via subnational state institutions. The Jordanian regime thereby pays close attention to the sensitive management of Transjordanian and Palestinian communities – overwhelmingly to the benefit of Transjordanian tribes. Subnational actors in Morocco are also carefully divided and controlled by a net of state agents whose dominance over subnational councils is unbroken. While party elites engage actively in elections and political struggles, they are dependent on alliances with local notables, party coalitions and deference to the monarchy and its national and subnational representatives. The codified inclusion of NGOs and the dominance of the central state and its development initiatives has broadened the strata of elites that get access to state resources. Both kingdoms furthermore established formal structures that regulate the interplay between elected and appointed subnational institutions in favor of the appointed tiers. These respond to the instructions of the central ministries. Opportunities for the promotion to higher levels in the public state apparatus function as incentives that draw ambitious elites into the subnational state institutions. Though both countries grant some minor autonomy to subnational institutions, underlying formal and informal practices can be activated at any time to limit the power of lesser institutions if necessary. Elite rotation between major subnational positions to contain the influence of certain individuals is a common practice in all four countries, especially concerning the governors with their extensive powers.

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Even after major power transitions in Tunisia and Egypt, central elites still use decentralization for their own political purpose. While Mubarak used the NDP and its clientelist networks to control the periphery in Egypt, as-Sisi increasingly consolidates his power over the periphery by militarizing subnational institutions in the absence of a state party. The case also illustrates how grass-root organizations and civil society activism can benefit from decentralization if the central state shows weaknesses in terms of public service provision. The Muslim Brotherhood was able to expand its influence at the local level and eventually posed a serious challenge to the regime. To this day, the as-Sisi regime suffers from the consequences. For this reason, repression of subnational activism has grown significantly and local elections still have not taken place after almost seven years of rule. While Egypt's plans to decentralize the state may never have been entirely legitimate in the Western understanding of this policy, under as-Sisi the project is likely to have reached a dead end. Tunisia is receiving much international attention for its transition to democracy, but the new decentralization project enshrined in the 2014 constitution still has a long way to go. Competition and diverging views of old and new elites have been a burden on the new state from the beginning. The same is true for the decentralization project. The sudden move from Ben Ali's hyper-centralized state order towards decentralization is taking time to unfold. Like Egypt, Tunisia is hesitant to fully commit to subnational elections and still stalls those for the regional councils. Though highly ambitious, the Tunisian decentralization project lacks the support of ministerial elites in the center and a clear government vision. The central government parties were hesitant to move forward with decentralization laws as well as local elections. They were threatened by the possibility that unaligned candidates would succeed. Indeed, independent candidates were very successful, and their rise was an overture to the implosion of the national party system. Local elected elites are dependent on the cooperation with regional governors, ministerial support, and in many cases even their own heads of administration. Their current position in the unfinished legal outline of decentralization is precarious. The new ministry in charge of decentralization lacks the power to implement the reform on its own. The success of the process would depend on the cooperation of large ministries, especially the Ministry of Interior and the Ministry of Finance and their agents. As inter-ministerial coordination is deficient, local political elites are left hanging in a web of conflicting laws and provisions.

In all four cases, the structure of elite networks and their respective behavior also affects the de facto outcome of decentralization vis-à-vis its legal outline. Jordan and Morocco are playing a sensitive balancing game be-

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tween the wish to appease the international community as reformers and to successfully manage socio-political and economic cleavages on the ground. A decentralization reform deeply interferes with a country's patron-client structure and its outcome depends on central and subnational elites' reaction. Competitive clientelism and gerrymandering that accompany subnational elections, as well as elite capture, easily twist the logic of decentralization reform. With this background, the result of Jordan's 2017 decentralization elections was less than surprising: The majority of seats mirrored the same tribal structures as those at the central level. Over the past decades, the neopatrimonial structures of the country had already consolidated an unequal distribution of public state resources amongst the governorates (see chapter 5). Elite capture and the ministerial employees' lack of willingness to cooperate (for fear of losing their clientelist networks vis-à-vis the new governorate councils) further limits the effectiveness of the entire process. The same can be witnessed in the Moroccan case. The kingdom excels in the creation of participative subnational institutions that carry democratic legitimation, a net of development programs, liberalized institutions, and means to promote the work of NGOs, while carefully pitting them against each other so that no single actor is able to gain too much influence. Decentralization in Morocco provides additional access to state resources and offices. Both national political elites and the new strata of elites (e.g. NGOs) partake in them. They compete for influence, but all remain dependent on the central regime and its oversight. Tunisia's decentralization process began as a powerful and conscious turn away from old centralist structures, edging toward a democratic transition. However, the process soon fell victim to central power relations. Instead of moving the legal and electoral reform process forward, the (democratic) governments used appointed special delegations to govern the local body politic. The delegations were subject to political infights and contentions, both at the national and the local level. The central governments' attention shifted to more pressing national problems and ongoing economic difficulties. If the vast national ministries are not profoundly restructured in the future, the success of decentralization is doubtful. Ministerial elites and governors are still more powerful and better connected. They thus are the primary determinants of the success of local political elites in their cooperation with the center. In this point, as-Sisi's rule differs significantly from the other three cases. Due to security concerns and a re-centralization process since 2014, the regime is actively holding back the execution of certain formal features of decentralization as laid down in the constitution of 2014. First and foremost, the regime has hindered holding subnational elections, and refused to allow a new local administration law to pass through parliament. As a

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consequence of neopatrimonialism and the absence of elected institutions to monitor the executive tiers, arbitrary procedures and corruption on the subnational levels are increasing, while local public service provision is deteriorating.

Our comparison of Morocco, Jordan, Tunisia, and Egypt illustrates that a genuine decentralization process cannot simply rely on technicalities or an apolitical delegation of tasks. A successful implementation requires sophisticated modifications of a country's institutional landscape as much as it requires a fundamental change in the structure and the mentality of central state elites and their patron-client networks. If neopatrimonial structures are too dominant, they twist the logic of a decentralized state structure and reduce its effectiveness dramatically.

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5. Fiscal Decentralization in the Middle East and North Africa: Deciphering Motives and Outcomes[1]

Erik Vollmann and Miriam Bohn

The delegation of state tasks and responsibilities from the central government level to regional and local levels, also known as decentralization, is a ubiquitous phenomenon. Elected subnational governments seem omnipresent in democracies. OECD governments spend a significant portion (40.4% in 2016) of their government expenditure at the subnational levels (OECD and UCLG 2019). Because decentralization is associated with good governance, development, and democracy, the international community promotes and supports decentralization reforms in the Middle East and North Africa (for an overview of the arguments see Demmelhuber et al. 2020; Harb and Atallah 2015b; see also chapter 2). MENA states are among the most centralized in the world. But even these regimes have opted for some form of subnational government and most of them include elected subnational councils (see Figure 1).

1 We are indebted to Ibrahim Bebars, Jennifer Hecht, Katharina Nicolai, and Julia Zimmermann for their invaluable research assistance.

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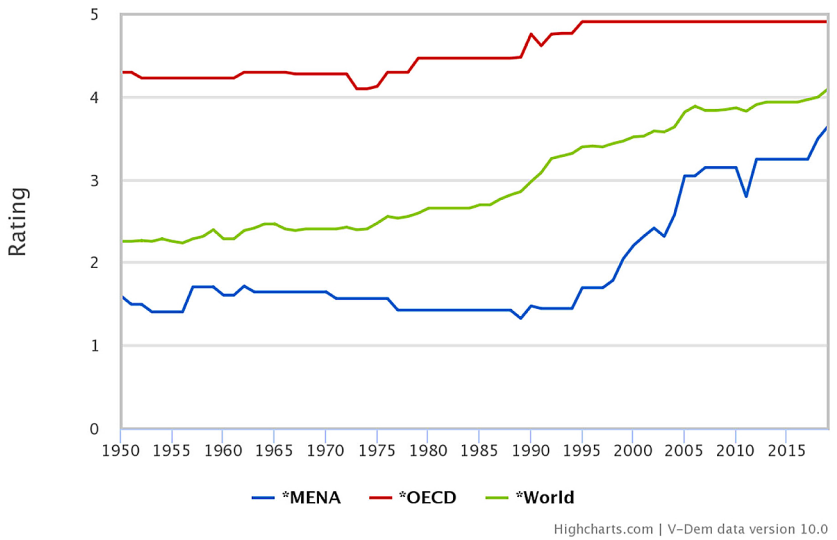
Figure 1: Local governments elected



V-Dem (2021), coding: 0: Generally, offices at the local level are not elected. 1: Generally, the local executive is elected but not the assembly. 2: Generally, the local assembly is elected but not the executive. 3: Generally, the local executive is elected and there is no assembly. 4: Generally, the local assembly is elected and there is no executive. 5: Generally, the local executive and assembly are elected.

Despite an upward trend in recent years, particularly during the last decade, the effective power and autonomy of elected subnational governments in the MENA is more limited than in other world regions. The local and peripheral origins of the 2010/2011 uprisings were clear expressions of societal discontent with central power and regional socioeconomic imbalances. Hence, the protests brought back to life the discourse on decentralization in many MENA countries. Decentralization laws followed, most prominently in Morocco (new constitution, major decentralization laws in 2015, with regional and local elections in 2015); Jordan (new decentralization law in 2015, with local and regional elections in 2017); and Tunisia (new constitution, extensive decentralization laws and local elections in 2018). All of these reform projects focus on the establishment or advancement of local and regional subnational governments (though the regional councils in Tunisia have not yet been elected) (Vollmann 2020). Significantly, these decentralization processes have one factor in common: They are regime-controlled, top-down initiatives. The reforms are pushed by the monarchies in Morocco and Jordan, while the Tunisian decision to in-

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clude decentralization in its new constitution originated from a transitional and pro-democratic impulse in a countermove to the heavy centralism of the old regime (Kherigi 2017). Despite a strong centralist state order in Egypt, nominal decentralization was long necessary to implement state policies in order to reduce social and regional disparities (Demmelhuber and Roll 2009). Today, decentralization is stifled by the ultra-centralism of as-Sisi's regime that took over power later in 2013.

We argue that the present decentralization processes in the MENA post 2011 are central state reactions to protests against long-standing local government malfunction and economic deprivation of the peripheries. The decentralization discourses and reforms in all four cases use a language of "positive discrimination" and promise a reformed relationship of the center and the periphery. In theory, this should lead to an improvement of subnational administrative efficiency and an empowerment of the long-neglected periphery.

Under the conditions of ambiguous legal outlines with vague or contradictory wording and long-standing centripetal patron-client relationships, the outcome of decentralization reforms is not always the participative, democracy-enhancing and reconciliating model that governments and international donors advertise. To provide subnational institutions with sufficient and independent funds so that they can freely execute their tasks and rights is a necessary precondition of meaningful decentralization. The fiscal dimension is one of the focal points for the political economic analysis of decentralization effects alongside the clear-cut separation of competences. Fiscal decentralization sheds light on the will of political rulers to commit to decentralization and on the deficits of current local governance arrangements in the region.

We chose Morocco, Jordan, and Tunisia as the three MENA regimes with the most ambitious decentralization reforms after the Arab uprisings, as well as Egypt, whose decentralization process is suppressed by as-Sisi's autocratic rule as a contrasting case for our analysis. Since 2011, decentralization has led to an expansion of subnational governments' power in Jordan, Tunisia, and Morocco, but not in Egypt (see Figure 2). Are these developments reflected in the degree of fiscal decentralization?

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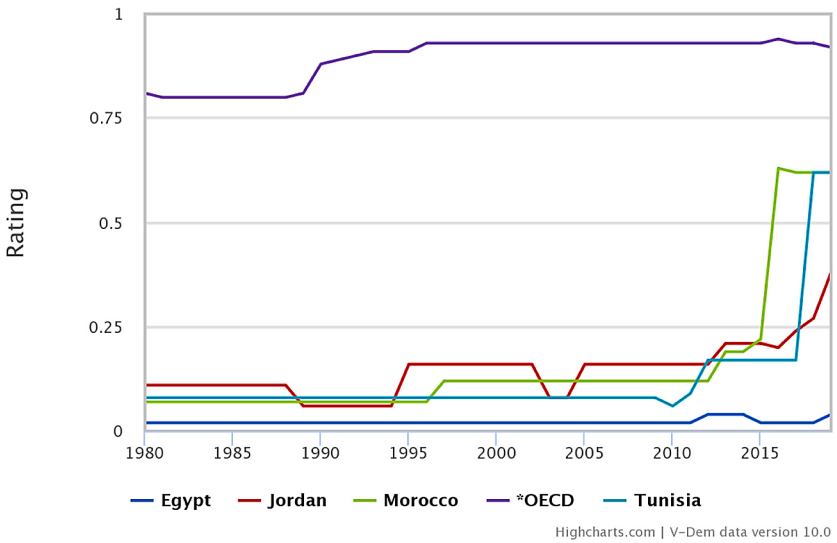
Figure 2: Strength of local governments in comparison



V-Dem (2021), combination of elected local governments and their relative strength vis-à-vis unelected bodies on the same level; high values indicate high power of elected local governments.

Building on this volume's theoretical framework (see chapter 2), we assess the degree of the regime's commitment and meaningful implementation of decentralization measures in all four countries. We analyze the evolution of fiscal decentralization and thereby focus on the role of regional disparities as well as on the connection between fiscal decentralization and neopatrimonialism. Decentralization projects are no one-size-fits-all approach. We argue that the strong neopatrimonial character of politics in our region of analysis changes the trajectory of decentralization reforms. We combine an in-case comparison with a between-case comparison to identify common trajectories and country-specific outputs. Reliable data on public finance, let alone subnational finance, are very scarce in the MENA region. Most quantitative studies on (fiscal) decentralization thus exclude the Arab world from their analyses. With a combination of quantitative data on fiscal decentralization and local finance, and qualitative material from original fieldwork research and secondary literature, we aim to

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narrow this gap by shedding light on the dynamics of fiscal decentralization in the MENA.[2]

Fiscal decentralization, effective local governance and neopatrimonialism in the MENA

Proper funding is necessary for subnational governance reforms. A basic assumption of effective decentralization is that a transfer of powers and responsibilities to subnational institutions must be accompanied by a transfer of proper funding (Vollmann 2020; Bergh 2021). Transformation literature, as well as the proponents of decentralization policies, claim that the reforms aim at boosting economic development when the fiscal relationship between the center and its territories is improved (Demmelhuber et al. 2020).

We argue that most large-n-studies neglect the case-sensitive processes of decentralization reforms, though we agree with the literature that the level of fiscal decentralization is of utmost importance to assess the potential and success of state-led subnational governance reforms in the MENA region. Underfunding and insufficient competencies to raise own revenues decreases the potential for subnational governments to work independently or even effectively.

The ideal degree of fiscal decentralization is of course dependent on the actual form of decentralization (World Bank 2001)[3]: Purely administrative forms of decentralization (e.g., regional ministerial branches) may function with limited *expenditure autonomy*. They can cope with strict guidelines from the center on how to spend their budget. *Subnational autonomy*

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2 Our analysis draws on original fieldwork in Morocco (April 2018 – May 2018 and October 2018 – December 2018), Jordan (April 2018 – May 2018, October 2018 – November 2018 and January 2020 – February 2020), and Tunisia (October 2019 – November 2019 and January 2020 – February 2020) where we conducted semi-structured interviews (n = 162) with politicians and state employees, civil society actors, researchers, journalists, and foreign observer organizations on the central, regional, and local government levels. One thematic section of our interviews focused on financial organization and assessments of the state and shortcomings of central-subnational fiscal relations. We also need to stress the problems of fiscal data availability and quality in the MENA region, whose statistical capacity lags behind other world regions. For an extensive discussion of both matters, see chapter 3.

3 For a more extensive discussion of different forms and models of decentralization, see also chapter 2.

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over revenues or the power to generate own income, e.g. by subnational taxes or fees, is also not strictly necessary for some types of administrative decentralization. Since government agencies or subnational ministerial branches are part of the executive, their funding is often directly controlled by the central state. Forms of political decentralization, i.e. (quasi-)autonomous bodies or elected institutions often imply higher degrees of expenditure and revenue autonomy. The actual structure of intra-state fiscal relations is, however, extremely intricate and dependent on a plethora of political rationales.

Throughout the MENA region, governments have imparted elected councils with budgetary power and most of them are theoretically empowered to collect fees for subnational service provision or even local taxes (Harb and Atallah 2015a; Kherigi 2017). However, the extractive capacity of decentralized institutions in the Arab world is extremely low and the dependency on centralized allocation of funds remains high (Vollmann 2020; Harb and Atallah 2015a). Social institutions (e.g., funds for communal projects gathered by traditional village notables, religious leaders or even just neighbors) often fill the void left by weak central public service provision (Lust and Rakner 2018). However, the compliance or non-compliance between reforms' layouts and actual changes of fiscal relations between the central and subnational levels is an important indicator for the political will and the strategies of political regimes. Decentralization is inefficient if local and regional actors lack the financial means and capacities to fulfill their competences as laid down in the legal framework (Altunbaş and Thornton 2012; Demmelhuber et al. 2020; Houdret and Harnisch 2018). Amendments to the regulation of subnational budget allocation and spending, as well as changes to the amount of central transfers to the periphery, may either lead to an extension or a decline of subnational autonomy. The more a central regime engages with fiscal decentralization and withdraws from subnational financial affairs, the larger the political will to decentralize. The implementation of such changes may appease domestic and international stakeholders and organizations (Vollmann et al. 2020).

Fiscal control is an important factor in a central regimes' monitoring and controlling of their territories. Therefore, an in-depth analysis of fiscal decentralization helps to identify cases of partial decentralization and the manipulation of reforms hijacked to stabilize the regime in authoritarian contexts as a form of authoritarian upgrading (Vollmann et al. 2020; Bergh 2021; Harb and Atallah 2015a; Aalen and Murias 2018). Even if subnational institutions are formally declared to be financially independent bodies, they may de facto have no real fiscal autonomy. The authority over budget

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distribution and spending may remain with central institutions despite the reforms, because it is in the interest of an authoritarian regime to keep subnational institutions financially dependent as an additional control mechanism.

The most commonly used indicator for fiscal decentralization is the share of subnational government spending of total spending or tax revenues. However, we need to broaden our analysis to also capture elements of dependency or independence of subnational institutions from the central state (for an extensive discussion on measurements of decentralization see Dardanelli et al. 2018; Blöchliger 2013). Since local governance is also closely related to regional disparities, we also need to check for subnational variances of fiscal decentralization. Decentralization reforms often formally answer the calls for redistribution of resource imbalances between the center and neglected peripheries. But strategic redistributions of state resources via subnational governments can also lead to fiscal imbalances or even to a form of "subnational rentierism" that creates dependencies on the central state and incentives to align with (authoritarian) regimes, especially if the share of self-generated resources is low and existing transfers favor of economically smaller territories (Gervasoni 2010, 305, 310).

In our research, we moreover take into consideration the relationship of fiscal decentralization and the neopatrimonial character of politics. In the context of neopatrimonialism, subnational resources might be used to uphold and widen networks of cooptation that rely on the access to and distribution of state resources (Demmelhuber et al. 2020; Hibou 2004).

While financial resources are a vital aspect of subnational capacity, the size, experience and quality of subnational human resources are also important for our argument: High staff costs for subnational governments can hamper their ability to implement non-consumptive projects (Vollmann et al. 2020). The (mis-)use of public staffing for purposes of patronage is an important feature of neopatrimonial politics that we must keep in mind when analyzing subnational spending in the MENA region. On the other hand, insufficient staffing and low-qualified personal can obstruct subnational councils' abilities to efficiently put their funds to use (Shalaby et al. 2020). Based on these insights from the literature, our empirical analysis will focus on the following aspects:

(1) Our analysis evaluates the development of subnational expenditure and revenues to assess whether meaningful change has been implemented after the 2011 uprisings.
(2) We elaborate on the regional distribution of decentralization funds to check for the development of center-periphery disparities.

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(3) Funds available are not always funds used. We point out possible problems and shortcomings of subnational governments in their management and spending of money formally at their disposal. This hints to problems regarding the capacities of subnational councils and administrations, relationships between local actors, and enduring political cultures of deference to the center.
(4) To assess the role of decentralized governments, we need to observe the central state influence and mechanisms of neopatrimonial rule. Monetary dependencies, dominance of central state administration over development programs and subnational actors as well as neopatrimonial staffing policies are important indicators for the degree of autonomy of subnational councils.

Fiscal decentralization in Morocco

Development of subnational finances: MENA forerunner, international latecomer

Morocco is a forerunner of top-down controlled decentralization reforms in the MENA region. This includes fiscal decentralization. The kingdom possesses decentralized councils on three subnational levels: 12 regions, 63 provincial (rural) and 12 prefectural (urban) councils (the equivalent of governorates in our other cases), and 1503 municipalities. They are the Ministry of Interior's administrative portfolio as are the appointed and hierarchically organized overseers of decentralization (regions: *wali*, intermediate and local level: governor, local: *caid*, *pasha*). The state appointees' de jure and de facto power is strong, despite the legal changes and formal end of the *tutelle* through the 2015 reform (see chapter 4). The extensive regionalization reforms that were implemented in the constitution of 2011 and the three organic decentralization laws of 2015 gave new powers and responsibilities to subnational institutions. Morocco is the only case among our four cases where earnest attempts to establish a form of regionalism were made. Our fiscal analysis shows that municipalities still are the backbone of subnational expenditure (and revenue), but the reforms have indeed increased the regions' financial influence after 2016 (see Figure 3). The absolute amount of subnational expenditure surged in 2011, as a result of major uprisings and the new constitution, but remained relatively constant until 2016. Recent data implies a clear upward trend since 2017 – mostly attributable to the regional level.

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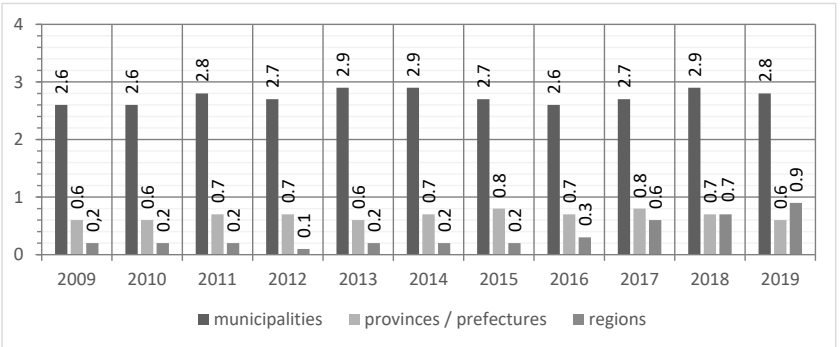
Figure 3: Subnational council expenditure in Morocco, in billion USD



Own calculations based on Moroccan Treasury data.

When contrasted with general public expenditure, the subnational share decreased between the uprisings in 2011 and 2014, because the subnational surge in absolute terms coincided with a general spike in government spending. At least part of this development may be seen as an effort to appease the populace. Measured by the percentage of government spending, Morocco is a big spender at the subnational level in comparison to other MENA countries. However, spending levels remained relatively consistent over the years (see Figure 4). The financial focus of state expenditures has not shifted despite the extensive reforms and the discursive focus on regionalism. Although subnational expenditure as a share of state expenditure clearly increased in the long run (in 2002 it accounted for 8.5% of government spending), it is still far below OECD spending averages (40.4% average, 28.75 average for unitary countries in 2016) (Vollmann 2020; OECD and UCLG 2019).

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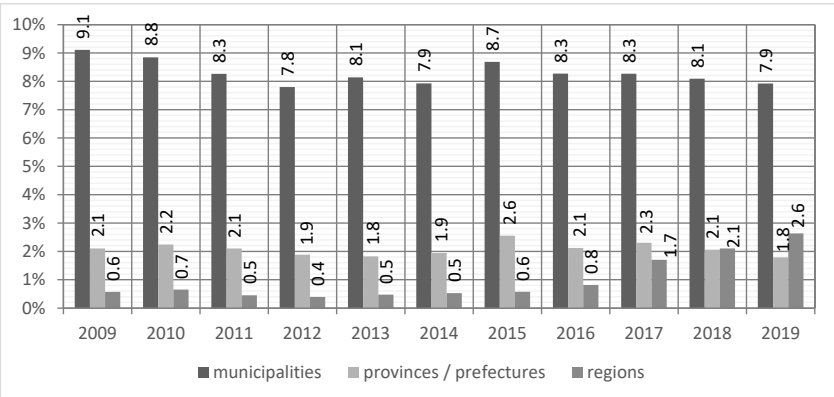
Figure 4: Subnational council expenditure in Morocco (percentage of general government spending)



Own calculations based on Moroccan Treasury and IMF data.

Regional disparities: Urban-concentrated spending and advancement of strategic regions

Regional disparities were – as in our other cases – at the heart of the latest decentralization reforms. But rural areas are still disadvantaged in Morocco. The Moroccan state stopped reporting comparative data on rural and urban municipalities after 2015, but the available data from before show a clear dominance of urban spending (and revenues for that matter). Urban municipalities consistently received about 70% of local expenditures (see Figure 5), even though Morocco is not as urbanized as Jordan or Tunisia.

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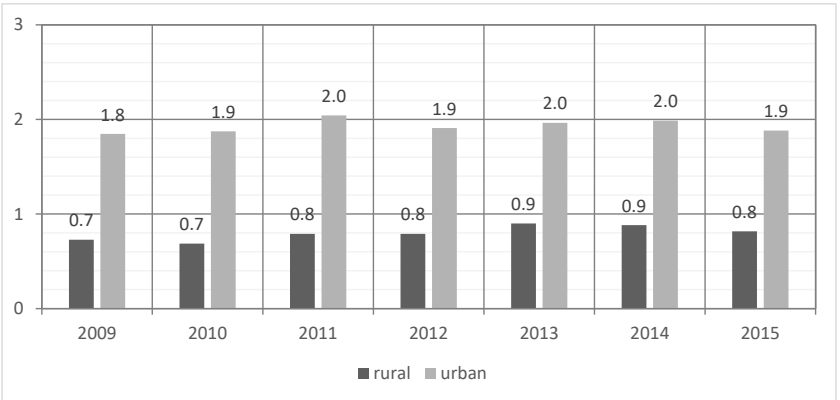
Figure 5: Moroccan municipal expenditure (rural and urban in billion USD)



Own calculation based on Moroccan Treasury data.

The data show a clear-cut urban-rural divide, but the central-peripheral division of Moroccan fiscal expenditure is more complex. The central north is responsible for the largest share of subnational expenditures (Casablanca-Settat 18%, Rabat-Salé-Kénitra 14.1%, Tanger-Tétouan-Al Hoceima 10%), but it is also densely populated. Per capita data (see Table 1) show that subnational expenditures clearly favor the (peripheral) regions of the Western Sahara with over 840 USD per capita in Laâyoune-Sakia El Hamra, and around 700 USD per capita in Dakhla-Oued Ed Dahab. Guelmim-Oued Noun (partly in the Western Sahara, about 250 USD per capita) and the Oriental Region (170 USD per capita), which has long been neglected and a driver of social unrest, are also overrepresented. These imbalances show political interest in strategically important peripheral regions, but they are also proof of some efforts to rebalance regional disparities. Since the overall size of subnational expenditures remain modest, this redistribution is however insufficient to rebalance regional development. It does not tip the scales to a degree great enough to overcome the decade-long concentration of prestigious infrastructure projects in Morocco's north.

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Table 1: Regional division of subnational spending in Morocco 2019

Region	Population (2014 census)	Expenditure 2019 (in million USD)	Per capita (in USD)
Casablanca-Settat	6,861,739	794.7	115.82
Rabat-Salé-Kenitra	4,580,866	626.4	136.74
Marrakesh-Safi	4,520,569	439.3	97.18
Fes-Meknes	4,236,892	426.9	100.75
Tanger-Tetouan-Al Hoceima	3,556,729	440.8	123.93
Souss-Massa	2,676,847	325.1	121.43
Beni Mellal-Khenifra	2,520,776	297.4	117.98
Oriental	2,314,346	394.4	170.42
Draa-Tafilalet	1,635,008	162.0	99.09
Guelmim-Oued Noun	433,757	109.5	252.43
Laayoune-Sakia El Hamra	367,758	311.0	845.70
Eddahkla Oued Eddahab	142,955	99.7	697.56
Overall	33,848,242	4,427.2	130.79

Own calculation based on data of the Moroccan treasury and the Haut-Commissariat au Plan du Maroc.

Subnational finance and the central state: Underfinanced, overcontrolled and highly dependent on the center

Decentralization in Morocco can only by successful when it has a sound financial base. The fiscal base of the regionalization project has indeed been broadened (also in comparison to the MENA region) but ends still do not meet for subnational councils. An additional element of fiscal decentralization in Morocco is the phenomenon of underspending. Even where funding exists, the implementation of the planned budget is often insufficient. In 2019, 82% of subnational expenditures on consumption were realized, but only 44% of planned investments were implemented (TGR 2019). Subnational funds remain underused in the kingdom. There are several reasons for this phenomenon: (1) There exists a conservative spending-mentality of many local leaders, as well as uncertainty regarding the size of central state transfers and the amount of incoming taxes. This contributes to cautious or delayed action (Bergh 2017; Mhammedi 2019).

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(2) Poor management and the employment of untrained councilors, in combination with weak technical infrastructures and legal ambiguities also play a role. (3) Council actions are delayed or inhibited by political infighting. (4) Many council presidents are reluctant to take action without the approval of the central state administration, despite the formal end of the administrative *tutelle*, i.e. the strong ex-ante oversight of decentralization by the Ministry of Interior. (5) The ex-post oversight that controls the legality of council decisions is time intensive and hampers subnational government action. (Bergh 2020; 2021; Vollmann et al. 2020; Mhammedi 2019) We observe a close connection between the curbed potential of subnational governments' decision-making and central state influence, neopatrimonialism in the form of prevailing legacies of national oversight, as well as continued central state dominance in staffing, planning and even the distribution of funds.

Staffing costs make up a sizable portion of municipal expenditure and may thereby even threaten the ability of councils to decide freely on how to spend their funds. Reports on "shadow employees", i.e. clients of council elites that are on the cities' payroll but do not actually work, have been circulating after the recent reforms (interviews Casablanca, Dec 2018). We witness the opposite situation at the regional level, where staffing is so low that it is unclear whether the regional governments have the capacity to implement their projects adequately (see Figure 6 for the distribution of expenditures). Also, staff quality is relatively poor and many positions are unattractive in comparison to the ones in central state institutions (Bergh 2020). Overall, subnational governments accounted for only 9.7% of public staff expenditure in Morocco in 2016 (OECD and UCLG 2019).

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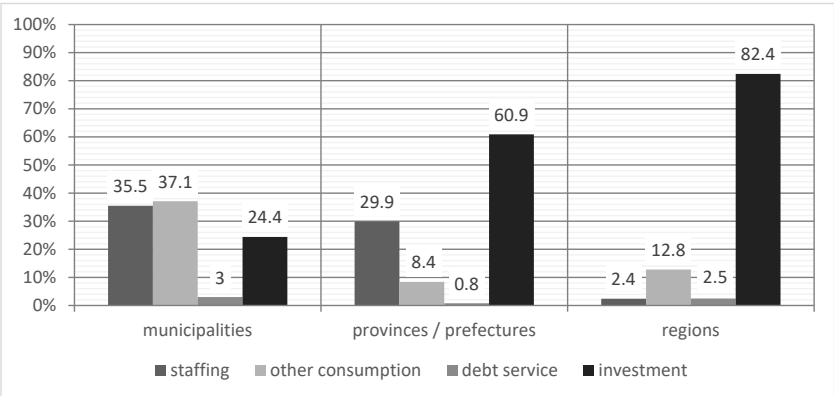
Figure 6: Distribution of expenditures in subnational governments in Morocco, 2018



Own depiction based on data by TGR 2018.

The strong administrative oversight of subnational politics constrains the autonomy of subnational governments in Morocco (see also chapter 4). In addition, subnational councils are highly dependent on central state transfers. In 2016, 61.3% of the Moroccan local budgets consisted of central state transfers (OECD and UCLG 2019), while the regional level received over 90% of its funding from transfers (91.3% in 2018) (Vollmann et al. 2020). Though municipalities seem to be more independent, only the largest urban centers (especially Casablanca) generate significant portions of their budgets from their own income. Rural local councils receive around 70% of their budgets from the central state (Vollmann et al. 2020).

The overall institutional landscape limits the autonomy of democratically backed subnational council action and upholds the neopatrimonial power concentration of the regime: The budget plans still need the ex-post approval by representatives of the Ministry of Interior. Moreover, subnational council politics compete with central state sectoral initiatives that also target subnational politics. Palace-led development initiatives (e.g. National Initative for Human Development (INDH) or the National Program on Social and Territorial Disparities) are often more visible. Subnational governments are even part of the INDH and contribute funds to the program, although it is nonetheless dominated by the Ministry of Interior. Another example are development initiatives under the auspices of the *wali* who act as agents of the MoI in the regions (Agences de Développement Régional). There furthermore exists a myriad of de jure market ori-

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ented public national and regional agencies and state-owned companies that obscure the division of responsibilities between political actors, or encourage subnational governments to cooperate with the center (Vollmann et al. 2020; Bergh 2021; 2012; Houdret and Harnisch 2018).

Fiscal decentralization in Jordan

Development of subnational finances: A sensitive balancing game

Jordan initially established its municipal system in 1921 and incorporated it into the new constitution after the country's independence in 1946. It was not until 2015, however, that the kingdom initiated a decentralization process based on the Law on Decentralization (Law no. 49 of 2015). Jordan's system of subnational governance is organized along two administrative tiers: the governorate level comprising 12 governorates, and the municipal level consisting of 103 municipalities. The governorate level mainly functions as the extended arm of the Ministry of Interior (MoI) in the periphery and has a focus on security matters. The municipal councils and mayors are elected institutions carrying some minor responsibilities that affect their communities' everyday life, such as waste management and urban planning. Before the decentralization reform was finally implemented in 2017 (two years after the passing of the law), municipalities were the sole elected subnational institutions with the authority to create their own revenues and to spend their budget autonomously, however within limits, as budget generation and expenditure are under strong ministerial oversight.

The divide between Transjordanians and Palestinians is essential to the analysis of subnational dynamics in Jordan. The Transjordanian elite is considered the backbone of the Hashemite monarchy and traditionally dominates most of the public state institutions that constitute Jordan's main employer. Jordan's Palestinian population entered the country as refugees after 1948 and makes up the majority of Jordan's population today. They are mainly engaged with the private sector and are less integrated into state institutions compared to Transjordanians. The majority of Jordan's 10.5 million population (Department of Statistics Jordan 2019) lives in the three urban centers Amman, Zarqa, and Irbid, which are also the three governorates with the highest percentage of Palestinians. Over the years, the bulk of public state expenditures either went to Amman – the capital city, economic center of the country, and home to around 40% of the population (OECD and UCLG 2019) – or to majority-Transjordani-

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an governorates of great socio-political influence, such as Karak or Ma'an, in order to appease the Transjordanian elite. Heterogenous governorates with a high percentage of Palestinians or a strong oppositional background, such as Zarqa and Irbid, received disproportionally fewer financial resources over time.

In 2008, Jordan spent 3.5% of its GDP on subnational governance, 2.1% in 2013, and 2.3% in 2016. This amounts to 9.6% of the general government expenditures in 2008, 5.8% in 2013, and 8% in 2016 (UCLG 2010; OECD and UCLG 2019; 2016a). In comparison, Jordan's military expenditures made up 4.6% of the GDP in 2016, one of the highest shares worldwide (World Bank 2020). Jordan's expenditures tend to fluctuate considerably each year, nevertheless the numbers illustrate a slight decrease in subnational governance spending over time.

Regional disparities: A tiny country, yet highly unequal financial flows

Although the Jordanian regime is hesitant to publish numbers on municipal revenues and expenditures, the Ministry of Local Administration (MoLA) made available its data for the years 2017 to 2019 during our fieldwork. The documents do not include the financial resources of the economic heavyweights Greater Amman Municipality, Aqaba Special Economic Zone and Petra Regional Authority, as they fall directly under the jurisdiction of the Prime Ministry. Thus, the governorates Amman, Aqaba and Ma'an had to be excluded from this part of the analysis since no further data is available. Nevertheless, the evaluation of per capita municipal expenditures and revenues of 2018 and 2019 illustrate major differences between the financial resources of the remaining nine governorates (see Figure 7).

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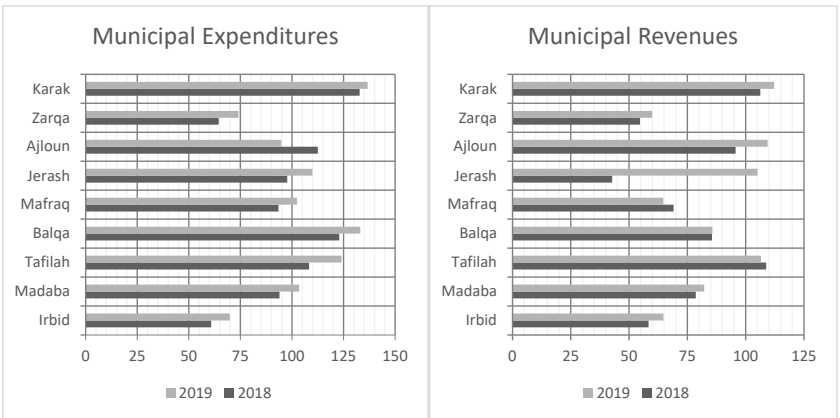
Figure 7: Municipal finances in Jordan's governorates per capita in USD



Own calculation based on data of the MoLA and the Department of Statistics Jordan.

Municipalities within the heterogenous, urban governorates Zarqa and Irbid, who have high percentages of Palestinians among their population, have significantly lower per capita expenditures than the other governorates. The same pattern applies for revenues, which include self-generated financial resources based on local fees, building permits and the tax on property, but also the central state transfers that most municipalities are dependent on (50% of the tax on oil derivates and 40% of vehicle license fees according to the Law on Municipalities 2015, as well as money borrowed from the Cities and Villages Development Bank). To exemplify, municipalities' own revenues in 2016 only accounted for 32% of their budget (OECD and UCLG 2019, 522). Especially the municipalities in Karak, a governorate accommodating major parts of the Transjordanian political elite, show high numbers in both cases. This supports the claim that the distribution of decentralized funds favors the strongholds of the regime elite and their clients. It thus contributes to upholding neopatrimonial networks.

Overall, the per capita financial resources of majority-Transjordanian municipalities appear to be larger than those of the two majority-Palestinian urban governorates Irbid and Zarqa. Table 2 and 3 present data for the Greater Amman Municipality (GAM) from 2013 to 2016, which accommodated around 20% of the national population in 2016. The revenues as well as the expenditures of GAM are higher in numbers than those of all other municipalities combined (OECD and UCLG 2019). But when comparing

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the per capita revenues and expenditures of GAM to those of the other municipalities in 2018/2019 (see Figure 7), municipalities in majority-Transjordanian governorates either equal or surpass the per capita resources of GAM.

Table 2: GAM expenditures

	Population	Expenditures (in million USD)	Per capita (in USD)
2014	3,598,600	406.5	112.97
2015	3,907,200	444.1	113.67
2016	4,004,800	447.8	111.82

Own calculation based on PEFA (2017) and Department of Statistics Jordan for population size.

Table 3: GAM revenues

	Population	Revenues (in million USD)	Per capita (in USD)
2013	3,316,800	361.4	108.96
2014	3,907,200	407.9	104.41
2015	4,004,800	444.4	110.97

Own calculation based on PEFA (2017) and Department of Statistics Jordan for population size.

Other than the municipalities, the governorate institutions manage all central state affairs within their territory, including security and police, and are thus closely supervised by the Ministry of Interior (MoI). Likewise, the respective central ministries and their directorates within each governorate control all fiscal matters of the governorate – including infrastructure and development projects as well as security related issues. The governorate institutions cannot collect own revenues and their ability to spend money autonomously is strictly limited. Thus, the task of compiling financial resources and expenditures of Jordan's governorate institutions resembles a hurdle race. Official documents list all ministerial expenditures including those on governorate affairs, but it is impossible to determine the exact amounts that accurately add up to the governorate budget.

When the Jordanian parliament passed the law on decentralization in 2015, domestic non-governmental organizations (NGOs) and international organizations had high hopes that the reform would increase fiscal decentralization. While the reform barely touched municipal affairs, it established a governorate council within each governorate – a partly elected institution (15% of the members are appointed) with an annual budget to

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spend on infrastructure and development projects. Before the reform, investments in the governorates were decided by the central ministries, e.g. the Ministry of Health or Ministry of Agriculture. This procedure used to be rather arbitrary, as most investment decisions were based on the personalist patron-client relations of the ministerial staff. An official document of 2013 lists central infrastructure projects in the governorates, illustrating the unequal regional distribution of central investments (see Table 4). Although the list does not include Amman and Aqaba, it shows that rural, majority-Transjordanian governorates such as Ma'an and Tafilah received up to ten times higher rates of investments per capita than the heterogenous governorates Irbid and Zarqa.

Table 4: Distribution of central state investments across governorates in Jordan 2013

	Population	Central state investments (in million USD)	Per capita (in USD)
Irbid	1,506,900	6.4	4.27
Mafraq	468,200	6.6	14.14
Jerash	201,800	6.4	31.95
Ajloun	149,900	6.6	43.76
Amman	3,411,200	n.a.	n.a.
Balqa'	418,600	6.2	14.91
Zarqa	1,161,900	6.8	5.82
Ma'daba	161,100	6.4	39.45
Karak	269,500	6.3	23.52
Ma'an	122,700	6.4	52.23
Tafilah	82,000	6.4	78.27
Aqaba	160,200	n.a.	n.a.

Own calculation based on data of the General Budget Department and the Department of Statistics Jordan for population size.

Hence, one of the official reasons for Jordan's decentralization reform of 2015 was to equalize the distribution of central state investments between the governorates. The decentralization law ensures an annual budget calculation for development projects based on the socio-economic details of each governorate (for details see Vollmann et al. 2020). Table 5 lists each governorate council's budget from the first fiscal year of 2018 until 2020.

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Table 5: Governorate council budgets in Jordan, in USD

	2018			2019		2020	
	Population	Budget (millions)	Per capita	Budget (millions)	Per capita	Budget (millions)	Per capita
Irbid	1,911,600	32.4	16.93	42.3	22.10	34.0	17.80
Mafraq	593,900	26.7	44.95	35.9	60.47	28.8	48.51
Jerash	256,000	21.1	82.38	28.2	110.04	23.2	90.54
Ajloun	190,200	22.3	117.13	29.6	155.51	24.2	126.99
Amman	4,327,800	48.5	11.22	64.8	14.97	53.2	12.30
Balqa'	531,000	23.1	43.50	31.7	59.68	25.3	47.56
Zarqa	1,474,000	28.6	19.42	38.7	26.28	31.8	21.54
Ma'daba	204,300	19.3	94.39	28.2	137.88	22.3	109.08
Karak	341,900	20.2	59.16	30.9	90.63	21.3	62.23
Ma'an	171,100	26.9	157.40	36.6	214.03	28.7	167.91
Tafilah	104,000	19.4	186.69	28.9	277.63	22.3	214.61
Aqaba	203,200	21.3	104.88	26.8	131.70	22.9	113.18
Total	10,309,000	30.9		42.3		33.8	

Own calculation based on data derived of the General Budget Department 2018; 2019; 2020; Department of Statistics Jordan for population size.

Table 5 illustrates that Amman, Zarqa, and Irbid receive significantly fewer financial resources per capita than the rest of the governorates. Thus, despite the positive expectations connected with the decentralization law, the financial gap between urban heterogenous governorates and rural Transjordanian governorates remains. Additionally, one major change immediately stands out when comparing the numbers to those of 2013: The amount of central investments to the governorates has increased significantly. Central institutions, including ministries, are still running other large-scale projects, but the governorate councils are newly included in the decision-making processes on large financial sums. While this appears to be a decisive step towards sustainable economic and infrastructural development of the governorates, the de facto situation is different. The data of Table 5 are based on estimated budget numbers instead of the actual final count. Although the official final account for 2018 suggests that the governorate councils' budget was spent entirely (General Budget Department 2018), interviews with governorate council members across Jordan as well as domestic organizations indicate otherwise: According to various sources, only small percentages of the budget actually went into the implementation of the projects. For instance, the Zarqa governorate council was assigned 28.6 million USD (20.3 million JOD) for 2018, but only a total of

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around 2 million JOD were spent on the projects it has decided on during the entire year (Karak Castle Center for Consultation and Training 2018). A combination of formal and informal factors may explain this gap. Firstly, subnational council funds that have not been spent until the end of the fiscal year are not transferable to the next year's budget. Secondly, a highly inefficient procurement process makes it almost impossible to finish large projects within the same fiscal year. Hence, the rest of the implementation must be financed by the budget of the following year (for details see Karmel and Bohn 2020). Thirdly, a lack of commitment on behalf of the ministries as well as corruption frequently delay or halt the implementation. It is a common practice that ministries suddenly stop the implementation of projects or no longer transfer payments to the contractors. Lastly, the allocated budget for governorate projects is so high that most organizations on the ground simply assume that central institutions cannot afford to spend that much money on subnational development. Our interviews indicate major regional differences regarding the de facto implementation of projects, but since the regime does not provide the necessary data, there is no further proof to support these claims.

Subnational finance and the central state: High levels of central control and clientelism

The enormous influence of the central state on subnational fiscal affairs is present on all levels. The majority of municipalities is chronically indebted and highly dependent on central transfers. One of the main reasons for Jordanian municipalities' debt is overstaffing. Several reform initiatives since the early 2000s have helped to re-organize and reduce the bloated municipal institutions, but the situation remains problematic. In 2016, 22.6% of Jordan's subnational budget went into staff expenditures, which clearly exceeds the OECD average (OECD and UCLG 2019, 521). Inter alia, Zarqa municipality officially had 4,359 employees in 2019 (MoLA 2019), which is by far the highest number of employees amongst Jordan's municipalities after GAM, the Aqaba Special Economic Zone, and the Petra Regional Authority[4]. One of the city's former mayors was a member of Bani Hasan, the dominant Transjordanian tribe in Zarqa. He used his position to employ thousands of Bani Hasan members who have remained on the payroll of

4 GAM, for instance, occupied more than 22.000 employees in 2015/2016 (PEFA 2017).

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the municipality until today, most of them as shadow employees who are salaried without actually working. In an interview, a representative of the MoLA classified this as an unsolvable situation. It would require the ministry to fire at least three-quarters of the employees, which, in turn, would prompt the majority of Bani Hasan to gather in protests in Amman until the ministry reverses the decision. Thus, Zarqa municipality has enormous staff costs each year (e.g. 89% of the total revenues in 2019). According to interviews, by February 2020 Zarqa municipality had already spent its entire budget for the year on staff costs. This is a convenient example for the impact of patron-client networks on fiscal decentralization. Municipalities may apply for loans at the Cities and Villages Development Bank (CVDB), which is the institution that manages the municipalities' budget since 2010. The distribution of loans by the CVDB, however, is dependent on the mayor's personal relationship with the Minister of Local Administration, who is a member of the CVBD's board. Again, neopatrimonial networks are decisive: Controversial mayors are frequently denied loans and are consequentially unable to provide financial support for their territory.

On the governorate level, even after the decentralization reform fiscal matters remain under the control of central ministries. To the disappointment of domestic and international organizations – and not least to the council members themselves – the elected governorate councils do not have any authority over the spending of their budget. Their role is limited to the discussion of the development presented to them by the appointed executive council within the governorate that consists of ministerial staff. Even the implementation of the projects is the sole responsibility of the central ministries and their directorates within the governorate.

Fiscal decentralization in Tunisia

Development of subnational finances: Governance turnaround underway? Spending increases without clear vision

Tunisia's decentralization project is the only reform in our case selection that is taking place in a transition from authoritarianism to democracy. Since the Tunisian independence in 1956, the country's political regimes have tried to establish a strong central state with a predominantly national identity. Decentralization reforms and subnational governance were means to enforce central party rule and state security. After ousting Ben Ali in the 2010 and 2011 uprisings that originated in Tunisia's periphery in Sidi Bouzid, the "new" Tunisia opted for radical change. The constitution

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of 2014 emphasizes decentralization and dedicates a whole chapter to the subject. It was drafted under the influence of Tunisian regime outsiders and is a clear dissociation from the old system. To spurn the infamous Ministry of Interior, *the* symbol of repression both in the capital and through its oversight of the subnational levels, decentralization was made the responsibility of a new ministry, the Ministry of Local Affairs and Environment. The administrative oversight in the bicephalic system (a legacy from French rule as in Morocco), however, remains the responsibility of the MoI. Reforms and a decentralization law were delayed until 2018, local governments in the transition period were appointed by the center. The future of the ambitious decentralization project in the young democracy remains unknown, as severe government crises bind resources and efforts on the national level, but all political actors remain verbally committed to the constitution and its emphasis on subnational governance. However, the center opted for a slow and long-term implementation (27 years) of the Local Collectivities Code of 2018.

Data on fiscal decentralization in Tunisia are relatively rare and ambiguous with significant differences in numbers between various sources. When comparing data published by the OECD and the organization United Cities and Local Governments (UCLG), we see a counterintuitive development of subnational spending in Tunisia: In 2008, Tunisia spent a meagre 1.9% of its GDP, but 9.6% of its general government expenditure on local government (UCLG 2010, 336). The uprisings jump-started a decentralization discourse, but Tunisia's local government spending slightly declined to 1.6% of its GDP before the new constitution codified decentralization. The spending focus had shifted even more to the central state, as only 4.3% of general government spending were local (OECD and UCLG 2016c). The latest available UCLG data suggest an increase in 2016 to 2.1% of GDP and 7.8% of government expenditure (OECD and UCLG 2019, 144). We witness the same trend in the local revenue development, with 2.5% of GDP or 8.2% of government revenue in 2008, 2.1% or 6.5% respectively in 2012 and 2.1% or 6.4% in 2016 (OECD and UCLG 2019; 2016c; UCLG 2010). Municipal data from the Ministry of Finance, however, record a rising trend after 2018 that can be expected to increase in the future.

We have also included the officially reported data by the Ministry of Finance for 2019. However, they have been updated between our first extraction in the end of November 2019 and February 2020. While the first extraction showed similar dimensions as 2018 and is still the data presented at the Ministry of Local Affairs and Environment, the new values show an increase by the factor 3.2 between the MoLAE data of 2018 and the new

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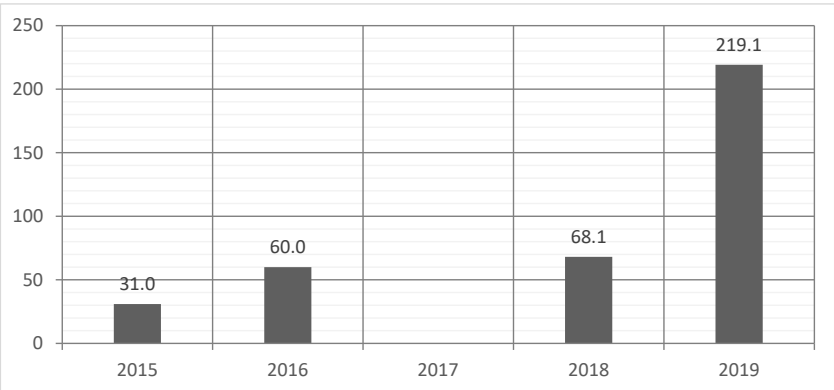
data of the MoF (see Figure 8). This would indicate a surge of municipality expenditures from 1.7% of GDP or 5.6% of public expenditure in 2018 to 6% of GDP and 17.3% of government spending in 2019. But it is unclear how local councils should have been able to spend thrice their original annual budget within one month (December 2019). This reminds us of the importance of the issue of availability and quality of financial data in the MENA region.[5]

Figure 8: Tunisian subnational expenditures (in million USD)



Own calculation based on data by the MoF and the MoLAE (for 2018), no data for 2017.

Regional disparities: Ongoing central dominance and peripheral neglect

The suicide of Mohamed Bouazizi in Sidi Bouzid sparked the so-called Arab Spring and reminds us of the political, economic and social disparities in Tunisia. Tunisian authoritarianism was closely connected to the dominance of the center and coastal Sahel elites over the interior regions. Their neopatrimonial networks concentrated political and economic power in the center. Decentralization is meant to be part of the remedy for this problem.

5 Data provided by UCLG reports slightly deviates from the data extracted from the Tunisian MoF. Data provided by the latter is generally slightly lower. One reason might be that reports of financial data for some municipalities was missing in the MoF data.

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Our data show that decentralization expenditure in Tunisia is still highest in Tunis. Since almost 20% of the Tunisian population lives in the capital and its surrounding governorates, a concentration of funding in the center can be expected. However, a comparison of the subnational per capita expenditures between the different regions demonstrate a preference for Grand Tunis and the coastal areas, where the Tunisian regime elite originates from. The cities of the governorate Tunis spent 102 USD per person in 2018. The spending of the surrounding and coastal governorates (e.g., Ariana, Ben Arous, Monastir, Sousse, Nabeul) is much higher than the national average of 61 USD per capita. Yet large parts of the traditionally neglected periphery spent even less, with Le Kef taking the last place (29.7 USD pc). Kairouan (32 USD pc) and Sidi Bouzid (35 USD pc) did not spend considerably more (see Table 6). The economic, ministerial and many other political elites' networks survived the fall of Ben Ali's regime and Tunisia's pacted transition. Despite the official credo of "positive discrimination" subnational spending seems to favor the traditional center and origins of Tunisia's old neopatrimonial elites. Fiscal decentralization has not overcome the center-periphery dynamics. Since subnational spending (as of now) still makes up only a very small portion of government expenditures, the dominance of the capital Tunis (ministries, national agencies and enterprises) and the Sahel (tourism)[6] is bound to remain.

Table 6: Regional disparities of municipal spending in Tunisia 2018

	Population (census 2014)	**Expenditure (in million USD)**	**Per capita (in USD)**
Tunis	1,056,247	108.5	102.71
Ariana	576,088	54.0	93.64
Ben Arous	631,842	52.7	83.40
Monastir	548,828	44.2	80.60
Sousse	674,971	48.7	72.15
Nabeul	787,920	56.3	71.48
Zaghouan	176,945	11.8	66.89
Kasserine	439,243	28.0	63.65
Tozeur	107,912	6.7	62.21
Gafsa	337,331	20.5	60.90

6 Tourism is the wounded backbone of the Tunisian economy. After terrorist attacks brought down the business in 2015, the Corona pandemic of 2020 dealt another blow to this industry and the struggling Tunisian economy. The crisis will likely deepen the existing regional disparities (see also Dridi 2020).

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	Population (census 2014)	Expenditure (in million USD)	Per capita (in USD)
Sfax	955,421	56.0	58.61
Siliana	223,087	12.7	57.01
Tatouine	149,453	7.6	50.77
Kebili	156,961	7.4	47.34
Bizerte	568,219	26.8	47.20
Medenine	479,520	20.5	42.83
Manouba	379,518	15.8	41.67
Gabès	374,300	15.3	40.77
Béja	303,032	11.8	38.88
Mehdia	410,812	15.9	38.68
Jendouba	401,477	14.6	36.37
Sizi Bouzid	429,912	15.0	34.82
Kairouan	570,559	18.2	31.97
Kef	401,477	11.9	29.65
Overall	11,141,075	681.0	61.12

Own calculation based on MoLAE and Institute National de la Statistique.

Subnational finance and the central state: Underequipped local governments, infighting ministries, cautious governors

The allocation of subnational budgets is only the first step of implementing decentralization. As in Jordan and Morocco, Tunisian municipalities lack the capacity to autonomously spend local funds. Although data are scarce, our findings indicate that local council spending on investments and development does often not make use of existing funds. While the city of Tunis did manage to spend 93.26% of its planned budget for consumption (council administration, salaries, etc.), only 26.3% of the planned investments were spent by the end of the year 2015. The same is true for most municipalities in Tunisia. Sidi Bouzid, for example, spent around 85% of the funds that were planned for consumption, but only 33% of its investment plans (own compilation of 2015 data in MoF 2020).

The capacity to raise local taxes is extremely low – as is true for other parts of the MENA (Tarchouna 2019). The Tunisian population is reluctant to pay local fees and taxes because they argue that local governance should first improve the life of citizens. Since this is only possible by overcoming budget deficits, a vicious circle of local fiscal deprivation exists. The central government has long shown little interest in improving the

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municipalities' situation, and the MoLAE has opted for an amnesty of local fees of 2016 and prior years in 2019 (Marzouk 2019). Local tax recovery rates lie between 7% and 20% (Kherigi 2020b, 64).

Prior to the reforms, local authorities had no autonomous fiscal powers. But even in the new era, they are not given the chance to exercise real autonomy. The restricted ability of subnational councils to raise money leads to their prolonged dependency on the central state. In 2016, 69% of the Tunisian subnational governments' budgets were central grants (OECD and UCLG 2019; Vollmann 2020, 18). Municipalities have also inherited a shortage of human resources because of their inferior role in the *ancien régime*. The local administration accounted for less than 10% of public sector employees before the 2018 decentralization law was passed (Kherigi 2020b, 55). Only 3.4% of the public expenditure on staff was spent for local governments in 2016 (OECD and UCLG 2019). The percentage of skilled personal is also excessively low, between 4% and 10% between different municipalities (Kherigi 2020b; Turki and Gana 2015). Jobs in the local administration are not as attractive as in their national counterparts and municipal governance suffers from widespread vacancies (Tarchouna 2019). The situation is especially grave in the newly created municipalities, where equipment, staffing and even the provision of the council headquarters have to be built up without preexisting infrastructure.

Since the newly elected Tunisian mayors are largely unfamiliar with local administration and the new legal documents, they depend on their head of administration for a successful management of the territory. The secretary generals often have long experience in the public administration, which enables them to influence the politics of the elected councils. Mayors with experience in (local) administration seem to fare considerably better when dealing with their staff (see chapter 4).

The current legal framework's application has also discouraged local councilors' engagement with local politics. Since the mayor is the only local councilor who receives a salary (and he or she is not allowed to work in a different job simultaneously), many local councilors lack the resources to fully commit to their mandates or even participate in council meetings if they have no means of transport. This contributes to the high number of resigning mayors and the wave of mass defections from local councils in 2019 (see chapter 4). Elected councilors are thus badly equipped to act independently from the influence of appointed governors. The governor's powers of oversight (*tutelle*) and their omnipresence in the implementation of local politics have been reduced by the Local Government Law of 2018. However, the governors are better connected and have the power to enforce local politics, which the councils do not possess (e.g., control over

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the municipal police and deconcentrated offices of central ministries) (Kherigi 2020a). They also are reluctant or at least cautious to relinquish their hold of their old powers and hand the reigns to mayors and their councils (see chapter 4).

Obstacles to meaningful fiscal and political decentralization do not end with the relationship between elected local governments and the central state. Problems also lie in the regional offices of ministries that tend to have significantly less prestige than the government bodies in the capital. They, too, are largely understaffed. In some interior regions, more than 60% of jobs in deconcentrated central state institutions are vacant. This contributes to very low implementation rates of subnational investment and development programs (Kherigi 2020a).

Moreover, Tunisian ministries tend not to have a culture of inter-ministerial cooperation. The lack of a coherent political vision and the infighting of coalition partners that are political enemies have not helped either. The creation of the MoLAE did remove the subject of decentralization from the centripetal political agenda of the MoI. The ministry is new, relatively small and thus at a disadvantage in the negotiations with other government branches who are necessary to implement decentralization reforms, such as the MoI and the Ministry of Finance (Kherigi 2020b). The latter consider the decentralization law as of little interest for their own policymaking and feel bound to different administrative or financial laws. This has brought the decentralization process to a halt.

Fiscal decentralization in Egypt[7]

Development of subnational finances: Inefficient public service provision and rising military presence

The Egyptian case stands out with its two major power transitions during the past ten years. Since the foundation of the republic in 1953, making use of decentralization in order to equalize socio-economic imbalances between Egypt's 27 governorates has existed as a reoccurring idea (Ibrahim 2004, 12-29). But even after a decentralization discourse flourished follow-

7 The Egyptian case is only based on desk research. Due to the political situation in Egypt and the deteriorating academic freedom, we decided not to conduct fieldwork. Instead, we relied on an evaluation of existing literature, official state channels, media reports and statements of country experts.

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ing the breakdown of Mubarak's rule in 2011, the regime's will to genuinely decentralize remained questionable (Demmelhuber and Sturm 2016). The basic principles of the country's current subnational governance system under as-Sisi's rule are captured in the constitution of 2014. It stipulates a decentralized state structure and determines that Egypt's subnational governance system subdivides into three tiers with "legal personality", namely governorates, cities, and villages (Art. 175). But the constitution remains vague about further details that organize local governance, while the announced by-law to regulate the procedures is overdue. Currently, the regime sets its focus on expanding the role of the military and its associated branches – politically as well as economically (see chapter 4). By 2014, the military's contribution to Egypt's economic performance had reached around 40%, but due to a lack of transparency, no detailed data are available (Roll 2014). As observers argue in the case of Egypt's general budget, it is reasonable to assume that the government tries to artificially scale down the official military budget by offshoring military-related spending to other branches. As-Sisi officially claims that the military received only 2% of the state budget and rejects reports that the army's expenditure is higher (Mukhtar 2020), yet it is clear that there was a significant upward trend and that for 2019/20 the "nominal military budget was 161 per cent higher than in 2010/11" (Kuimova 2020, 4).

Egypt, too, is a prime example for the absence of reliable data on fiscal decentralization in the MENA. Official data record subnational spending in the form of "subnational administration". It is unclear, which sectors and public functions are included in these comparatively high numbers. From 1990 to 2019, between 9% and 17% of Egypt's public expenditures went into local administration, reaching a peak in the fiscal year of 2014/2015 (see Figure 9). The calculation includes subnational expenditures, but also all ministerial costs and those of other involved entities on the central and the subnational levels, which explains the comparatively high amounts. More than three quarters of the allocated subnational budget are spent on salaries each year. Characteristically for neopatrimonial rule, Egyptian local officials have no role in the employment process, because all staffing decisions are exclusively taken by central entities in Cairo. A certain percentage of local budgets (6% in 2011) is allocated for central state expenditures on the local level as determined by the central authorities for specific sectors. Only a minor amount (around one fifth of the budget in 2011) is left for expenditures of the local units (Boex 2011). Altogether, this has often rendered the impact of local expenditures on subnational service provision and development inefficient, as the allocation responds to the interests of central ministries rather than the needs of the

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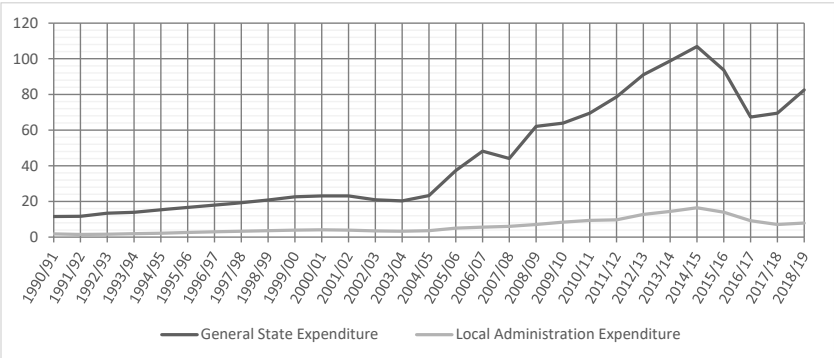
citizens (Tobbala 2019, 17). Already prior to as-Sisi's rule, Egypt's public sector was characterized by its inefficiency and high degrees of formal and informal central control.

Figure 9: Development of Egyptian state expenditures and share of subnational state expenditures 1990-2019, in billion USD



Own calculation based on data from the Ministry of Finance Egypt.

Regional disparities: Economic hubs, mega projects and the rest of the country

Official documents further break down the financial balance sheets into the shares of each of Egypt's 27 governorates. In order to illustrate regional imbalances, we calculated the per capita expenditures for each governorate for the fiscal year of 2017/2018 (see Table 7). Overall, subnational expenditures amounted to 7 billion USD in 2017/2018 for a population of 94.8 million, which accounts for 10.2% of Egypt's total state expenditures for that year. This percentage is higher than the shares of the other case studies, but has probably been artifically inflated. This is likely due to the fact that Jordan, Morocco and Tunisia report financial data of subnational councils, whereas Egypt reports an obscure amalgamation of data under the label "local administration".

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Table 7: Expenditures per governorate in Egypt in 2017/2018

Governorate	Population size 2017	Subnational expenditures 2017/2018 (in million USD)	Per capita (in USD)
Kalyobiya	5,627,420	328.7	58.42
Suez	728,180	76.0	104.38
Cairo	9,539,673	485.4	50.88
Alexandria	5,163,750	328.5	63.62
Sharqeia	7,163,824	560.7	78.27
Damietta	1,496,765	165.1	110.33
Kafr El Shiekh	3,362,185	274.5	81.63
The Red Sea	359,888	72.8	202.40
El-Beheira	6,171,613	433.8	70.30
Assiut	4,383,289	320.6	73.15
Ismailia	1,303,993	139.5	106.98
New Valley	241,247	94.7	392.68
Qena	3,164,281	266.4	84.18
South Sinai	102,018	50.0	490.20
Sohag	4,967,409	341.7	68.79
Fayoum	3,596,954	207.5	57.70
Bani Souwaif	3,154,100	214.1	67.87
Port-Said	749,371	113.8	151.92
Matrouh	425,624	106.5	250.23
Menia	5,497,095	357.9	65.11
Dakahliya	6,492,381	555.0	85.48
Aswan	1,473,975	187.8	127.42
North Sinai	450,328	138.4	307.32
Monofiya	4,301,601	371.8	86.44
Giza	8,632,021	320.9	37.18
Luxor	1,250,209	125.5	100.41
Al Gharbya	4,999,633	460.0	92.00

Own calculation based on Census data 2017, data of the Ministy of Finance Egypt and UNFPA (2018).

South Sinai, New Valley, North Sinai, Matrouh, and Red Sea record the highest per capita expenditures. All five governorates are of strategic importance to the Egyptian regime, either politically or economically. While all five governorates experienced an increase in expenditures after 2010/2011, the expenditure growth for North and South Sinai can partly

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be interpreted as response to increasing unrest, criminal activities, and terrorist attacks of jihadists and occasionally associated Bedouins that have been marginalized by Egyptian regimes for decades. This challenge is especially problematic because of the Sinai Peninsula's strategic importance for Egypt. It is the eastern gateway into the country, rich in natural resources, and a relevant destination for tourism. New Valley and Matrouh are both close to the Libyan border and of strategic and economic importance as part of the country's strategy to secure economic development via large-scale national projects (Roll 2014). For instance, the government is building a power plant in Matrouh – backed by a 25 billion USD loan from Russia – that is expected to deliver about 20% of the country's annual electrical power production when finished. In the same governorate, the regime opened a huge military base in 2017, which is meant to respond to strategic threats from state collapse in Libya (Mohamed Naguib Military Base) (The Arab Weekly 2017). New Valley is strategically important for the development of Upper Egypt with the New Valley Project (Toshka Project) at the forefront. It is supposed to foster agricultural and industrial production – a project that has been in the making for a long time (initiated by Mubarak in 1997), but has only recently been revived by as-Sisi (Demmelhuber and Roll 2009; Mada Masr 2016). Finally, the Red Sea is one of the world's most frequented shipping routes, as it links the Suez Canal with the Gulf of Aden and thus is one of Egypt's most important economic hubs.

Verme et al. suggest that the financial gaps between urban and rural areas in Egypt are less visible than the discrepancies which appear when we compare Egypt's four main cities – Cairo, Alexandria, Port Said, and Suez – with the rest of the country (Verme et al. 2014). Using the latest available data of 2015, the World Bank classifies four regions in upper Egypt, namely Sohag, Assiut, Menia, and Qena, as those governorates with the largest shares of poor and vulnerable populations and the smallest shares of middle-class population. The same report classifies Cairo, Alexandria, Port Said, and Suez as those regions with the smallest shares of poor and vulnerable populations and the largest share of the middle-class populace (World Bank 2019). A comparison of the per capita expenditures of the eight governorates in 2017/2018 makes the fiscal gaps visible (see Figure 10).

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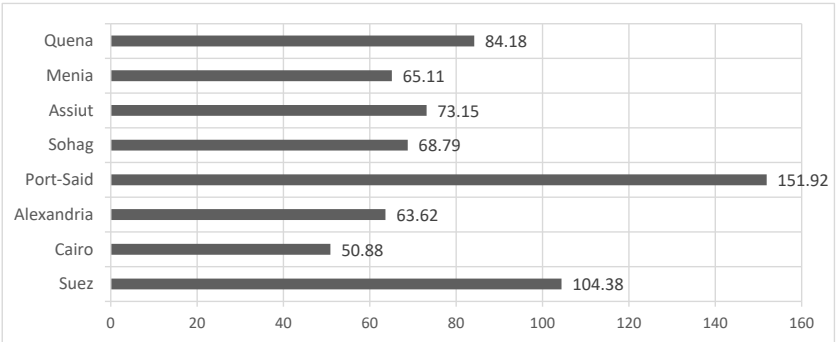
Figure 10: Per capita expenditures of Egypt's four governorates with the highest share of poor citizens (Quena, Menia, Assiut, Sohag) compared to the four main cities (Port-Said, Alexandria, Cairo, Suez) in 2017/2018, in USD



Own calculation based on data of the Ministry of Finance Egypt.

Suez and Port-Said fall out of line with exorbitantly higher expenditures than the poor governorates, but also compared to the spending of Cairo and Alexandria. Suez and Port-Said have always belonged to Egypt's historical, cultural, and economic hotspots. But with the inauguration of one of as-Sisi's megaprojects in 2015, which created a new canal that runs in parallel to the Suez Canal (the Suez Canal Corridor Area Project) to further develop the zone into an international trading and industrial hub, the cities of Suez, Port-Said, and Ismailia receive even more financial attention from the center (Al Arabiya English 2015).

A similar picture appears when we analyze the revenues of Egyptian governorates. Subnational institutions in Egypt are highly dependent on central transfers. Although they are allowed to generate their own revenues, the sums that are nominally generated on the local level are in truth largely loans from the center (International Budget Partnership and Budgetary and Human Rights Observatory 2015). Although the publicly available data on local revenues are scarce, we compiled the per capita revenues of each governorate between 2013 and 2019. Figure 11 depicts the accounts of the four main cities, Cairo, Alexandria, Port Said, and Suez, as well as those of Sohag, Assiut, Menia, and Qena (the four governorates with the largest shares of poor and vulnerable populations). The comparison suggests a picture similar to the analysis of subnational expenditures. Again, Suez and Port-Said are the front-runners in terms of revenue alloca-

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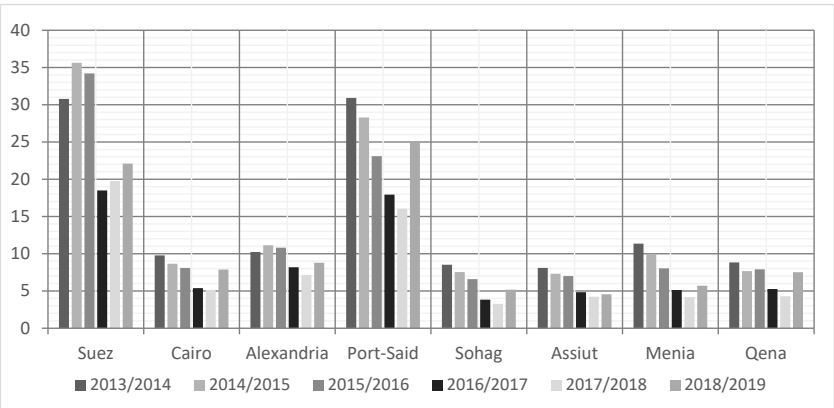
tion, especially during the time of the construction of the new canal between 2013/14 and 2015/16.

Figure 11: Per capita revenues of Egypt's four main cities (Suez, Cairo, Alexandria, Port-Said) compared to the four governorates with the highest share of poor citizens (Sohag, Assiut, Menia, Quena) between 2013-2019, in USD



Own calculation based on data of the Ministry of Finance Egypt.

Subnational finance and the central state: High central control and hierarchy

As long as there is no new local administration law that further specifies fiscal relations, subnational financial affairs are guided by two main factors: (1) The strong presence of central control and (2) the hierarchy of local administrative units. Both factors reinforce the dominance of neopatrimonial networks. Over the past few decades, decisions on local budget generation and expenditures remained highly centralized with marginal inclusion of subnational actors. The constitution of 2014 specifies that each local unit has an independent financial budget whose "resources include, in addition to the resources allocated to them by the state, original and additional taxes and fees of a local nature" (Art. 178). Although the local units prepare their budget plans and requests, the line ministries de facto take the final decision. Traditionally, the process of budget allocation relies on negotiations between the Ministry of Finance and different public entities (Barsoum 2018). The hierarchy makes sure that each administrative unit is monitored by the respective upper level, which in turn pro-

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vides resources and instructions (Boex 2011). This also affects the fiscal affairs of local units: "The financial body is the governorate and it shall take charge of preparing the project of the governorate budget including projects of the local units' budgets within its scope (Art. 120, law 43/1979)". Thus, all requests for expenditures at the lower administrative units must be collected and passed up to the governorate level, where they are added to an annual budget request for the whole governorate (Art. 120 – 124, law 43/1979). Eventually, the Ministry of Finance determines the local budget plans by taking into consideration the requests of the governorates as well as those of central ministries and other involved central entities (Boex 2011).

Way to go? – Long way to go: Careful progress in Morocco and Tunisia, stagnation in Jordan and Egypt

The era of fiscal decentralization has not yet arrived in the MENA region. While all four case studies use the language of decentralization and subnational finance, meaningful fiscal decentralization has yet to evolve from half-hearted legal changes and official rhetoric. Though comparable and reliable data are still rare, we can detect some trajectories in absolute spending when we compare the subnational fiscal situation of Egypt, Jordan, Morocco, and Tunisia before and after the Arab uprisings. All countries increased subnational state expenditures since the 1990s – not least due to IMF structural adjustment programs – but only Morocco and to some extent Tunisia record significant progress after 2011 (see Tables 8 and 9). Some of the higher expenditures can be ascribed to general government spending sprees in response to public protest, but the Moroccan and Tunisian reforms bear the potential to further increase fiscal decentralization in the future. Tunisia's path to decentralization is inconclusive as of now, but it suggests a radical break with the hyper-centralization during Ben Ali's regime. In Jordan and Egypt, however, the usual annual fluctuations of subnational expenditures remained in place even after 2011. Egypt's president as-Sisi is still in the process of consolidating his rule (see e.g. Noll 2019) and has blocked all meaningful implementation of decentralization, and above all the implementation of fiscal decentralization. As-Sisi's focus is set on his mega projects as well as on improving the political and economic role of the military, rather than on local governance reforms. In Jordan, the decentralization law of 2015 had a disappointingly low impact on fiscal decentralization. The reform did not significantly increase subnational state expenditures, nor did the autonomy of local and

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regional councils allow them to manage their financial affairs. Far-reaching fiscal decentralization could have significant impact on pre-existing neopatrimonial networks and ties between the center and the local level. At the present, the Jordanian regime is not willing to risk such changes.

Table 8: Subnational spending as percentage of GDP

	2007/2008	2013	2016
Egypt	4.6	3.3[8]	4.7[9]
Jordan	3.5	2.1	2.3
Morocco	2.2	3.7	3.4
Tunisia	1.9	1.6	2.1

OECD and UCLG (2016a; 2016c); UCLG (2010); OECD and UCLG (2019; 2016b).

Table 9: Subnational spending as percentage of General Government Spending

	2007/2008	2013	2016
Egypt	10.9	13.4[10]	14.9[11]
Jordan	9.6	5.8	8.0
Morocco	7.6	11.8	11.8
Tunisia	9.6	4.3	7.8

OECD and UCLG (2016a; 2016c); UCLG (2010); OECD and UCLG (2019; 2016b).

Jordan, Tunisia and Morocco have all placed emphasis on the regional level as part of their de jure reforms, but only Morocco has sowed the seed for sustainable regionalization. This change is beginning to show in the financial endowments of the Moroccan regions, though the bulk of subnational spending, revenue generation, and staffing remains at the local level. If Morocco plans for the regions to be not only investment hubs for the central state but autonomous actors, Morocco needs to further accelerate its regional fiscal decentralization including human resources. Egypt is a more ambiguous case than the other three countries. Official data suggest comparatively high subnational state expenditures, without any trace of an implementation of its decentralization agenda after two power transitions since 2011. Fiscal decentralization data of most countries list the decentralized institutions' budgets, but Egypt only records an aggregated number

8 Data point for 2012/2013, own calculation based on MoF and IMF data.
9 Data point for 2015/2016, own calculation based on MoF and IMF data.
10 Data point for 2012/2013, own calculation based on MoF and IMF data.
11 Data point for 2015/2016, own calculation based on MoF and IMF data.

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for subnational administration. While deconcentration on its own would be a viable element of analysis, it is not clear if subnational administration only sums up deconcentrated services or if the numbers also include other state positions.

Regional disparities are central to the decentralization agendas of all four regimes. Our analysis suggests that decentralization is used in different ways to target the center-periphery nexus. Surprisingly, Tunisia still seems to uphold its general favoritism of the capital and the Sahel, the traditional origin of its political elites, when we compare per capita expenditures of local councils. While Morocco's central northern regions also seem to be the continuous winners of subnational council expenditures in absolute terms, the per capita analysis shows a more nuanced picture: Strategically important peripheral regions such as the Western Sahara or the conflict-prone Oriental Region spend more financial state resources per capita than the northern center. Political redistribution also occurs in Jordan: Zarqa, Irbid, and the capital Amman have the largest percentage of Palestinian communities amongst all Jordanian governorates. Our evaluation illustrates that majority-Transjordanian rural governorates, which are traditionally connected to the regime, receive larger amounts per capita than Zarqa and Irbid, the two largest and most urbanized governorates after Amman. As Jordan's economic powerhouse, Amman receives equal or even smaller amounts of per capita financial resources than majority-Transjordanian governorates. In this respect, it is noticeable that unlike the other municipalities, Greater Amman Municipality and Aqaba Special Economic Zone Authority are under direct supervision of the Prime Minister. Egypt's data, though very different in its content, suggests relatively little local administration spending on the capital Cairo, while poor governorates or regions of military interest, such as the Sinai Peninsula, are overrepresented with regard to per capita spending. Our per capita analysis also supports the above ranking of fiscal decentralization in the MENA: Morocco spent an average of 130.79 USD per inhabitant on decentralization (all subnational governments, 2019), Jordan follows with 92.92 USD per capita (2016[12], municipalities), and Egypt with 74.87 USD per capita (2017/18). Tunisia is at the rear end with 61.12 USD per capita in 2015, though the sum is likely to have increased since. Due to a lack of data and the limits of comparability of the Egyptian data, the years of reference vary in this comparison. We should thus be cautious with rash conclusions beyond illustrating a trend.

12 Calculation based on 2017 population data, thus likely slightly overrepresented.

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Our analysis also demonstrated that fiscal decentralization in the MENA suffers from high dependencies on central state transfers, weak subnational revenue generation, and problems with (local) tax collection. Combined with strong administrative oversight and general reservations of central actors and ministries towards subnational entities, the autonomy of subnational governments is low in all countries. Both overstaffing (Jordan, Egypt) and understaffing (Tunisia, Moroccan regions) occur in our cases and negatively affect the subnational governments' capacity to work and invest. Central actors and initiatives dominate the public sphere and most projects depend on the cooperation of subnational actors with the regime or central actors. The cases of Morocco, Tunisia and Jordan suggest that subnational governments fail to spend fully even the small amounts they are provided with.

Subnational governments thus often seem ill-equipped to contribute to the success of decentralization reforms in a significant way. An increase of human and financial resources as well as implementation capacities are crucial for successful subnational governance, but our four cases have so far failed to meet these requirements. Strong political will of the central regimes is necessary to move reform projects forward. Since the four countries are lower- to middle-income countries without full-fledged rent economies, increased financial commitment in any public sector is problematic. Public treasuries are often stretched thin and decentralization puts even greater strain on state funds. Further development of fiscal decentralization thus depends on far-reaching structural reforms and reallocations of resources from the top-heavy ministries down to subnational councils or deconcentrated ministerial branches. Without a doubt, this would sorely test established neopatrimonial networks and the political will of MENA regimes to decentralize.

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6. Thinking and Working Politically? The Role of External Actors in Decentralization Reforms in Morocco and Tunisia

Sylvia I. Bergh

Introduction[1]

This chapter builds on recent works on decentralization in the MENA region and extends the analysis to the role of external aid donors in decentralization reforms in Morocco and Tunisia (see Demmelhuber et al. 2020; Vollmann et al. 2020; Vollmann 2020). To do so, I build on the definitions and detailed accounts of the nature of neopatrimonialism in the MENA region, in order to focus on the donors' own diagnoses of the problems that their programs aim to solve. I furthermore aim to assess the extent to which donors are "politically aware" of the design and implementation of their programs, as well as their potential to disrupt entrenched political and administrative interests, and open up spaces for bottom-up civic engagement and scrutiny.[2]

By focusing on only two donors in two countries with five program/project case studies, the chapter illustrates Berthin's (2018, 6) argument that aid support does not operate in a linear continuum, but is rather dependent on several contextual variables and incentives. In other words, the form aid takes on and the mode it is delivered through matters greatly.

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2 In general, this area of research does not seem to have been much explored empirically in the decentralization literature. See Bunk (2018) for an exception and excellent example on the role of donors in the decentralization process in Mozambique. Dickovick (2013) provides a comprehensive theoretical account of foreign aid and decentralization. The most recent evaluation of World Bank support to decentralization is World Bank (2008).

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This is particularly relevant regarding the support for decentralized governance, which is a highly sensitive political issue. As Aliriza (2018, 39) observes for Tunisia's decentralization reform, "the degree to which power is devolved in the framework of decentralization is a matter of politics, contestation, and negotiation rather than any top-down, technocratic, discrete policy roadmap". Indeed – as Sturm and Demmelhuber put forward in this volume – the existence of (informal) neopatrimonial networks as well as of patronage-based relations of dependence and their interplay with formal politics, entails that normative goals of decentralization are rarely, if ever, achieved. This chapter builds on the assumption common to the other chapters of this volume: Fiscal decentralization is used as a strategic tool by central-level neopatrimonial networks to provide incentives that ensure the loyalty of regional and local elites, which leads to an entanglement of central, regional, and local elite networks.

Since the 1980s, decentralization reforms have been part of neoliberal public sector reforms promoted by the World Bank and the IMF. However, these reforms mostly comprised the delegation of tasks and powers to subnational branches of central state ministries or other appointed officials (a process known as administrative decentralization or deconcentration), rather than to elected subnational governments. Only the latter constitutes political decentralization (Bergh 2012a; Harb and Atallah 2015; Vollmann 2020).

Clearly, the Arab uprisings originated in socio-economic grievances, which resulted from long-standing regional disparities within many MENA countries. Both the MENA regimes that survived the uprisings and those that newly emerged after the protests subsided saw decentralization reforms as a possibility to address these grievances and to establish or increase their legitimacy in the eyes of the citizens. In addition, Western donors, including the IMF and the World Bank, were left discouraged from previous attempts at democracy promotion that had deteriorated into civil war (e.g. Syria) or failed statehood (e.g. Libya, Yemen), and believed decentralization reforms to be a less invasive possibility for reform (Vollmann 2020, 16; Demmelhuber et al. 2020, 504).

As a result, following the new constitution in 2011, major decentralization laws were passed in Morocco in 2015. Regional and local elections took place the same year. In Tunisia, a new constitution was adopted in 2014. Extensive decentralization laws were passed and local elections were held in 2018. In both countries, these processes were and still are supported by several multilateral and bilateral donors, such as the World Bank, UNDP, the Deutsche Gesellschaft für Internationale Zusammenarbeit (the German Agency for International Cooperation – GIZ), and USAID.

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However, there is rising concern that such donor cooperation might help stabilize authoritarian regimes, as has occurred in the area of international democracy promotion (Van Hüllen 2019, 883). Indeed, research has shown that external donors focus mainly on technical issues and ignore the political instrumentalization of formal structures of decentralization by domestic elites. They thereby may unwittingly contribute to fostering clientelism (Bunk 2018, 328, 331).[3] As Van Hüllen observes, studies of authoritarian regime stability and change already flourished before the Arab uprisings. While they provide important insights into the internal dynamics of authoritarianism, they rarely include the interaction with external actors (Van Hüllen 2019, 871).[4] This chapter thus aims to contribute to filling the knowledge gap around the international dimension of center-periphery relations in (semi-)authoritarian states.

If we accept the premise that decentralization processes are inherently political and that donor support may (unwittingly) contribute to authoritarian survival by extending neopatrimonial clientelist networks, then it is relevant to know to what extent donors are aware of and are able to navigate these dynamics. We ask to what extent they are Thinking and Working Politically (TWP). TWP refers to "politically informed programming", i.e. the design of development interventions that reflect and respond to the wider political context and are embedded in local and regional realities (Dasandi et al. 2016, 1).[5] In particular, we want to know whether donor programs are based on some form of political economy of decentralization (PED) analysis[6]. In its Independent Evaluation Group review of decentralization interventions, the World Bank (2008) emphasized the need to es-

3 Bunk (2018, 328) goes on to say that "domestic elites in turn perceive external donors as acting informal, in the sense of side-lining formal democratic structures, such as the parliament. This perceived legitimation deficit of donors may contribute consciously or unconsciously to resistance to externally introduced democratization by domestic elites." While the aspect of donors' legitimation deficit is very relevant, it lies outside the scope of this article.

4 Van Hüllen (2019, 871) here refers to Bellin (2012); Burnell and Schlumberger (2010); Schlumberger (2007); Volpi (2017); and von Soest (2015).

5 As Dasandi et al. (2016, 1) note, there has been considerable interest in and debate on "thinking and working politically" (TWP) over the past decade, principally with reference to the programs supported by foreign aid donors (Andrews 2015; Booth and Unsworth 2014; Carothers and de Gramont 2013; Denney and Domingo 2017; Hout 2012; Hudson and Leftwich 2014; Rocha Menocal 2014; Whaites et al. 2015; Yanguas and Hulme 2015).

6 According to Eaton et al. (2011, 5), "political economy analysis is concerned with the interaction of political and economic processes in a society: the distribution of power and wealth among different groups and individuals, and the processes that

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tablish clear political ownership prior to engagement. This goes beyond "ticking the box" of having adopted a national decentralization policy or strategy and appreciates that ownership and "political will" are considerably more complex (Eaton et al. 2011, 61-62).[7]

According to Fritz and Levy (2014, 3), in the late 2000s, Political Economy Analysis (PEA) by the World Bank (as part of the Bank's Governance and Anticorruption strategy and financially supported by several European donor agencies) developed from being an unusual measure commissioned by a forward-thinking team within the organization, to becoming a routine discussion point for proposed operations. Interestingly, a review of eight carefully selected case studies revealed that despite the diversity of both country settings and problems under consideration, the role of clientelism and the significance of incentives on managing political support was a common theme for all of them (ibid., 8).

I thus derive three research questions which I will be explore in this chapter. Firstly, to what extent were the main features of the political economy of decentralization (including fiscal aspects and neopatrimonial networks) taken into account when the programs were designed? Secondly, to what extent was the staff implementing the programs aware of these political economy aspects, and to what extent did the implementation of their programs challenge or consolidate neopatrimonial networks? Thirdly, to what extent are donor interventions coordinated in order to minimize the risk of fragmentation and duplication, as well as of national stakeholders cleverly "playing off" the various donors against each other in order to maximize the financial benefits without committing to fundamentally challenging the elite's vested interests? In line with other chapters in this volume, I adopt a broad conceptualization of neopatrimonialism that includes phenomena commonly observed in (semi)authoritarian and transition regimes, such as clientelism, corruption, co-optation of local elites,

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create, sustain, and transform these relationships over time". When it comes to PED analysis, at least four major issues should be considered: first, the initial context and motivations for decentralization reform; second, the key actors involved in decentralization—politicians, bureaucrats, and citizens—and the incentives that condition their behavior with respect to reform design and implementation; third, the current stage of reform and its trajectory as it has unfolded since the initial decision to decentralize; and fourth, the role and incentives of key external development partners with respect to decentralization, both individually and collectively (Eaton et al. 2011, 7-8).

7 As Dickovick (2013, 10) points out, central government actors' "choice" to decentralize reflects an *incentive* to decentralize, not so-called "political will" (for an excellent critical conceptual discussion of political will, see Hudson et al. (2018)).

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elite capture of public goods, election fraud and vote-buying, and opening up controlled spaces for political competition (to facilitate elite rotation, balancing power relations, etc.).

The remainder of this chapter is structured as follows: The next two sections discuss the case study selection, the research methods and limitations, respectively. Short backgrounds to the decentralization reforms in Morocco and Tunisia, as well as brief introductions of the case study programs and projects will follow. The core of the chapter is structured around the presentation and discussion of the findings related to each of the three research questions. The final section concludes this contribution.

Case study selection

The case studies were selected based on an initial inventory of donor programs to support decentralization in various countries of the MENA region that hosted projects by the World Bank, the GIZ, and the UNDP.[8] I limited the analysis to World Bank and GIZ programs and projects in Morocco and Tunisia, given that these external actors' involvements are substantial and comparable in terms of their structure and orientation regarding multilateral versus bilateral, loans versus grants, and investment loans versus technical assistance aid modalities. Morocco and Tunisia are also the most advanced countries in the region when it comes to decentralization reforms, yet they exhibit different post-Arab spring trajectories. Table 1 presents an overview of the five case studies discussed in this chapter.[9] Unfortunately, the GIZ's project "Support for decentralization in Tunisia"[10] could not be included, as interviews did not take place in time.

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8 The GIZ is strictly speaking not a donor but an implementing agency for technical cooperation. When it comes to German development cooperation, it is more correct to refer to the German Federal Ministry for Economic Cooperation and Development (known as BMZ) as the donor (Pers. Comm. Interviewee 3 on 31 March 2021). Hence, I sometimes use the term "external actor" rather than "donor" in this chapter when referring to the GIZ.

9 Note that the Casablanca Municipal Support PforR loan is discussed as part of the Municipal Performance program. The additional financing loan for the Urban Development and Local Government Program for Tunisia is not treated as a separate program.

10 See GIZ (2021d). This project provides legal advice on how to implement the constitution in terms of decentralization, and advice to sectoral ministries on how to decentralize their services to local and regional levels (Interviewee 2). Between

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Table 1: Overview of program/project case studies[11]

Donor	Name of the program	Period of implementation	Amount	Geographic focus area
Morocco				
World Bank	Municipal Performance Program-for-Results Project for Morocco	2019 – 2024	300 million USD (total cost: 760 million USD)	Most regions (see footnote 25 for a list)
World Bank	Casablanca Municipal Support Program-for-Results Project for Morocco	2017 – 2022	200 million USD (total cost: 550 million USD)	Casablanca
GIZ	Supporting the regionalization process in Morocco	2017 – 2021	5.0 million Euros[12]	Four regions: Casablanca-Settat, Marrakesh-Safi, Oriental and Souss-Massa
GIZ	Strengthening citizen-centered local government	2015 – 2021	5.33 million Euros	Nine medium-sized cities: Larrache, Beni Mellal, Tiznit, Taroudant, Meknès, Ouarzazate, Khemisset, Ben Guérir, Bensliman[13]

2012 -2016, the GIZ project "Decentralisation and support to subnational government" was also implemented, see evaluation report (GIZ 2017).

11 See the links to the projects in the order they are listed in the table below:
https://projects.worldbank.org/en/projects-operations/project-detail/P168147
https://projects.worldbank.org/en/projects-operations/project-detail/P149995
https://www.giz.de/en/worldwide/81969.html
https://www.giz.de/en/worldwide/38695.html
https://projects.worldbank.org/en/projects-operations/project-detail/P130637
https://projects.worldbank.org/en/projects-operations/project-detail/P167043
https://www.giz.de/en/worldwide/31897.html

12 Pers. Comm. Interviewee 3 on 31 March 2021.

13 Pers. Comm. Interviewee 4 on 31 March 2021.

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Donor	Name of the program	Period of implementation	Amount	Geographic focus area
Tunisia				
World Bank	Urban Development and Local Government Program for Tunisia	2014 – 2023	300 million USD (total cost: 363 million USD)	All municipalities
World Bank	Urban Development and Local Governance Program Project for Tunisia - Additional Financing	2018 – 2023	130 million USD	All municipalities
GIZ	Initiative for municipal development in Tunisia	2015 – 2023	10.64 million Euros	60 municipalities[14]

Own depiction.

The two World Bank case studies were chosen in particular due to their considerable size in terms of loan amounts. They moreover directly aim to significantly change resource allocations to local governments and reduce financial oversight by the center, which are key elements of potentially disrupting patrimonial elite networks (see Demmelhuber et al. 2020). They also represent examples of the new World Bank Program-for-Results (PforR) instrument launched in 2012, which is rapidly becoming a significant financing mechanism.[15]

Under PforR, disbursements are conditional on "results". The instrument intends to improve the effectiveness of service delivery programs and

14 This number includes the municipalities in which the main project activities took place, but does not include the number of municipalities in which single activities were implemented, such as support for website creation and support by supplying sanitary equipment during the COVID-19 pandemic. For an interactive map, see UMap (2021).

15 Runde (2015) argues convincingly that the rise of the PforR instrument is due to the changed global donor landscape (including the rise of China) and the need for the World Bank to reassert its relevance given that an increasing number of developing countries now enjoy access to global capital markets. The PforR instrument means that the World Bank can hold a position in development cooperation as one partner among many. For instance, rather than building 5 km of new roads that strictly adhere to long-standing labor and procurement guidelines, while having no influence on the 495 km of roads built by other actors, such as China, the World Bank can offer its expertise and insist on some adherence to its standards for the construction of 500 km of roads. It can thus overall make a much larger impact. The largest PforR portfolios by project count are in Ethiopia, Tanzania, Morocco, India and Pakistan (see World Bank 2019b, 4, see also graph on p. 25). The PforR in the amount of US$300 million to support Morocco's National Initiative for Human Development 2 (2012-2016) received satisfactory ratings on all major criteria (ibid., 12).

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to bridge a perceived instrument gap between investment loans (IL) best suited to large capital projects, and quick-disbursing policy loans (DPLs) designed to encourage policy reforms. While ILs must comply with a standard set of social and environmental as well as fiduciary safeguard policies, PforR operations assess country safeguard systems and, where necessary, seek to strengthen them rather than to segregate Bank funds into a special pool administered through Bank processes. In this way, the project (loan) can be leveraged to build wider institutional capacity and improve the effectiveness of the entire program, which is typically co-funded by the government and other donors. Early indications are that PforRs have indeed increased attention to the importance of results frameworks and encouraged partnerships and client government ownership through the focus on shared goals (Gelb and Hashmi 2014, 1, 3-4).[16] As Runde (2015) explains, linking funding to results gives political capital to reform-minded technocrats and encourages institutional entrepreneurs to form coalitions with more senior leaders, who would otherwise favor preservation of the status quo. For this type of loan, it is thus even more important for World Bank staff to be TWP, especially in (semi)authoritarian and transition contexts, such as Morocco and Tunisia.

I have chosen the German agency for international cooperation (GIZ) as the second external actor to be analyzed in this chapter, given its significant (mainly technical assistance) support to decentralization reforms in the two countries. GIZ conceives itself as a professional and apolitical agency that implements German or multilaterally financed projects (Holthaus 2019, 1220; this was confirmed by Interviewee 2). The fact that it only administers grants rather than loans also make it an interesting case for comparison with the World Bank programs. Possibly, these two different aid modalities open up different types of opportunities for TWP.[17]

16 There is no room here to discuss the PforR instrument in more detail, but relevant questions arise around program credibility in face of pressure to disburse, the independence of monitors hired by the country or by the Bank, and the desirability of publishing results linked to the Disbursement Linked Indicators (DLIs), which would allow civil society to monitor the veracity of assessments (see Gelb and Hashmi 2014, 7, 16-19; see also Runde 2015). For an Early-Stage Assessment of the PforR instrument by the World Bank's Independent Evaluation Group (IEG), see IEG (2016).

17 Although it is tempting to compare the World Bank and GIZ in terms of their leverage vis-à-vis the recipient government, especially when it comes to political economy-related conditionality, such a comparison would not be appropriate. Rather than only looking at the GIZ, one would have to compare the World Bank with the overall portfolio of German development cooperation in the de-

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Research methods and limitations

This chapter relies on a critical reading of the Project Appraisal Documents for the two World Bank loans (as well as related documents including implementation progress reports), and of a limited number of documents received from GIZ as well as online interviews with five donor officials conducted during September-December 2020.[18] All interviews lasted approximately one hour, except for one 30 minutes long interview. In line with the research questions, the interviews aimed at a) getting more information on the case study programs and projects, and their Theory of Change generally; b) assessing the extent to which the design and implementation of the programs and projects show an awareness of political economy considerations; and c) evaluating the extent to which there is coordination between donors. In order to enable them to give their candid views on the topic, the interviewees were promised anonymity and are hence only referred to as "Interviewee 1", "Interviewee 2" etc. in the text. They were also given the opportunity to review a pre-final version of this chapter. Apart from providing valuable additional information, the five interviewees in some instances requested paraphrasing or nuancing some of the direct quotations.

This study is limited in several ways. First, research on this topic is restricted by the fact that PEA is frequently treated as sensitive and confidential, including by national governments themselves. These are reluctant to open any critical analysis to the public domain, especially on sensitive topics, such as individuals' or groups' control over large swaths of economic activity, or politicians' use of public funds to repay their electoral campaign supporters. In turn, World Bank (and other donor) country teams face a strong incentive to maintain a good relationship with the respective governments in order to avoid programs being stalled (Fritz and Levy 2014, 20). Second, representing the views of only a few donor officials, this chapter omits the important local perspectives of these reforms and the

centralization sector for both countries. For Tunisia, the latter consists of several decentralization projects as well as grants and loans provided by the German Development Bank (known as KfW). It is a portfolio of several 100 million Euros under auspicies of the BMZ (Pers. Comm. Interviewee 2 on 31 March 2021). See also the section on "The GIZ projects in Tunisia" for more details.

18 Hence, the interviews in Morocco did not discuss the recent diplomatic tensions between Morocco and Germany. For details, see for example Bachir (2021).

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donors' roles in them.[19] This chapter moreover does not engage in the discussion on possible ideological drivers of decentralization reforms promoted by the World Bank.[20] However, despite these limitations, this chapter can offer a new and empirical perspective on donor involvement in decentralization reforms in North Africa, thereby adding to the insights presented in the other chapters of this volume.

A brief background to decentralization in Morocco[21]

Morocco has three levels of local government: regions, provinces (in rural areas) and prefectures (in urban areas), and urban and rural municipalities (*communes* in French). All local authorities are subject to the supervision (*tutelle*) of an officer of the Ministry of the Interior who represents state authority and ultimately reports to the King. Municipalities were first established in 1960. They did not have extensive powers or resources until 2002, when the Third Municipal Charter – and its amended version that became effective in 2009 – expanded their responsibilities, clarified their role in reducing poverty and exclusion, and included the possibility of entering into partnerships with local associations. The regime (known as the *makhzen*, i.e. the palace and its clients) responded almost immediately to the 2011 protests by announcing a draft constitution. Its first article states that "the territorial organization of the Kingdom is decentralized" and introduces the principle of "advanced regionalization" to make regions, in addition to municipalities, key levels of local government.[22] However, it took until 2015 for three Organic Laws (OLs) to be issued, which specified and operationalized the spirit of the 2011 Constitution at the municipal, regional, and provincial/prefectural levels. The region has no authority over the provinces/prefectures and municipalities – the three separate OLs are (deliberately?) ambiguous. This allows the King to arbitrate between various

19 For in-depth accounts of the local perceptions and cultural framings of the decentralization reform in Tunisia, see Salman (2017) and Yousfi (2019).

20 See Salman (2017) for the argument that the World Bank is pushing decentralization reforms as they ultimately enable municipalities to become creditworthy, which means that they could engage in public-private partnerships with the private sector and eventually take on loans from the World Bank to finance their investments without sovereign guarantees.

21 This section is mainly based on Bergh (2020), see also Bergh (2017) and chapter 4 (this volume) for a much more detailed description.

22 For an analysis of the advanced regionalization process, see Bergh (2021).

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power centers and interests, significantly reducing the accountability between levels and towards the citizens.

Compared to the 2009 Municipal Charter, the powers of the municipal council have barely been modified by the 2015 law. However, there now exists the possibility for citizens and local associations to submit petitions to the municipalities, and provisions to increase the transparency of municipal affairs.[23]

There are three main challenges to the decentralization process in Morocco: legal ambiguities, financial resources, and human resources. The lack of a clear framework and implementation provisions mean that the 2015 OL on municipalities still largely exists only on paper. Moreover, the *tutelle* has not fully disappeared. Municipalities are very dependent on central government transfers financially, and municipal budgets are still far from being able to cover the increasing needs of municipal infrastructure, equipment, and services (see also chapter 5). Local councilors are largely untrained. This allows the King to present himself as the only institution capable to respond to citizens' needs and expectations.[24]

Indeed, programs such as the National Initiative for Human Development (known under its French acronym INDH) that bypass local governments and give more power to the Ministry of the Interior are another example of the monarchy's use of (purposefully incomplete) decentralization reforms that work to the regime's advantage (Bergh 2012b). As Bohn and Vollmann (chapter 4) describe in detail, neopatrimonial networks are well anchored within the *makhzen*, top representatives of the Ministry of the Interior and other government ministries, business elites, political party elites, and the relationships between them. Decentralization reforms are used to disperse power and responsibilities between elites, to enlarge networks profiting from state funding, and to hinder effective coordination among them in order to neutralize their potential threat to regime stability.

23 It remains to be seen how the new law governing information access is used at the local level to enforce these transparency provisions. See Shalaby and Bergh (2020).

24 Similarly, Vollmann et al. (2020, 22) argue that "institutional failure of elected institutions is used to highlight the virtues of the palace's supposed technocratic approach. An example of this is the widespread rejection of the first wave of flawed regional development plans, political infighting in city councils or the suspension of the regional council of Guelmim-Oued Noun by the Minister of Interior in May 2018."

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The World Bank's Municipal Performance Program-for-Results program in Morocco

The Municipal Performance Program-for-Results targets around 100 municipalities in almost all regions in Morocco,[25] including all municipalities with a population of more than 50,000 inhabitants, and municipalities that are a provincial administrative centers (*chef lieu*; World Bank 2019a, 23).[26] It has an overall operating cost of 760 million USD, of which the Moroccan government contributes 346 million, the World Bank 300 million, and the French Agency for Development 114 million (World Bank 2019a, 7-8).

The rationale of the program – as described in the World Bank's Program Appraisal Document (PAD) – is based on Morocco's sustained urbanization trend. This trend entails the increase of poverty pockets in cities and high unemployment rates, as well as huge needs for infrastructural investment (exacerbated by climate-induced shocks, such as floods, landslides, droughts, wild fires, and heat waves; World Bank 2019a, 13, 15, 31). The PAD (World Bank 2019a, 13) further notes that the implementation of decentralization reforms remains a priority, as the country's population continues to display low levels of trust in administration and high levels of dissatisfaction with the quality of public services. Indeed, it argues that "the Government's decentralization agenda stems from the recognition of the pivotal role of municipalities in renewing the social contract in Morocco" (World Bank 2019a, 14). The PAD also points out that the 2011 Constitution in its article 136, "establishes the principle of administrative freedom of municipalities, thus acknowledging the end of the administrative control or *tutelle* of the Central Government over municipalities" and instead moves toward support or *accompagnement*. This qualitative change "provides the opportunity to move [from compliance] towards a performance-based approach to supporting municipalities, but also calls for an

25 The Program area includes the regions of Béni Mellal-Khénifra, Casablanca-Settat, Drâa-Tafilalet, Fès-Meknès, Marrakech-Safi, Oriental, Rabat-Salé-Kénitra, Souss-Massa and Tanger-Tétouan-Al Hoceïma; the provinces of Guelmin, Tan-Tan and Sidi Ifni; and the municipality of Assa (World Bank 2019a, 23).

26 The combined population of the targeted municipalities represents more than 80 % of Morocco's urban population and nearly 50 % of its total population. These are municipalities where improvements in institutional and service delivery performance are expected to have the largest impact and where most of Morocco's demographic growth and thus the highest urban infrastructure investment needs will be concentrated in the future years (World Bank 2019a, 20).

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ambitious capacity building program to address municipalities' existing capacity constraints" (World Bank 2019a, 14, 17).

Indeed, the PforR loan is meant to strengthen the mechanisms for allocating and transferring large parts of the 30 % Value Added Tax (*Taxe sur la Valeur Ajoutée*, TVA). The TVA is transferred to municipalities after incentivizing municipalities to (a) increase their institutional capacity; (b) improve their performance in the delivery of municipal services; and (c) ensure their financial sustainability and capacity to finance the required investments (World Bank 2019a, 17). As Interviewee 1 explained:

> The idea is that by the end of the program [i.e. at the end of 2024] there would be 5.5 billion Dirham[27] transferred in performance-based grants from the government to the municipalities. And out of this, 4 billion would come from the donors, and 1.5 would come from the *Compte d'affectation special* (CAS) TVA. […] That [amount] does not come from the unconditional transfers. So they are not reducing unconditional transfers to finance this.

In other words, the performance score does not affect the unconditional transfers that municipalities rely upon to finance their recurrent expenditure, such as salaries.

The Municipal Performance Program has its origins in the Casablanca Municipal Support Program, which the World Bank had financed earlier with the same loan type (PforR), and which was widely regarded as very successful. Hence, the new Municipal Performance Program would be able to learn from and build on the Casablanca experience, for example nationally rolling out the digitalization of administrative procedures for the issuance of building permits and commercial licenses, a digital revenue management system, and the digitalization of municipal civil registrars (World Bank 2019a, 17). According to Interviewee 1, personal relationships also mattered, as the *wali*[28] of Casablanca became the *wali* at the DGCL[29] around the time that the World Bank was preparing the project in Casablanca. At first, the idea was to repeat the Casablanca project in other cities, but the discussions lead to the design of the national level program supporting municipal performance across Morocco instead.

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27 1 USD is worth approx. 9 Dirham.

28 The *wali* is the governor, appointed by the King and part of the Ministry of the Interior's hierarchy.

29 The governor or head of the Directorate General of Local Governments (*Direction Générale des Collectivités Locales* – DGCL) in the Ministry of the Interior is amongst others responsible for the implementation of decentralization reforms.

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The bank's justification for using a PforR loan rather than a DPL lies in the PforR instrument's successful record of accomplishment (including in Morocco). An additional factor is that "the PforR instrument appears well fitted […] as it allows to support an ambitious Government program of reforms based on performance improvement and the achievement of concrete results, while financing a large number of investment subprojects developed and implemented by a broad range of municipalities" (World Bank 2019a, 19). As Interviewee 1 explained:

> We finance a program, we don't finance specific expenditure, and so for municipal development projects it's much better because when you finance municipal expenditure potentially you finance hundreds or thousands of contracts, so if I need to do this procurement no-objection [procedure] on every small contract […] it's not going work. With the PforR it's possible to do this at the program level so you assess the systems for fiduciary management, for environmental and social management[30] [etc.], you try to identify gaps at the system level and what you monitor is how well the systems work instead of giving a no-objection on each and every transaction. That allows you to define a one billion dollar program and to say, 'I'm going to finance 200 million out of this 1 billion', and you are not going to determine which contracts, which transactions fall under my 200 million; I'm looking at the program, and as long as the program works with systems that I find adequate, I can disburse based on results.

The program is structured around three main subprograms, of which subprogram 1 on "developing and implementing a performance-based grants transfer system on Participating Municipalities" is the most relevant for this chapter, as it potentially affects pre-existing patronage networks (World Bank 2019a, 20).[31] As explained in the PAD (World Bank 2019a, 21), the subprogram

30 The appraisal for a PforR loan is informed by a technical assessment with a focus on strategic relevance and technical soundness of the program and its expenditure framework, a fiduciary assessment with a focus on the procurement and financial management arrangements, and an environmental and social systems assessment with a focus on the potential environmental and social impacts and risks (see IEG 2016, ix; see also the World Bank's 2017 Program-for-Results policy [World Bank 2017] – here, neither the terms "political" nor "political economy assessment" are mentioned; the same is true for the World Bank PforR directive 2020 (World Bank 2020c)).

31 The other subprograms are Subprogram 2: strengthening the institutional framework for inter-municipal cooperation; and Subprogram 3: enhancing the organi-

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> will introduce an annual performance assessment of the Participating Municipalities, based on a performance framework consisting of Minimum Mandatory Conditions (MMCs) and Performance Indicators (PIs). The subprogram will incentivize municipalities to improve their performance through financial incentives consisting of performance-based investments grants. The performance grants will be allocated to municipalities based on an objective and transparent formula taking into account each municipality's population, its achievement of the MMCs, and its score on the different PIs. With support from the World Bank and the French Development Agency (AFD), the DGCL and the General Inspectorate of Territorial Administration (*Inspection Générale de l'Administration Territoriale*, IGAT) have developed a performance assessment framework consisting of a set of MMCs related to the existing legal provisions and of PIs articulated around complementary themes […] targeted toward ensuring improvement of municipal performance and service to citizens.

Interviewee 1 explained the underlying idea as follows:

> The idea is not to punish anyone, it's just to identify the capacity gaps, incentivize the municipality to close those gaps through peer pressure and financial incentives, and give them the tools to do so. That's a pretty simple model, you don't start from scratch, because you already have 10-12 existing projects for which you have a list of indicators. You don't have to go through a lot of, let's say, philosophical questions on what is performance, how do you measure it, [you can] look at different models, and those models tend to be quite similar because municipal management is not rocket science; the basics of managing municipal revenues, of managing municipal expenditures, reaching out to your citizens, they are pretty much the same whether you are in a rural panjayati raj in India or in Casablanca.

Germany's interests in the MENA region and the GIZ projects in Morocco

Before turning to the GIZ projects in Morocco, it is useful to give a brief background to Germany's involvement in the region. The country has maintained a prominent diplomatic, commercial and development pres-

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zation and human capacities of Participating Municipalities (World Bank 2019a, 20).

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ence in the MENA for several decades, focused mostly on supporting political stability and promoting economic co-operation, with active engagement from German civil society groups and political party foundations. The 2011 Arab uprisings and their aftermath influenced Germany's domestic and international politics and resulted in the presence of several hundred thousand mostly Syrian refugees in Germany since late 2015. The growing importance of the MENA region for Germany is reflected in sharp increases in humanitarian and development aid to the region, which more than quadrupled from around EUR 750 million annually to around EUR 3.6 billion between 2011 and 2017. In 2015, Morocco overtook Egypt as the largest MENA recipient of German aid, and aid to Tunisia more than doubled from around EUR 87 million in 2009 to nearly EUR 188 million in 2016 (Furness 2020, 71, 75-76).

However, as Furness (2020, 71) points out, this remarkable increase has not been accompanied by a strategic policy statement that sets out the objectives of Germany's MENA aid program. The main regional policy paper of the German Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, BMZ) dates from 2008. It candidly pointed out the dangers of increasing poverty, societal instability, political repression and demographic change, and warns that security and migration problems are likely to emerge. It outlines three – partially unconnected – core areas for co-operation, in which Germany is an international leader: water, renewable energy, and vocational training (Furness 2020, 71, 75).

The 2008 MENA concept paper remained on the BMZ's website until mid-2018. There has been no follow-up publication for a regional aid policy framework in response to the post-Arab spring context. This is reflected in Germany's actual aid spending, which largely followed patterns established before the Arab uprisings. Additional spending has overwhelmingly concentrated on two areas, i.e. humanitarian aid in response to the Syrian civil war and loans for renewable energy generation in Morocco (which is expected to serve Germany's energy needs as well). However, an internal position paper published in August 2014 added "governance and education" as a co-operation sector, and promised to focus on four specific problems: youth unemployment; economic instability; the democratic deficit; and stability in crisis countries, especially with regard to the humanitarian crisis in Syria. To respond to these issues, the BMZ launched a EUR 400 million-budget line called "Special Initiative for Stability and Development in North Africa and the Middle East" (SI MENA) the same year (Fur-

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ness 2020, 71, 75-76).[32] Indeed, given its name, it is not surprising that Furness concludes his study on Germany's post-Arab uprisings MENA aid program that "while there is little evidence of purposeful securitization of aid, stability has been privileged over support for unpredictable political change" (Furness 2020, 72, 75).[33]

All three GIZ projects studied in this chapter (see Table 1 above) originate from and are funded by the SI MENA. In Morocco, they coincided with the adoption of the organic laws on regions, provinces, and municipalities (2015), which further advanced the regionalization as well as decentralization processes. As Interviewee 4 explained, "it was really about jumping on the train and taking the train into the right direction here in Morocco regarding this whole opening towards more decentralization, regionalization, deconcentration and with this, democratization. There is this hope that this reform process launched in Morocco […] after 2012 would also bring more democratic elements into everyday governance."

The GIZ project entitled "Supporting the regionalization process in Morocco" (which officially started in 2017 but was effectively launched only in September 2018 and ended in January 2021), focused on supporting the advanced regionalization reform in four regions: Casablanca-Settat, Marrakesh-Safi, Oriental and Souss-Massa. It operated primarily by training representatives of the regional councils to represent the needs of their citizens, and educating employees from regional administrations on setting up a functioning administrative structure. The project also assisted the regions in establishing a system to monitor regional development plans and provided training for civil society organizations and advisory bodies on equal (gender) rights, the promotion of young people, and local economic development.[34]

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32 Germany refused to reduce the capacities of its bilateral agencies in favor of multilaterally implemented projects after the 2005 Paris Declaration on Aid Effectiveness (Holthaus 2019, 1220). On the German website on this "Sonderinitiative zur Stabilisierung und Entwicklung in Nordafrika, Nahost", it is stated that 395,1 million Euros have been committed ("bereitgestellt") for 75 projects, to be implemented between October 2014 and December 2022 (see BMZ 2021a). For commitments by the German Development Bank (KfW) in Morocco, see KfW (2021a).

33 It is – of course – possible that the absence of clearly formulated strategic documents reflects a policy of "strategic ambiguity" for Germany to avoid being held responsible for non-fulfilled commitments later on (Furness 2020, 73).

34 See GIZ (2021c). There is no space here to present the advanced regionalization reform in detail, but see Bergh (2021) and Vollmann et al. (2020).

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The second project implemented by GIZ in Morocco, called "Strengthening citizen-centered local government" (which ran from October 2015 to January 2021; with a funding volume of 5.33 million Euros) focused on capacity building to make services more efficient, transparent and accessible, as well as on increasing citizen participation in municipal planning and political decision-making. In nine medium-sized cities (each with between 60,000 and 500,000 inhabitants; see table 1 for details), the project worked with political decision-makers and administrative staff to improve the administrative processes of the services and to set up citizens' advice bureaus. In these bureaus, citizens receive advice and information about available services and administrative processes. They are moreover referred to the relevant departments.[35]

A brief background to decentralization in Tunisia[36]

Since the country's independence, local governments in Tunisia have been under the scrutiny and control of the central government. They were significantly constrained in terms of resources and did not enjoy autonomous fiscal powers. The aftermath of the 2011 revolution saw a crisis in state authority at the local level: Local groups attacked municipal buildings and there was a widespread refusal to pay taxes. The issue of regional inequalities, which arguably triggered the revolution, continued to be a pressing issue. The new political elite, who was involved in the constitutional drafting process and composed of individuals with no role in the former regime, agreed on the decentralization of power as a guarantee against the return of authoritarian rule and as a structural response to unjust and imbalanced development policies. Chapter Seven of the constitution entitled "Local Authority", affirmed elected local and regional government as being autonomous institutions with financial and administrative autonomy and significant powers. Chapter Seven also abolished all *a priori* control by central government over local or regional authorities' decisions. These provisions were a radical departure from the highly centralized framework of decision-making in Tunisia and in much of the Arab world. In order to implement Chapter Seven, the Department of Local Authori-

35 See GIZ (2021a).

36 This section is mainly based on Kherigi (2020), see also chapter 4 (this volume) and Aliriza (2018), Baccouche (2016), Bel Haj Amor (2020), Salman (2017), Yerkes and Muasher (2018).

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ties of the Ministry of Interior, which in 2016 split off into the separate Ministry of Local Affairs (MLA), began drafting the new Local Authorities Code in March 2014. It was adopted in April 2018, just before the first election of municipal councils in May 2018.

The hyper-centralization of the Tunisian regime meant that prior to 2014, 70 % of the country was not municipalized and 86 of the now existing 350 municipalities were created after 2014. A majority still awaits the strengthening of their capacities (Vollmann and Bohn, chapter 5 in this volume, citing Tarchouna 2019). The municipal councils face huge challenges in governing effectively at the local level; mainly because the other ministries refuse to recognize the MLA's authority to lead and shape the reforms that directly affect their own powers and resources. This means that key aspects of decentralization remain unaddressed, such as reforming local taxation, local planning powers, the role of deconcentrated authorities, and mechanisms for coordination and cooperation. It also means that the developmental objectives of decentralization have largely been sidelined. Indeed, the new Code is incomplete, in conflict with a plethora of existing laws, and remains vague on administrative decentralization, which will be subject to a 27-year process of negotiation with various ministries. Fiscal decentralization is equally weak[37] and proposals to give municipalities new fiscal powers were resisted fiercely by the Ministry of Finance. However, municipal councils elected in 2018 have begun to lobby for greater powers and resources and are strengthening their national federation, which bodes well for the future.

In terms of neopatrimonial networks, Bohn and Vollmann (chapter 4 in this volume) note that even though Ben Ali was ousted in 2011, the economic elites in Grand Tunis and the Sahel and most cadres of the former regime's party (the Democratic Constitutional Rally, RCD) remained relatively unscathed. The latter competed massively in the 2018 local elections, while the former used the transition period to become active in political parties (also to gain immunity as MPs). This means that regional disparities continue (to the disadvantage of interior regions) and ministerial officials as well as local administrations mostly remain in place. Most importantly, old ties between *tutelle* agents, economic actors, and ministerial elites continue to be salient, which leads to intransparent decisions and financial allocations at the expense of new entrepreneurs from the interior regions (ibid.). It remains to be seen if donor-financed decentralization programs can break these ties.

37 See chapter 5 for details.

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The World Bank's Urban Development and Local Governance Program in Tunisia

The World Bank's Urban Development and Local Governance Program in Tunisia (launched in 2014), served as a model for the Moroccan program and in part involved the same World Bank staff members. The program is financed by a loan of 300 million USD, with the Tunisian government contributing an additional 63 million USD. It was supposed to end in 2019, but was extended until 2023, with an additional loan of 130 million USD (World Bank 2014, vi; World Bank 2020b; Interviewee 5). The PAD's country context diagnostic mentions regional disparities, high youth unemployment, and the need to ensure social peace and security as the main challenges for the Tunisian government. While the urbanization rate is very high, Tunisian municipalities only play a minor role in urban/local development. They suffer from low revenues and expenditure levels, widespread dissatisfaction with their service delivery, and exceptionally limited engagement of citizens, as well as a strong system of *tutelle* that constrains their decision-making and independence (World Bank 2014, 1-2, 6). The PAD notes, "Tunisian municipalities have not provided 'invited spaces', within which citizens are able to engage meaningfully with the 'local state' or to voice their preferences and priorities. Issues of accountability and participation have become more prominent, gaining importance in the wake of a post-revolutionary crisis of political legitimacy and a general deterioration in municipal services" (World Bank 2014, 3).

The PAD refers to the commitments to decentralization as noted in the 2014 Constitution, which includes "fully devolved and empowered LGs with autonomy for executing their mandates of providing local services according to transparent principles of participation by, and accountability to, their citizens". Similar to the dynamic in Morocco, the PAD further notes that "the changes mandated by the Constitution regarding local governance are transformational, as they effectively reverse the highly centralized previous structure, whereby central oversight and approval (*tutelle*) was exercised on all facets of Local Government accountability, decision-making, and capital works and service delivery-related investments" (World Bank 2014, 2).

At the time the program was designed, municipalities were regulated and monitored by the General Directorate of Local Governments (Direction Générale des Collectivités Publiques Locales – DGPCL), a key directorate within the Ministry of the Interior, which was transferred to the Ministry of Local Affairs (MLA) in 2016. In addition to its regulatory functions, the DGPCL is also responsible for managing the Local Government

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Common Fund (FCCL, *Fonds Commun des Collectivités Locales*), which provides municipalities with annual block grants to support their operating budgets. In addition, there is the Municipal Development Fund (CPSCL, *Caisse des Prêts et de Soutien des Collectivités Locales*), which reports to the MLA and includes the Ministry of Finance on its board. It provides municipalities with access to credit as well as to central Government funding to finance municipal investments (loans and capital grants; World Bank 2014, Interviewee 3 and Interviewee 5). The FCCL allocations to municipalities are purpose block grants entirely at the discretion of municipalities and were characterized as relatively transparent in the PAD (World Bank 2014, 3-4). However, the capital grants allocated by the central government were described as less predictable and transparent. At the municipal level, all investment needs were (and still are) systematized within Municipal Investment Plans (known as PICs). Financing for these PIC investments was mobilized from CPSCL loans to municipalities, central Government subsidies (managed on behalf of the center by CPSCL), and own-source municipal revenues. Central Government capital grants accounted for about a third of municipal investment expenditures. However, the problem was identified to be rooted in the fact that municipalities "face the increasingly serious issue of growing municipal debt, driven largely by the requirement that they borrow from the CPSCL to finance their capital investments" (World Bank 2014, 3, 5). Indeed, the PAD notes that half of all municipalities were unable to make debt payments and were technically in default. The fact that the final decision on investment selection cannot be taken by the municipalities, but is instead controlled by the central level, "fundamentally weakens the potential of municipalities to practice participatory governance and establish sound social contracts with their citizens" (World Bank 2014, 7).[38]

As in Morocco, the Program consists of three sub-programs, the first of which is again the most important one. It deals with municipal infrastructure delivery and receives the bulk of the loan (US$ 591 million).[39] It aims at reforming the problematic capital grants system by giving the municipalities the sole discretion over them (without any *ex ante* control by the central government). Key investment areas are road construction, rehabilitation and upgrading, street lighting, urban drainage/sewerage and other

38 For a more elaborate description of the municipal finance system at the time, see World Bank (2014, 15-18).

39 Subprogram 2 targets improving access to municipal infrastructure in disadvantaged neighborhoods. Subprogram 3 focuses on capacity support for improved LG institutional development and accountability (World Bank 2014, 11-12).

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environmental improvements, solid waste collection and street cleaning, parks and some recreation facilities, markets and slaughterhouses (World Bank 2014, 11-12).

The innovation lies in the fact that the capital block grants would be partly performance-based to incentivize the 264 Tunisian municipalities that existed in 2014.[40] As in Morocco, the grant system would operate through two steps. The first is subject to the municipality meeting basic minimum mandatory conditions (MMCs), the second rewards municipalities according to their level of performance as determined by annual and independent performance assessments against predetermined criteria. These criteria include the implementation of participatory planning and transparency initiatives (World Bank 2014, 8, 15-16).[41] The program further envisages the design and launch of a new e-Portal (*Portail des Collectivités Locales*). The portal would be a platform for sharing budget, procurement, and audit information for all LGs, as well as the results of LG performance assessments accessible to the public (and, progressively, the e-Portal would also host LG information on Participatory Planning and Participatory Budgeting processes; World Bank 2014, 17-18).[42] Municipal borrowing from the CPSCL to implement the PICs would still be possible, but the CPSCL lending guidelines would be reformed in order to establish a stable balance between maximizing borrowings by the LGs and maintaining their financial viability (World Bank 2014, 12). Given that the Bank's own contribution was likely to provide about 82 % of overall government program financing, it had (and arguably still has) great leverage to bring about significant changes, as contained in the Program Action Plan (PAP), Results Indicators (RIs) and Disbursement Linked Indicators (DLIs; World Bank 2014, 10).[43]

40 Interviewee 5 explained that the 86 new municipalities "are not submitted to the performance indicators. They are subject only to the minimal conditions because they are new – there wasn't an administration before, so it was decided that they will lighten up the process for them in the first years and then later on they will get up to speed with the rest of the municipalities".

41 See Bellamine (2015) for a scathing critique of the new allocation formula as it appeared to contradict Article 12 of the constitution mandating "positive discrimination" toward marginalized areas in development projects.

42 See *Portail des collectivités locales* [Local Collectivities Portal], Tunisian Ministry of Local Affairs and the Environment (2021).

43 See World Bank (2014, 21) for a list of DLIs.

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According to Interviewee 5, three performance assessments have been conducted:

> We were really on track, we did two rounds of assessments before the elections, one after the elections […] and despite the challenges of not having municipal councils [in 2014], we still went through in launching the system and the elected municipal councils arrived on a relatively functioning system [in 2018]. Indeed, most municipalities were able to get satisfying scores in their annual performance assessment in 2019, but due to the COVID 19 crisis, the government decided to put on hold the 2020 annual performance assessment until further notice.[44]

The GIZ projects in Tunisia

In contrast to the ambiguous regional policy described earlier, Germany quickly pledged its support to post-revolution transformation in Tunisia (including in the Constitutional drafting process) and developed a clearly visible bilateral agenda. Germany portrayed itself as a legitimate partner, as the country is a (former) member of the community of transitional democracies and a state that managed regional unification (Holthaus 2019, 1225). Indeed, most GIZ-led projects in Tunisia are funded by the BMZ and focus on decentralization, communal development, and administrative reform (Holthaus 2019, 1223).[45] This is because the German development cooperation, together with the World Bank and AFD, agreed with the Tunisian Government on a "Reform Matrix" for the governance sector, including a strong focus on decentralization. Accordingly, the GIZ projects are to a large extent part of the PforR program.[46]

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44 See also World Bank (2020b, 12).

45 For commitments by the German Development Bank (KfW) in Tunisia, see KfW (2021b).

46 Pers. Comm. Interviewee 2 on 29 March 2021. This reform matrix is part of the "reform partnership" under the Marshall Plan with Africa. The partnership was concluded in 2017 and is a bilateral contribution to the G20 Compact with Africa initiative. It initially only provided support for reforms in the financial and banking sector, but since 2020 includes support for the modernization of public administration. In 2019, the BMZ newly committed a total of 294.8 million Euros, with 139.4 million Euros of that amount being allocated under the reform partnership (see BMZ 2021b).

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Interviewee 2 stated,

> the strategic background of all the donor interventions […] on this issue is the democratic change of the Arab revolution and the necessity to create legitimacy for the new democratic structures vis à vis the times of Ben Ali, because [there has to be] a 'democratic dividend' that the citizens really feel in an economic way but also in terms of relation to public authorities that the government and the situation in the region has changed.

Interestingly, Interviewee 2 also referred to the German federal model as a rationale to promote decentralization because of its expected benefits for the citizens.

As for the GIZ project in Tunisia studied here, it is called "Initiative for municipal development in Tunisia". The project's duration is from 2015 to 2023 and has a funding volume of 10.64 million Euros.[47] The project is quite similar to the municipal project in Morocco, as it focusses on training municipal employees and setting up citizens' offices. It also supports digitalization in partner municipalities in order to develop municipal services (e-services) and digital participation formats (e-participation). The discussion below focuses on the setting up of citizens' offices, which is the most relevant aspect for this chapter. Interviewee 2 explains that the idea of having one-stop-shops for municipal services is not an only German idea, as many countries employ this system. Interviewee 2 states, "For our projects we have been inspired by our strong experience working on that also in Armenia and Georgia with the governments there; we have created lots of citizen spaces and digitalized them. So this was inspired from our work there during the time we created this program in 2015. Maybe it's a German fingerprint but not a German solution."

Assessing the extent of TWP in the design stage

This section presents and discusses the findings related to the first research question. It examines to what extent the main features of the political economy of decentralization (including fiscal aspects and neopatrimonial networks) were taken into account when designing the programs.

47 See GIZ (2021b); see also the project factsheet available at Loibl, Eckermann, and Marx (2020).

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According to the World Bank, the Moroccan municipalities' main problem lies in the "lack of incentives of Moroccan municipalities to strategically plan and effectively execute their investment budgets" (World Bank 2019a, 2). However, while the PAD notes that many municipalities had not yet voted on their five-year municipal action plans (*Plans d'Action Communaux*, PAC), it identifies the reasons for this "lack of incentives" solely in capacity constraints. This pertains to "weak capacities in terms of quality project management, including procurement, environmental and social management, a lack of sufficient qualified human resources (HR), a lack of modern technological equipment, and technical and administrative difficulties" (World Bank 2019a, 16). Indeed, potential political reasons are not mentioned, with the exception of a brief section in the PAD that notes, "the weak accountability relationship between municipalities and their citizens does not provide sufficient incentives for the municipalities to perform effectively" (World Bank 2019a, 16). However, rather than talking about local elections as a key issue in this relationship, the PAD points to the lack of municipal asset inventories and low levels of civic organization as the main issues, the latter of which are results of "historical limits on space for both information sharing and opportunities to engage" (World Bank 2019a, 16). World Bank staff nevertheless seem aware that there is a fine line between fostering the "right" and "wrong" type of Citizen Engagement (CE). As the PAD notes, political risks

> stem from the introduction of innovative CE mechanisms: the opening of space for citizen participation can create high expectations that need to be properly managed and responded to, to avoid frustration and discontent. To mitigate this risk, the Program will build capacities at the municipal level to design, manage, and respond to citizens' demands for transparency, information, and participation (World Bank 2019a, 50).

In other words, the "supply" side of accountability must first be operational to then accommodate the requirements of the "demand" side.

In Tunisia, the World Bank Program was mainly designed to help the government reform the capital grant system. While the PAD does not mention political economy considerations explicitly, they are clearly part of the rationale:

> The complexity of the inter-relationship between accessing grants, utilizing loans and providing counterpart funding, combined with the centralized system of determining eligibility for the grant funds is considered opaque and potentially inequitable. The system operates

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> through procedures that are not perceived as transparent, objective and measurable, and are not predictable in a manner that facilitates consultation and effective planning (World Bank 2014, 6).

Apart from the political fluidity (notably the uncertainty of the timing of local government elections) as a risk for the program, the PAD observes that reforms such as the capital grant reforms "have proven to be difficult to implement and present a risk of capture by groups within the line ministries and the MoEF". Fostering government ownership is mentioned as the key strategy to mitigate (this) risk as "challenging activities and proposed reforms have been lengthily discussed with the counterparts during preparation and the Program builds upon a suite of ongoing and solid dialogue on decentralization and local governance reform […]" (World Bank 2014, 36).

The passages cited here reflect the findings observed by the IEG's early assessment of PforR operations, which conclude that political economy constraints are behind many of the issues addressed by DLIs and PAPs. However, these constraints are rarely discussed directly, and critical analysis tends to address only low-level issues. Through simple literature searches, the IEG evaluation found several examples where outside parties, such as researchers, had raised critical views about the actual state of procurement and other fiduciary practices that do not seem to be reflected in the PforR assessments. Instead, the focus typically lies on institutional reforms to address corruption, including program-specific measures, often without presenting any convincing arguments that such measures will work in the case of the new programs. However, the IEG further notes, "interviews with team members during IEG missions confirmed their awareness of issues". The lack of published analysis is reportedly a result of borrower-government sensitivity (IEG 2016, xi, 31).[48]

In the case of the GIZ projects, it was difficult to assess the extent to which political economy analytical work was carried out, since it was not possible to review any project appraisal documents.[49] Interviewee 3 pointed out, "we always have some trend analysis etcetera, but then I'm not al-

48 The IEG assessment noted that the Systematic Operations Risk-rating Tool introduced for PforR operations in January 2016 measures political and governance risk as one of nine risk categories. Another category measures the related aspect of institutional-capacity risk. It concludes, perhaps too optimistically, that "the use of this new tool is likely to address the political economy challenges raised in this report" (IEG 2016, 59).

49 On the Advanced Regionalisation Project, a PPT entitled *Atelier global de planification opérationnelle du projet ARA – Présentation du projet ARA* dated 25

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ways sure that in the end the analysis will be used in the practical work. I'm not sure if a 'peace and conflict' analysis exists, I've never seen it in Morocco". This stands in contrast to Interviewee 2, who asserted that for Tunisia, "of course we have our internal documents, and we conduct in-depth peace and conflict, human rights, and gender analysis during project appraisal missions". Interviewee 2 explained that the BMZ usually formulates the country strategy based on political analysis performed by Germany-based academics, but that it is not very comprehensive for some countries – including Tunisia. This can be explained by the sudden rise of Tunisia as focus-country since the Arab spring and migration crisis. Indeed, "it still has B status, like a secondary country where we usually only work in two sectors with a limited range of projects, but it's actually one of the biggest portfolios in Germany development cooperation currently" (Interviewee 2). According to the same interviewee (Interviewee 2), mandatory risk management monitoring activities, where decisions are taken on the operational, country director, embassy or even ministry level, assure the quality of project implementation.

Indeed, even if a detailed analysis of the political economy of Moroccan decentralization/regionalization reforms existed, it would not have mattered in terms of selecting the four regions on which the GIZ project focused: The Ministry of the Interior decided on this matter, based on political party distribution (according to Interviewee 3). However, upon further probing, it seems that prior GIZ experience in some regions also played a role, for example in the Marrakesh-Safi region. The German development cooperation (also through the work of political party foundations, such as the Konrad Adenauer Foundation) had already set up a *Maison de l'élu*, which provides training for municipal and regional councilors. GIZ staff mostly seem to gather knowledge about the regions and their political and administrative representatives "on the job" (Interviewee 3). For Tunisia, Interviewee 2 also stressed the importance of relying on in-house political economy knowledge:

> For the day-to-day analysis we are all dependent on our colleagues here in the country who work here and are part of the system, we have maybe one advantage, we have large teams on the ground [with Tunisian experts], who stay […] in country, for a longer period of time

April 2019 was received from Interviewee 3. It was used to triangulate other data sources (i.e. websites and interviews). For the "Strengthening citizen-centred local government", the document entitled *Jamaa Mouwatena – La participation citoyenne portée par les communes* was provided by Interviewee 4.

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> than maybe if a project ends and another consultancy gets the contract and bring their staff.[50]

Indeed, the GIZ offices in Tunisia and Morocco are both very large: At the end of 2019, the GIZ office in Tunis had 303 national and 90 international employees. In Morocco, there were 271 national and 53 international employees.[51] Similarly, GIZ staff in Tunisia are very well aware of the risk that their projects might be instrumentalized by political parties, such as the Ennahda party, which has attempted to profit from the central government's control over the local level. As Interviewee 2 observed,

> mayors use donor projects like this to present themselves towards the political level and also in terms of being candidates for certain positions. So it's highly politicized, although you could think it's just a small project on citizen spaces; luckily it is not much about resources from our side, because our major contribution is technical advice, skills and we fund some renovation works, but we have a good experience until now.

To summarize, I found that the World Bank's (publicly available) analysis of the Tunisian situation is quite explicit regarding elite capture, while it is more technocratic and depoliticized in the Moroccan case. In both countries, the GIZ seems to rely mostly on political economy expertise found in-house and/or acquired on-the-job.

Program implementation: Challenging or consolidating neopatrimonial networks?

This section discusses the findings on the second research question: To what extent were the case study programs aware of neopatrimonial networks, and did they challenge or consolidate these networks?

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50 In general, German development cooperation implemented by GIZ involves a high number of local senior experts including team leaders in the projects in the country who have the role of providing regular analysis. In addition, the M&E system is conflict sensitive and includes Risk Monitoring (Interviewee 3, pers. Comm. 29 March 2021).

51 For the figures on Tunisia, see GIZ (2020b). For Morocco, see GIZ (2020a). Numbers could not be found for the World Bank country offices. See Honig (2020) for an interesting study on the effects of the World Bank's policy (part of the Strategic Compact) of increasing its country office staffing levels on project performance.

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Findings from the World Bank program in Morocco

For the Municipal Performance Program in Morocco, it is clear that the World Bank staff is aware of the challenges posed by the shift from a logic of control and discretion to one of transparency and performance. Introducing a performance framework which establishes a transparent and simple dashboard of what constitutes good municipal management, represents a challenge to the traditional organization in the DGCL based on sectoral divisions and silos (Interviewee 1). In order to overcome potential resistance and to build broad-based support (beyond the former *wali* of Casablanca, see above), the World Bank organized exchange visits with the individuals involved in the corresponding program for Tunisia. For example, a workshop featuring the head of the Tunisian CPSCL helped explain the program and generate buy-in on the Moroccan part, as it presented a clear model to follow (Interviewee 1). Indeed, the PAD acknowledges that the Municipal Performance Program was modelled largely on the World Bank's Urban Development and Local Governance PforR in Tunisia. It also mentions a study tour by Moroccan officials to Tunisia, which was organized in April 2019 to inform on the design of the operation (World Bank 2019a, 21). Interviewee 1 confirmed that this visit was organized for civil servants and a group of mayors representing all major political parties. It significantly contributed to increasing their motivation for and ownership of the program.

A further helpful factor was that the IGAT took on the role of independent verification agency required to verify the Disbursement Linked Indicators (DLIs). For the last eight years, the World Bank and IGAT have successfully worked on several programs together. IGAT's main organizational mission is to assess the management of local governments at the various (municipal, provincial and regional) levels in Morocco. Hence, it was easy for the civil servants working there to appropriate the annual performance assessment conducted as part of the PfoR program (Interviewee 1).

Apart from relatively technical areas, such as improved expenditure and revenue management, strengthened human resources, and improved service delivery,[52] the performance assessment framework also includes several criteria whose critical assessment determines whether performance-

52 This is done through citizen satisfaction measurement tools, the digitalization of key administrative services, and the improvement of municipal services, such as household waste collection, commercial licenses, and civil registry (World Bank 2019a, 21).

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based investment grants are allocated or not. These criteria have the potential to upset entrenched interests. They include standards of enhanced governance and transparency, such as citizen participation, the disclosure of key information, systematic measurement of citizen feedback, and implementation of the right to petition at the level of municipalities. Social and environmental management criteria also include "political" aspects. Examples are the effective functioning of the consultative group on equity, equality of opportunities, and gender sensitive approaches (*Instance de l'Equité, de l'Egalité des Chances et de l'Approche Genre*, IEECAG), and the adoption of a planning process that identifies and addresses the specific needs of women and men in infrastructure and service delivery (World Bank 2019a, 21).

Although the World Bank loan was only approved by the World Bank's Board in November 2019 and became effective in April 2020, the DGCL launched an initial round of annual performance assessments already in May 2019. Initial results of the performance assessment were presented and discussed with the participating municipalities in a series of regional workshops held in July 2019. The objective of this initial round was to establish the new performance-based approach ahead of the 2021 elections (World Bank 2019a, 22). The PAD identified the main political risk as being

> related to the municipal council renewal following the elections that will be held in 2021, during the first phase of the Program cycle. Specifically, non-incumbent elected municipal authorities will need to be rapidly familiarized with the Program in the post-election period. To mitigate these risks, the Program will account for electoral incentives and risks in the design and choice of MMCs, PIs, and PAPs. In addition, ad hoc consultations and capacity-building activities with incoming municipal authorities will help build buy-in and understanding of the opportunities of the Program.

According to Interviewee 1, the 2019 cycle was carried out through self-assessment and online documentation by municipalities without on-site verification, yet it was still possible for the DGCL to roughly assess whether the data was reliable or not, given their own information systems. The 2019 cycle was a test-round rather than a fully-fledged assessment, in order to acquire a sense of where the municipalities stand on the different indicators. The World Bank and the Ministry of the Interior agreed that it was important to start disbursing the grants to the municipalities well before the 2021 elections, in order to avoid any suspicion of the Ministry of the Interior trying to influence them (Interviewee 1).

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The formula for allocating the funds to the 100 municipalities in the program is straightforward. A share of 30 to 40 % of the total amount is divided equally between all municipalities; the remainder is distributed proportional to the population size according to the 2014 census. If a municipality does not meet any of the five minimum criteria, it will not receive any funds. If it meets all minimum criteria, it receives 40 % of its envelope; the rest is dependent on its performance score. Furthermore, if a municipality does not receive anything in the first year, its share is transferred to the following year. This increases the incentive for the municipality to improve its performance (Interviewee 1).

At the workshops held in July 2019, the municipalities' scores on meeting the MMCs were presented, and the DGCL announced that those municipalities who had not yet met the MMCs would be granted three or four further months to meet them. According to Interviewee 1, "it worked surprisingly well. Only 11 municipalities had met the 5 minimum conditions in May, and I think 87 of them did by November".[53] All Minimum Mandatory Conditions are legal obligations, such as the publication of financial statements (stipulated in the 2015 organic law on municipalities). Hence, Interviewee 1 asserts that this result is "a sea change that they were able to drive with a relatively modest amount of money, because the envelope allocated is 200 million DH, so it's 20 million dollars for 100 municipalities, so it's not huge".[54]

The potential of the Municipal Performance program to disrupt entrenched *tutelle* practices by the DGCL are thus significant. It tries to establish grants unencumbered by restrictions, apart from being designated for investment. In other words, the program tries to make the central state of Morocco shift from a logic of *tutelle* to one of *accompagnement*, despite the fact that many of the civil servants at the DGCL remain in their positions, and must hence undergo a shift in mindset. Therefore, the program staff had to insist that once the grants are transferred to the municipalities, it is the responsibility of the municipal council to take all decisions related to appropriating and spending the funds, without prior approval by the DG-

53 However, although the preliminary results of the CY19 performance assessment cycle indicate that 83% of participating municipalities have met the MMC, compared to an initial target of 60% in 2020, this is yet to be verified by the Independent Auditor (IGF). Implementation Status & Results Report Municipal Performance Program (P168147), dated 2 March 2021 (World Bank 2021, 7).

54 Almost all 100 municipalities have their performance and financial statements published on the website Performance Communes, https://www.performancecommunes.ma/fr/public/ (Interviewee 1).

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CL or any other form of *tutelle*. The latter would mean a perpetuation of the old system, in which every (small) grant and disbursement requires the municipality to submit documentation to the provincial office, with sometimes uncertain outcome or follow-up (Interviewee 1).

However, due to the Covid-19 pandemic, the 2019 performance grant transfers have not yet taken place. In August 2020, the DGCL sent letters to the municipalities informing them of the amount allocated to them. This amount was supposed to be transferred before the end of the 2020 budget cycle. Some municipalities receiving the letters started informing the press. This raised suspicion over attempted influence on the elections, forcing the DGCL to react by explaining that the program is meant to evaluate municipal administration every year, even after the elections. On the other hand, the letters also stimulated some healthy competition between municipalities, e.g. mayors using Twitter to announce proudly that they would receive a grant to reward them for good performance (Interviewee 1).

It is too early to say whether this program will reduce the discretion over intergovernmental transfers on the part of the Ministry of the Interior. For example, one of the DLIs includes the provision that "The Ministry of Interior has updated the rules and regulations governing fiscal transfers to municipalities and included the performance grant window as an integral part of the fiscal transfer framework", yet this is not due until 1 July 2021. In addition, the COVID-19 crisis and the imposed lockdown restrictions delayed the launch of the 2020 performance assessment (World Bank 2020a, 4). However, it seems that the World Bank is optimistic that the municipalities will achieve the DLIs, since the political and governance risk has been downgraded from substantial to moderate. This occurred because "training modules are being developed to familiarize municipalities and the incoming elected officials with the system, its process and benefits, thus mitigating the risks of post-election (in 2021) issues in the roll-out of the municipal performance assessment" (World Bank 2020a, 6; see also World Bank 2021, 6; it is not clear what exactly is meant by "issues").

Findings from the World Bank program in Tunisia

As for the World Bank's program in Tunisia, change occurred in three arenas. First, the reform of the block grant system clearly reduces the central government's discretion in the area of fiscal transfers. In the past, the government used to negotiate with municipalities on their budget requirements and they would have to submit a list of specific projects that they

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wanted to finance (Interviewee 5). Not surprisingly, the reforms of the fiscal decentralization system encountered resistance at multiple fronts and from various stakeholders. For example, there was resistance to the idea of de-linking the capital grants transfer from the obligation of municipalities to borrow simultaneously from the CPCL. The institutions and civil servants involved feared a curtailing of their roles and of the extent to which they could control the local level through this system: "There was a lot of resistance [and they asked], 'what is the *caisse* going to become […] if it doesn't do credit anymore?'. […] [We told them that] if a municipality wants to take credit then you have to provide them that service but you cannot condition the grant transfer to credit, and this was a big combat at the institutional level" (Interviewee 5).

Resistance also formed against the shift to performance-based capital grant transfers. Some policy-makers believed that in a post-revolution country embracing decentralization, a performance-based system of transferring funds to municipalities would interfere with the principle of municipal autonomy. Simultaneously, some stakeholders in the central administration wanted to uphold the discretionary element in deciding on municipal finances. In the words of Interviewee 5,

> Tunisia is a very administratively ruled country; it's not a politically ruled country; the administration is really powerful. […] I think politicians who rightfully thought that the decentralization process is the main pillar of the new social contract in Tunisia didn't know the details of it. […] When you have a lack of knowledge and understanding of what the decentralization process must look like and how you should move it forward, […] I think that's where the disconnect happens and that's where the administration takes over. […] That's what we are facing today very clearly again.

Referring to the current inertia, Interviewee 5 added that the new system was put in place during a unique "flection point", when decentralization – rather than economic transformation – was seen as the main pillar of reinventing the social contract post-revolution. The same interviewee claimed that it would be hard to reverse these reforms now.

The second arena of change is at the level of municipalities themselves. The new *portail des collectivités locales* includes all the financial information and performance indicators for each municipality, which has spurred a competitive dynamic. In the words of Interviewee 5:

> A lot of healthy competition is happening […]. This data helped create a real transformation after elections, which means that as new munici-

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> pal councilors and new mayors arrived, they looked at their data of 2016-2017 and said 'really? We didn't achieve our performance, we missed 10 million Dinar for some stupid reason, we didn't publish our procurement plan, or we didn't share our budget on time, or we didn't do this…?' So we saw a lot of municipalities shift 180 degrees [and climb up the rankings quickly]. […] So I think it worked very well and it was primarily a great instrument for mayors and municipal councils to get more resources for their municipalities and also to show that they actually managed to transform the performance of their municipality by their arrival. So that I think is a great achievement, you know, 'I'm elected, I have a team with me, I have an institution with me as well which is the municipality, and I can make a difference, I can shift things around.' And that's important.

Asked whether the portal is being used by the public at large, Interviewee 5 replied that it is visited by NGOs, civil society and also individuals who are interested, although not yet by the ordinary citizen.[55]

The third arena of change concerns the relations between municipalities and citizens, which have been reformed through the program's conditions around transparency. This includes, for example, the obligatory conduct of public hearing meetings and reporting to citizens on the budgeting and implementation of municipal projects. In addition, all municipalities are audited yearly by the *Cour des Comptes* [National Court of Audit], which is an entirely new measure. Interviewee 5 further pointed out that "publishing the procurement plan is extremely important, […] because you just can't give the same enterprise 12 contracts for 12 years in a row. People are looking into those things and start seeing that, 'ah okay, there are anomalies'".[56]

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55 The Implementation Status & Results Report TN-Urban Dev. and Local Governance (P130637) dated 28 October 2020 (World Bank 2020b, 14) mentions that "From January to April 2020, we witnessed a 300% increase in monthly users on the LG portal (15,000 monthly users) compared to the same period last year".

56 This positive outlook contrasts with the assertion by the well-reputed NGO Al-Bawsala, which concluded that the "national transparency rate" at the municipal level (essentially determined by the positive responses to request for access to information) had declined significantly between 2018 and 2019. This, however, could also be a result of the high number of new municipalities that were created during that period (see L'Economiste Maghrébin 2020).

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Findings from the GIZ's projects in Morocco

Although the World Bank's leverage cannot be compared with that of the GIZ (see footnote 17), it is clear that the way the German development co-operation has divided the roles between the GIZ and the German Development Bank (KfW) – among other German actors – means that the GIZ is not directly involved in policy decisions. More research is needed on the exact nature of the relationship between the GIZ and KfW. However, it seems that the GIZ's technical assistance is not directly linked to loans contracted by the KfW, as is the case with donors such as the World Bank, the French Development Agency and others. As Interviewee 5 put it, these latter donors "leverage well their two arms of their intervention – so they would work on a loan and then while preparing the loan, you could shake a lot of things. While if you are just doing a TA you can rarely do things in a transformative manner. You could eventually help and support, and do studies but when you reach to the negotiations table you don't have leverage". Interviewee 2 concurred by saying "if a [GIZ] project of 5 million is not funded anymore, it will not really harm any decision-maker in the government, but if you talk about 400-500 million euros, that's something". [57]

The GIZ's limited leverage was indirectly referenced by Interviewee 3, speaking on the GIZ project on advanced regionalization in Morocco. He explained that at the beginning,

> these four regions [i.e. Casablanca-Settat, Marrakesh-Safi, Oriental and Souss-Massa] were very interested [to be part of our project], but they mixed something up, they thought GIZ was a big donor who would put in a lot of money for regional development. Of course, this is a misconception, because we were there to promote good governance, and capacity building in the region, and promote citizen participation and things like that. […] But they accepted it, there was generally no problem.

More importantly, the GIZ project on advanced regionalization stands apart from the DGCL itself. As Interviewee 3 explained, "in the beginning, it was also [stated] in the project proposal to go into monitoring of the regionalization process on a country-wide level within the ministry. They didn't want it at all, they said, 'o.k. you can do monitoring but for the re-

57 According to Furness (2020, 81), officials in the BMZ and other ministries are working to bring about the closer alignment of technical co-operation projects with the large financial co-operation initiatives in Tunisia.

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gions [only]'." The GIZ's influence is arguably also limited because of the way that the advanced regionalization process is organized in Morocco, and in particular, due to the artificial separation between decentralization and deconcentration processes. Interviewee 3 explained that "for me it's clear that if you start decentralization you need also this deconcentration, and then I learnt quickly that it is completely separated, there is another Ministry at the front of this process, and I [was told that I] should not care about it."[58]

When it comes to supporting citizen participation, the GIZ project on advanced regionalization has partnered with the National Democratic Institute (NDI) to support the consultative committees (*instances consultatifs*), which are mentioned in the organic law of the regions.[59] However, GIZ and NDI are unable to prevent the co-optation of some civil society members or the exclusion of others. Regional council members often claim the right to decide on membership, frequently appointing themselves in the process, which is contrary to the purpose of these committees. They are supposed to monitor the work of the regional councils and give independent inputs. In some regions, consultative committee members are not even allowed to enter the regional council building in order to attend meetings (Interviewee 3).

For its part, the GIZ project on 'strengthening citizen-centered local government' in Morocco contributed to increasing scrutiny by the citizens over municipal affairs through establishing complaint mechanisms inside its partner municipalities. A satisfaction survey conducted as part of the project showed high levels of perceived (financial) corruption or related practices, such as favoritism and the mixing of roles and functions. The latter issue refers to the conflict of interest that stems from the fact that many councilors also head local associations and hence may use their access to municipal funds to support their own associations (see also Bergh (2017)). This situation led the GIZ to not work with organized civil society groups, but rather with individual citizens (Interviewee 4). This high level of

58 As Vollmann et al. (2020, 24-25) argue, "regional dependency on central government transfers has increased after the reforms and tight staffing impedes the potential for an autonomous implementation of projects. The de facto strong supervision by the Ministry of Interior represents strict central control mechanisms for the implementation of reforms" (see also Bergh (2021) for a similar argument).

59 There are three such consultative committees: One is related to the principals of equity, equality of opportunities, and gender sensitive approaches; one is related to youth; and one is related to economic affairs (see Article 117 in Royaume du Maroc 2016).

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awareness of corrupt practices among citizens is arguably a promising sign that they are or will be using the complaint mechanisms to expose them.

Indeed, a related issue the GIZ addressed in Morocco is that municipalities need to become more able to respond to increased citizen engagement. Both the administrative staff and councilors were – and still are – afraid of stressful encounters and confrontations with citizens. The project thus ran trainings for the reception staff (*le personnel de l'acceuil communal*) on how to engage with citizens and on how to successfully perform conflict management and mediation. According to Interviewee 4, the project was successful in mitigating these tensions by creating a competence pool of individuals trained in communication with the public and on participatory measures in seven municipalities.

Findings from the GIZ's project in Tunisia

A similar dynamic occurred within the GIZ's project in Tunisia, which has thus far created 13 citizen offices. In the words of Interviewee 2,

> so it sounds very operational, the idea of citizen office, but it touches on information and power-base, both on the local and national level. If you re-organize a municipality, not letting in the citizens to every office anymore, this touches existing structures in terms of corruption, so you reduce the possibility for each and every agent in each and every step of a procedure to take bribes, you create transparency, and this can really touch local power structures.

Finally, the GIZ's project in Tunisia also seems to have empowered the municipalities vis-à-vis the central administration. As Interviewee 2 explained, due to the change in the legal framework (self-determination),

> municipalities can [now] decide on their own whether they want to open up a citizen office and how to organize themselves and this has touched very much the former comprehension of political leaders that if the Ministry of Local Affairs or the Interior says something, the municipalities have to follow. […] It was also a learning process for the decision makers, as questions were asked, 'Are we allowed to do this? And how does it fit in our organigram which has maybe been advised by the ministry, because it's totally different?' […]. Currently we have 60-70 cities who demand a citizens office, but it is not yet in the official government policy, so it is our task right now to work on a scaling up strategy to include it in public policies at the national level.

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Indeed, the GIZ also helps municipalities and the federation of cities to lobby the central government, by conducting evaluations of the performance of citizen offices in order to prove that they have a positive impact.

Summary of findings

The findings presented here demonstrate that the implementation of the two World Bank programs clearly threaten the discretionary power and entrenched ex-ante *tutelle* practices held by central administration staff, especially in the area of fiscal transfers. They also provide strong incentives for municipalities to comply with transparency-enhancing legal obligations, such as the publication of financial statements. There are furthermore signs that they encourage a healthy competition between municipalities. While this chapter did not examine the BMZ's leverage over the decentralization reforms (e.g. through loans provided by the KfW), it seems that the GIZ's technical expertise and significant staffing does not translate into real influence on the reform implementation process, although it provides important support to strengthen state-society relations at the local level. The GIZ projects analyzed here seem to have contributed to higher levels of scrutiny by citizens over municipal affairs, thereby interfering with existing structures of corruption, and to increased empowerment of the municipalities vis-à-vis the central administration.

The extent of donor coordination, and technical assistance overload?

The third research question inquires about the extent of donor coordination around the decentralization reforms, which would minimize the risk of fragmentation and duplication as well as of national stakeholders "playing off" various donors against each other to maximize their benefits without committing to fundamentally challenging the elites' vested interests.

In Morocco, the GIZ project on municipalities has worked closely with the World Bank program. As interviewee 4 explains, "some of the things we helped our municipalities get to do regarding, for example, the satisfaction surveys or complaints mechanisms is something that is part of the World Bank indicators. And almost all our partner municipalities are now part of the hundred municipalities which are within the Bank's program". However, in general, we know that donor coordination is hampered by the fact that the DGCL seems to prefer to keep each donor isolated from

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others (see Bergh 2016, 13). In other words, it is possible that the regime's strategy regarding donors is similar to its strategy vis-à-vis domestic elites, i.e. "divide and rule".[60]

In Tunisia, most of the municipalities in which the GIZ works are also part of the World Bank's program (Pers. Comm. Interviewee 2 on 29 March 2021). In general, there seems to be a shared vision between different donors, not least because the decentralization process in Tunisia is still very basic. As Interviewee 5 observed, "we are not thinking very creatively about sophisticated details yet, we are really in the foundation of it and in the foundation you can't disagree much at this point in time". This was confirmed by Interviewee 2, especially regarding donor coordination around support for the newly created municipalities.[61]

However, the sheer volume of technical assistance for decentralization, at least in Tunisia, could become problematic. As Interviewee 5 pointed out:

> There is an overburden today in Tunisia with a lot of technical assistance. There are millions and millions of dollars thrown into the decentralization process in terms of technical assistance. I think there is a fatigue of that and there is a confusion. […]. There's too much of it and there is limited government absorption capacity. You need to multiply your government by 20 to be able to absorb all those studies and TA and consultants roaming around on this topic. […] You know, the donor community loves this topic, as we said it's part of the social con-

60 According to Vollmann et al. (2020, 7), the regime encourages political competition through decentralization reforms as part of a broader strategy to balance power relations between elites on all levels of government. The 2004 OECD-DAC study on donor support to decentralization (OECD 2004, 10) concluded that donor coordination is generally considered weak, both at national and local government levels. This is due to the common belief that donor co-ordination should be the government's responsibility rather than that of donors themselves, the need for agencies to deliver a readily identifiable product, and governments' preference of dealing with donors on an individual basis (see also Ismail (2019, 6) on the fragmentation of donor technical assistance in North Africa).

61 However, the 2019 CoMun evaluation report (GIZ 2019, 8) notes an example of incompatibility between GIZ and the World Bank projects, as the "sustainability of the [participatory budgeting] instrument is threatened by a conflict with the *CPSCL*, which regards the participatory budgets supported by GIZ as incompatible with the conditions it has established jointly with the World Bank for municipalities wishing to draw on funds from the Bank's Programme for Urban Development and Local Governance that is implemented countrywide".

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> tract, part of voice and accountability, I understand why they love it but I think they are loving it too much.

The Tunisian government's reaction is arguably one of disbelief at the sheer amounts involved, but it has limited leverage in redirecting the funds to funding municipal investments themselves as TA mostly comes in the form of grants, not loans, and it may see the benefits in terms of local employment creation. Interviewee 5 concluded by saying that "for the country, there needs to be a rethought about of how we support the decentralization process, how do we leverage each other effectively, that's extremely crucial".

Conclusion

This chapter explored the role of two dominant external actors in the decentralization reforms in Morocco and Tunisia, namely the World Bank and the GIZ, and the extent to which they "Think and Work Politically" (TWP). Regarding elite capture, in its design stage the World Bank's analysis (as reflected in the Program Appraisal Documents) is quite explicit for Tunisia, while it uses more technocratic and depoliticized language in the Moroccan case. The GIZ seems to rely mostly on political economy expertise found within its large pool of local staff as well as expertise acquired on-the-job by its international staff, especially in the Moroccan case.

The findings of this chapter moreover demonstrate that through their focus on removing ex-ante *tutelle* practices held by central administration staff in the area of fiscal transfers, the implementation of the two World Bank programs very likely disrupts neopatrimonial networks. Through their PforR aid modality and significant financial size, the programs also provide strong incentives for municipalities to comply with transparency- and accountability- enhancing legal obligations. On the other hand, as an implementing agency providing technical assistance only, the GIZ's projects operate predominantly at the "local" level of the central-local relations. By providing important support to strengthening the "demand-side" of accountability within decentralization reforms, for example through setting up citizen bureaus, the GIZ projects have the potential to interfere with existing local structures of corruption. The programs and projects reviewed here thus reflect the conceptual distinction that "making decentralization work is about more than just supporting local governments; it is about strengthening the system of governance in which decentralized governments take part" (Dickovick 2013, 7); whereby the GIZ focuses more

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on the former and the World Bank on the latter. By including important components of downward accountability through different types of interventions, both actors' interventions arguably contribute to mitigating the risk that decentralization leads to the reconstruction of clientelism at the local level in both countries (Eaton et al. 2011, 24).

Evidence for the third research question is more limited. In both countries, the broad geographical coverage of the World Bank programs includes most of the municipalities participating in GIZ projects. It appears that when decentralization processes are at a more "basic" stage, donor coordination is stronger (and the ability of the government to play off various donors therefore weaker). Thus, donor coordination in Tunisia is more pronounced than in Morocco. Particularly in Tunisia, the issue of an overload of technical assistance at the expense of funding municipalities themselves was raised as an urgent concern. However, this focus on technical assistance could also be a deliberate strategy by donors to minimize the risk for political manipulation and neopatrimonial exploitation of their involvement.

By analyzing the mechanisms of the donor programs and their relative influence on entrenched local interests, the chapter further nuances (and updates) the argument made by Vollmann et al. (2020, 26) that the reforms in Morocco (and Jordan) "may have helped to appease protesters and threats from the periphery for a while […but that] a potential drive for change is hindered by a vast fiscal dependency of decentralized institutions on central state transfers, the enduring *de jure* and *de facto* control on behalf of the center, as well as by the strong presence of subnational elite circles that are primarily mirroring central elite compositions". Indeed, the authors conclude rather pessimistically and categorically that "so far, the implementation of decentralization reforms in Jordan and Morocco contributed to authoritarian upgrading rather than an empowerment of subnational autonomy in the sense of western donors' and civil society activists' expectations".[62]

The findings presented in this exploratory chapter show that the World Bank (with support from other donors, including Germany) is aware of the local political context in both Morocco in Tunisia, and is utilizing the significant loan volumes to exercise considerable leverage on changing center-periphery relations towards more autonomy for municipalities. These findings appear evident despite the limited available data, and des-

62 See also Khakee (2018) for case studies on illustrating the complex mechanisms linking democracy aid and hybrid regime strengthening in the Moroccan case.

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pite the fact that Morocco and Tunisia – like many countries in the region – are using the Covid-19 pandemic as an excuse to re-centralize certain powers under emergency rule.[63] A further finding is that while the GIZ is not as centrally involved in key political economy aspects, due to the limited mandate granted by the BMZ, its work on the "demand" side of cooptation holds significant potential to generate civilian scrutiny of local patron-client relations. Particularly the establishment of citizen offices may strengthen accountability mechanisms and curb the tolerance toward corrupt behavior.

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63 See Magri (2020) and the contributions in POMEPS (2020).

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