Assessing the Institutional Environment of Local Governments in Africa

2015, 2nd Edition

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Foreword

THREE years after the publication of the first assessment, United Cities and Local Governments of Africa and Cities Alliance are pleased to present the 2015 edition of *Assessing the Institutional Environment of Local Governments in Africa*.

Ten criteria were identified in 2012 to assess the enabling environment that each African Government provides for its cities and local governments. Each country was analysed to assess its progress with – and their constraints on – decentralisation, and then rated on a scale of 10 to 40. Three years later, this new assessment presents both the current situation, and a means to measure progress.

Generally, the news is good: the overall trend is one of modest but tangible improvement in the latitude afforded by Governments to city and local government action. Across the continent, the average rating in 2015 rose by 6% over the 2012 ratings. Twenty-three countries have made progress, mainly in Southern Africa and, to a lesser extent, in East Africa. With some variation from country to country and across regions, these improvements are in four main areas: financial transfers from central governments to local authorities; transparency in the management of local affairs; citizen participation; and the frameworks established for local government capacity building.

On the negative side of the equation, a clear majority – some three-quarters of the countries – received ratings below average and still need to make major progress in implementing structural reforms.

Paradoxically, the existence of urban strategies was the assessment criteria that saw the least progress. The recently adopted Sustainable Development Goals' recognition of the role played by cities is particularly significant in Africa, the continent with one of the highest rates of urban growth, especially among small and medium-sized cities. Through the adoption of its roadmap *Agenda 2063: The Africa We Want*, the African Union clearly sees cities as drivers of the continent's structural transformation. This vision will feed into the October 2016 Habitat III Conference, where the international community is expected to adopt a new urban agenda – an agenda that will need African cities and local governments to be sufficiently empowered and resourced to meet Africa's challenges and opportunities. ■

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Introduction

The present report on the enabling institutional environment for cities and local authorities follows up on the first edition of this rating, which was drawn up in 2012 and published in 2013. This report is being published for the 7th Africities Summit, which will be held in Johannesburg (South Africa) from 29 November to 3 December 2015.

This second report updates the country ratings produced in 2012, and analyses changes that took place in the institutional environment for cities and local authorities between 2012 and 2015, especially in countries where major changes in the institutional environment for local governance have occurred, notably Burkina Faso, the Democratic Republic of the Congo, Kenya, Mali, Morocco, Senegal, South Africa, Tunisia, Uganda and Zimbabwe.

First, in collaboration with the national associations of local governments, countries that have undergone major institutional changes during this period were examined in detail, specifically: Burkina Faso, the Democratic Republic of the Congo, Kenya, Mali, Morocco, Senegal, South Africa, Tunisia, Uganda and Zimbabwe. A number of events deserve particular attention. The constitutional reform in Kenya has reorganised public governance into two spheres, the national level and the county level. There is also a constitutional reform underway in Tunisia but it has not yet implemented the new provisions on decentralisation, which means that local governments are still currently managed by special appointed delegations instead of elected councils. A constitutional amendment in Zimbabwe has strengthened the role of local governments. Senegal has reformed its Act III on decentralisation. Institutions in Burkina Faso have been reorganised following the 'Revolution' which occurred after the former President of the Republic left power, resulting in the implementation of new legislative and regulatory provisions on decentralisation. Following the crisis in northern Mali, peace agreements have been signed that have major implications for decentralisation policies. The 'Back to the Basics' approach adopted in South Africa redefines the responsibilities of local governments within the country. In Morocco, the advanced regionalisation provided for in the 2011 Constitution has been implemented and local elections were held in September 2015. The Democratic Republic of the Congo has redrawn the borders of its provinces. Finally, Uganda has made progress in local government financing and strengthening the role of cities in development.

Second, the information and data necessary to update country ratings were gathered for all countries.

The criteria used to assess the enabling environment afforded to cities and local authorities were the same as those used in 2012: (1) provisions in the constitutional framework; (2) provisions in the legislative framework; (3) provisions on local governance; (4) provisions on financial transfers from the central government to the local authorities; (5) provisions concerning local authorities' own revenues; (6) provisions on capacity building for local authorities; (7) provisions on transparency in the operation and management of local authorities; (8) provisions on citizen participation; (9) provisions regarding local government performance; and (10) the presence or absence of a national strategy to manage urbanisation.

Next, the country descriptions were updated by examining the following questions: Is the information provided on each country up-to-date and accurate? Are any key elements missing from the descriptions of the situation?

Finally, the reform proposals were updated based on answers to the following questions: Are the recommendations and proposed reforms consistent with the new situations described and the analyses conducted? Are the proposed reforms relevant and adequate to improve the enabling environment for cities and local governments? Are these proposed reforms presented in proper order of importance? Are they sufficiently explicit to provide concrete guidance as to what action to take?

The drafting of the present report involved contributions from a number of individual consultants who worked on re-writing the ratings for countries that have undergone structural changes in their institutional environments. They are Mr Amagoin Keita (Mali), Mr Somé Wahir Justin (Burkina Faso), Ms Hinda Gafsi (Tunisia), Ms Najat Zarrouk (Morocco), Mr Patrick Karenja (Kenya) and Mr Selesho Seldge (South Africa).

All updated ratings received feedback, criticism and suggestions from the following people: Mr Patrick Mutabwire, Ministry of Local Government (Uganda); Mr Youssouf Diakhité, Association des Municipalités du Mali (AMM); Mr Arnos Sossou and Ms Georgette Djenontin, Association Nationale des Communes du Bénin (ANCB); Ms Rose Gamwera, Uganda Local Government Association (ULGA); Mr Rodgers Morhentiy, Zimbabwe Local Government Association (ZILGA); Mr Charles Chunga, Malawi Association of Local Governments (MALGA); Mr Maurice Mbolela, Local Government Association of Zambia (LGAZ); Ms Ruth F. Dube-Maziya, Town Treasurer, Ezulwini Municipality, Swaziland; Mr Arzika Harouna, Association des Municipalités du Niger (AMN); Mr Annaïm Ouma Abderahman, Association Nationale des Communes du Tchad (ANCT); Mr Franck Ayessa and Mr Ted Wilfried N'kokolo, Association des Municipalités du Congo (AMC); Mr Ludovic Etoundi Essomba Many, Executive Secretary, Communes et Villes Unies du Cameroun (CVUC); Mr Jean-Baptiste Yohanabatiza, Association Burundaise des Elus Locaux; Mr Housni Mohamed Abdou Madi, Secretary General of Local Government, Comoros; Mr Habraham Shamumoyo, Association of Local Authorities of Tanzania (ALAT); Mr Ludo Matshameko, Mr Pheko Steve Mylon and Mr P. Taunyane, Botswana Association of Local Authorities (BALA); Mr Sissay Dejen, Director, Ethiopian Cities' Network, Ethiopian Cities Association (ECA); Mr Gaston Oulai, Director of Economic and Financial Oversight for Local Governments, Ministry of the Interior, Côte d'Ivoire; and Mr Eduardo Nguena, Financial Director for the City of Maputo.

Peer review of this report was provided by representatives of national associations of local governments and the Ministries in charge of local governance.

The peer review of the present report also benefited from the expertise of two founding members of Cities Alliance: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in Germany under the direction of Ms Anka Derichs and Ms Johanna Bade; and the French Ministry of Foreign Affairs and International Development under the direction of Ms Hélène Julien. These institutions mobilised their in-country technical staff to review the ratings produced for the countries where they operate. ■

Methodology

1. The Project: Assessing City Enabling Environments in Africa

A joint initiative of the Cities Alliance (CA) and the United Cities and Local Governments of Africa (UCLGA)

Rapid urbanisation is an indisputable fact in Africa, and cities across the continent are increasingly driving national economies. Despite their growing role, many cities lack the institutional environment necessary to manage urbanisation in a sustainable way that includes their poorest residents.

The initiative proposes to assess the city enabling environment in 50 African countries according to 10 commonly agreed criteria. The goal is to help cities and local authorities determine what actions should be taken at the national level to increase effectiveness in urban management.

This joint initiative seeks to catalyse public debate on how urban policy can help create environments that are conducive to the productive, sustainable and inclusive development of African cities.

The Cities Alliance is a global partnership for urban poverty reduction promoting and strengthening the role of cities in sustainable development.

The UCLGA is the united voice and representative of local government in Africa, representing nearly 350 million African citizens. It aims to strengthen the role of local governments as key partners in urban development across the continent.

What are the objectives of the CEE initiative?

The initiative aims to create a framework so that cities and countries can see where they stand in relation to other cities and countries, and take action to create an environment that is conducive to sustainable urban development. The rating process will help countries identify their individual challenges and help spark open discussions among stakeholders on key reforms necessary to overcome these challenges.

The initiative also seeks to help guide the support provided by international technical and financial partners.

How will it work?

The City Enabling assessment adopts a qualitative approach by assessing countries on a scale from 1 (least effective) to 4 (most effective). The indicators cover five areas – local governance, local capacity, financial autonomy, local efficiency and the national institutional framework. These five areas cover the essential elements of a city's institutional environment within the context of decentralisation and democracy.

2. The Context

Rapid and massive urbanisation in Africa is an indisputable fact. Statistics compiled by international institutions show that Africa has already passed the 40% urban threshold,[1] and nearly one out of every two Africans now lives in an urban area. On the other hand, the United Nations indicates that since 2007, the majority of people worldwide now live in cities, despite the fact that neither Africa nor Asia have yet reached that point. In both regions, the dynamic of catching up with other world regions has begun and accelerated, and experts estimate that the rate of urban growth in Africa will be double that of the rest of the world over the next 20 years.

In developing countries, and particularly in Africa, during the first decades following independence, fear and loathing of cities nourished such strong intellectual, political and media currents that cities were long accused of every evil and seen as a burden and an obstacle to development. Given this aversion, few countries have developed strategies to cope with the challenges posed by rapid urbanisation. When such urban strategies do exist, their focus has rarely been on cities' contribution to national economic development. Yet, since the middle of the last decade, the World Bank has shown that in countries whose urban population has reached or exceeded 30% of the total population, cities contribute more than two-thirds of Gross Domestic Product. In other words, experts have demonstrated that the development of African countries is increasingly linked to the performance of their cities.

With the opening of countries and their connection to the global economy, African cities will play an even larger role. The main impact of globalisation on African economies is the redeployment of productive activities around urban areas. If the trends in how production systems are organised and their relationship to the space resulting from the increasing internationalisation of the world economy were to be confirmed (polarisation of activities in urban areas, demands for innovation, etc.), the performance of cities will become, even more than in the past, a major contributor to countries' economic growth.

[1] Africa's average urbanisation rate obscures large disparities between its five regions: North Africa and Southern Africa have reached the 50% urbanisation threshold; Central Africa and Western Africa have about 40% urbanisation; and East Africa is the least urbanised at 24%. These data show, once again, the rapid pace of growth in the urban population in all the regions over the following decades.

The current situation in most African cities shows that most African decision makers have not yet grasped the importance of the proper functioning of cities for the proper functioning of national economies. We also know that this proper functioning is best ensured when the government respects the principle of subsidiarity. In other words, as long as cities and local authorities are not put in a position to take initiatives and be at the forefront of actions to make African cities more inclusive, competitive, sustainable, safer and better managed, there is little chance that Africa will overcome the challenges posed by rapid urbanisation.

This is why it seemed necessary to alert the national governments of Africa of the urgent need to establish an environment conducive to the initiative and autonomy of cities and local authorities by providing an assessment that allows them to benchmark themselves against the minimum standards required for cities and local authorities to contribute significantly to effective management of urbanisation in Africa.

3. Criteria for Evaluating Countries Based on the Favourable Enabling Environment they Offer to Cities and a Presentation of the Ratings

The following 10 criteria were used to assess countries based on the enabling ***environment*** they offer to their cities and local authorities:

1. provisions in the constitutional framework;
2. provisions in the legislative framework;
3. provisions on local governance;
4. provisions on financial transfers from the central government to the local authorities; 5. provisions concerning local authorities' own revenues;
6. provisions on capacity building for local authorities;
7. provisions on transparency in the operation and management of local authorities;
8. provisions on citizen participation;
9. provisions regarding local government performance;
10. the presence or absence of a national strategy to manage urbanisation.

3.1. Constitutional Framework

The best guarantee for action by cities and local authorities is a national constitution that recognises local government as an autonomous sphere of governance equipped with legal powers and financial autonomy, and with clearly defined roles and responsibilities. In this way, the decentralised communities and the nation-state both derive their legitimacy from the same founding document and fundamental law.

The rating system assigns a grade of 4, the highest score, to countries where the responsibilities of local governments are precisely and relatively exhaustively defined in the constitution. Countries whose constitutions explicitly mention local authorities as an autonomous level of public governance, but where the roles, status, and powers of these local authorities are defined in separate legislation, receive a grade of 3. A grade of 2 is given to countries whose constitutions are neutral on local authorities, leaving a large margin for the law to define the role and content of the tasks of local authorities. The lowest grade of 1 is given to countries whose constitutions implicitly or explicitly limit the role of local authorities. There may be provisions in the constitution that limit the coverage of the national territory in local authorities, or limit the autonomy of local authorities, or introduce conflicting provisions that make it difficult for local authorities to take initiatives.

The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities.	4
The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.	3
The Constitution is neutral on the question of local governments.	2
The Constitution contains provisions that implicitly or explicitly restrict the actions of cities and local governments.	1

3.2. Legislative Framework

In many cases, constitutional provisions are complemented by constitutional laws and legal texts that clarify specific matters for which local authorities play an individual role or share a role with the central government or other sub-national government levels. The laws specify in principle the role of local authorities in activities such as development, planning, management of local institutions and human resources, management of taxation and finance, provision of basic services, etc. The legislative framework that is the most favourable is one inspired by the principles of subsidiarity and complementarity between levels of governance, differentiation, solidarity and efficiency.

Countries where the legislation is clearly in line with the constitution, where it provides the provisions outlined above, and where application decrees have been promulgated and are applied receive a rating of 4. In countries where the law is as described above but whose implementing legislation has not been passed or is not applied, the score is 3. Countries where either the constitutional provisions and laws are inconsistent or certain constitutional provisions are not implemented are given a score of 2. Countries where legislation about local authorities is changing, and whose provisions are neither clear nor consistent, receive a score of 1.

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.	4
All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing.	3
A number of legislative provisions are in conflict with the Constitution, or some provisions in the Constitution are not implemented.	2
The legislation is unstable and inconsistent.	1

3.3. Local Democracy

It is generally believed that the appointment of deliberative and executive local bodies through democratic elections is essential for the accountability of local government leaders vis-à-vis citizens. It results in better governance and better service delivery to the people. It helps improve trust between the people and the local government institutions and, in so doing, also fortifies the decentralisation process.

Countries whose laws and regulations ensure the appointment of local assemblies and executive bodies through democratic elections across the entire country receive a grade of 4. Countries that provide for elected local assemblies and executive bodies, but where the decentralisation process

does not apply to the entire nation, or where local elections are not held in all local communities, receive a grade of 3. Countries where local councils are democratically elected, but where executive bodies are appointed by the central government (from either within or outside the assembly), are given a rating of 2. Countries whose local assemblies and executive bodies are appointed by the central government receive a score of 1.

Local assemblies and executive bodies are elected throughout the country.	4
Local assemblies and executive bodies are elected, but not necessarily throughout the country.	3
Local assemblies are elected, but executive bodies are appointed.	2
Local assemblies and executive bodies are appointed.	1

3.4. Financial Transfers from the Central Government to the Local Governments

The autonomy of cities and local governments depends on how they are financed. The financing of local governments must be related to their missions. Three major types of tasks are generally carried out by local authorities: those for which they act as agents of the state (i.e. vital records, police, economic development policy, territorial planning policy, employment policy, etc.); those for which they partially play the role of agent for the central government (i.e. national sectoral policies, equity and welfare policies, policies supporting young people, women, pensioners, the disabled, etc.); and those that concern just the local government (i.e. municipal services, administrative work, waste management, etc.). The first two types of tasks justify financial transfers from the central government to cities and local authorities. These transfers are meant to correct imbalances between the tasks assigned to the local authorities and their limited resources, correct disparities in revenue generating potential among local governments, and promote national goals in terms of equitable living conditions and development. The amount of the transfers may be a specific percentage of central government resources or defined *ad hoc* from one year to the next. Transfers must be adequate (they must cover the expenses transferred to the local authorities), and be based as much as possible on transparent and predictable formulas. The use of transferred resources may be conditional or unconditional.

A rating of 4 is given to countries that: define a predictable amount of state resources allocated to local governments, whether it is a percentage of state resources allocated to local authorities, or based on the cost of the responsibilities transferred; use transparent mechanisms for financial transfers from the central government to the local authorities and for their distribution according to known formulas, making them predictable; and allow as much freedom as possible in the use of the transferred resources. A rating of 3 is given to countries that have established a national amount of predicable resources for local governments, which are distributed according to known formulas, but where most transfers are conditional, which greatly reduces the decision-making autonomy of local authorities in determining their use. A rating of 2 is given to countries that practice regular transfers from the central government to the local governments, but where the national amounts or methods of distribution are not transparent, leading to low predictability for the recipient local governments. A score of 1 is assigned to countries that either do not make transfers from the central government to the local governments, or where the practice exists but is erratic, unpredictable and non-transparent.

The transfer of resources to local governments and their distribution among local governments are clear and predictable, according to a transparent formula and without restrictions on how they may be utilised.	4
The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).	3
The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula.	2
Resources are not transferred, or are transferred erratically and irregularly.	1

3.5. Local Governments' Own Revenues

The action of cities and local authorities depends largely on their financial autonomy. This is largely determined by the revenues local communities raise from local taxes, fees paid by local users for services rendered, revenue-generating activities initiated by local governments, and/or income from loans or bonds. Public/private partnerships are another form

of financing capital investment that build on the local governments' own revenues. Local authorities have some leeway in determining the nature and level of their fees and charges, because their base and rates are set within the framework of the law or are determined at the central government level. Their autonomy is more or less effective depending on whether they collect local fees and taxes themselves or whether they must rely on the central government for their collection. Their latitude is more or less extensive depending on whether or not the law allows them to borrow money and/or resort to the financial market to finance some of their actions.

Countries where local governments can legally set or change the base and rates of fees and local taxes, create new taxes, collect these taxes themselves, and access loans and the financial market receive a score of 4. Countries where local governments can determine the base and rate of existing local taxes, and collect the revenues from those taxes but must rely on the central authorities to create new taxes or to access loans and/or the financial market receive a score of 3. Countries where local governments can determine the rate of existing local taxes but where the base is fixed at the central level without the possibility of modulation at the local level, where collection is the responsibility of central government offices, and where local governments cannot borrow and/or access the financial market receive a score of 2. Countries where the ability to determine and collect local taxes is exclusively the responsibility of the central government and where the local authorities are prohibited from borrowing and/or accessing the financial market receive a score of 1.

Local governments have total autonomy to determine tax base, rates and fees, and to collect the corresponding revenues; access to financial markets is allowed.	4
Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets.	3
Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.	2
The central government defines and collects local government revenues.	1

3.6. Capacity Building of Local Government Administrations

Capacity building of local government administrations can be defined as 'the process through which local authorities obtain, strengthen, and maintain the capabilities to set and achieve their goals in a given environment' (see UNDP, *Primer on Capacity Development*, 2009). Four broad categories of capabilities must be distinguished: institutional capacity, which refers to rules set by the central government that are more or less favourable to local government action; organisational capacity, which refers to the policies, structures, processes and procedures that allow local governments to operate and provide leadership in their jurisdiction; human capacity with respect to the experience, tools and knowledge mastered by the human resources of local authorities (elected and staff), which enable them to identify, analyse and respond to people's needs with appropriate strategies, policies, programmes and projects, ensure their implementation, and assess their impact; and finally, societal capacity, which refers to the empowerment of the community to hold local authorities and administrations accountable for the services they offer and the good management of the community. The criterion of capacity building as considered here focuses on the second and third categories of capabilities mentioned above (local governments' organisational and human capacities), which can increase the ***empowerment*** of local governments to take charge and fulfil their missions regardless of the environment in which they operate. For the purposes of this rating, the existence or absence of a clear national strategy for capacity building was taken into account, including standards and procedures, training systems and human resource management planning, rules on integrity in hiring and the conduct of operations by local governments, etc.

Countries that have a national framework of reference defining the qualifications and responsibilities of local government staff and a national strategy for training and promoting human resources in local governments and that implement this framework in all local governments in the country receive the highest score of 4. Countries that have a national framework of reference defining the qualifications and responsibilities of local government staff and a national strategy for training and promoting human resources in local governments but that have so far applied this framework in only a limited number of local governments are scored 3. Countries that either have a national framework of reference

defining the qualifications and responsibilities of local government staff or a national strategy for training and promoting human resources in local governments, and that have applied these in only a few local governments are scored 2. Finally, countries that have neither procedural rules, nor frameworks of reference on qualifications and responsibilities, nor national training strategies are rated 1.

There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.	4
There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments.	3
There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments.	2
There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments.	1

3.7. Transparency

Transparency is an essential element of good governance of public affairs. It is necessary for the effectiveness and efficiency of local government action and for the accountability of local authorities vis-à-vis the population. Transparency is improved greatly when citizens have access to information about the operation and management of local government; when local authorities follow a number of rules and legal procedures relating to the hiring and administration of staff, calls for tenders, procurement, and monitoring of contract execution; and when the law requires that local governments be subject to regular and independent financial and organisational audits according to a specific schedule and within a specific timeframe, and this law is applied.

Countries that have laws and regulations containing all the above provisions, and implement them in a timely manner, are rated 4. Countries where these provisions are provided by laws and regulations but these provisions are not consistently applied or are not implemented according to the mandated frequency and schedule are rated 3. Countries where only some of the required provisions are outlined in laws and regulations and where application is spotty are rated 2. Countries where there are no legal provisions requiring transparency in the operation and management of local authorities are rated 1.

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.	4
Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.	3
Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed.	2
No rules or legal provisions on transparency in the running of local governments exist.	1

3.8. Citizen Participation

To promote the people's participation in the management of the affairs that affect them is one of the justifications given for decentralisation policies. It is estimated that, as the level of public governance closest to the people, local authorities are the ultimate framework for citizen participation. This participation expresses the extent to which local authorities take into account the views and concerns of civil society outside election periods. Indeed, representative democracy is not sufficient to ensure that citizens' voices are taken into account in the management of local affairs, especially when voter turnout in local elections is often low. It must be supplemented by various forms of citizen participation, which include: various consultation processes whose mechanisms should be formalised to be effective; the possibility for citizens to submit petitions; the organisation of citizen-led referendums; the practice of participatory budgeting; expression of public opinion through satisfaction surveys on various topics that interest them, and so on. These forms of citizen participation must be prescribed and organised by laws and regulations, and their implementation must be monitored at central and local levels in order to be truly integrated into local government practices.

This integration creates the conditions for societal capacity mentioned above, which does much to instil a culture of accountability among citizens, an essential element in effective action by cities and local governments. Good urban governance cannot succeed without citizen participation.

Countries that have passed laws and regulations on citizen participation in local government management and implement these laws are rated 4. Countries that have the appropriate laws and regulations but do not implement them are rated 3. Countries that have not established laws and regulations that promote citizen participation, but allow participation at the local government level in the context of *ad hoc* projects initiated by development partners or decentralised cooperation partners are scored 2. A score of 1 is assigned to countries where there is no legislation on citizen participation and no experience of this practice at the community level.

National legislation on citizen participation exists and is applied.	4
National legislation on citizen participation exists but is not applied.	3
There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation.	2
There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation.	1

3.9. Local Government Performance

Assessing the performance of local governments should be an integral part of the decentralisation policy implemented by the central government, which should design tools to measure how effective local governments are in executing their mandate. Performance can be expressed in terms of: level and quality of services provided to local people, particularly the poorest; effectiveness and efficiency in the delivery of these services and the management of local government resources; and optimising the use of natural, human and financial resources. Monitoring mechanisms and indicators are generally needed to track progress in these various areas, and a comparative approach is often taken to benchmark local government performance against other local governments and in comparison to the national average. Countries differ according to whether they have legal and regulatory provisions for measuring local government performance, which is a major stimulus to improving the quality, effectiveness and efficiency of their actions.

Countries that have established laws and regulations governing the implementation of measures for monitoring and assessing local government performance by independent bodies and effectively apply them to all local governments are rated 4. Countries that have taken such measures but where implementation is done by the authorities responsible for supervising local governments rather than by independent bodies are rated 3. Countries where evaluation mechanisms exist but are not consistently implemented or are only implemented for a limited number of local governments are scored 2. Countries that do not have legal provisions on local government performance and have no experience of assessing local government performance are rated 1.

There is legislation on measuring local government performance, and performance is assessed by independent bodies.	4
There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.	3
Local government performance is assessed irregularly.	2
Local government performance is not assessed.	1

3.10. Urban Strategy

Urbanisation, along with decentralisation and globalisation, is undoubtedly one of the three phenomena that have the most decisive influence on the fate of African countries. How central governments are preparing to cope with the rapid urbanisation taking place in Africa – and the role assigned to local governments in this effort – will determine the effects of urbanisation on population dynamics and the development of the continent. In other words, countries that have developed a relevant urban strategy adopted by all stakeholders and availed themselves of the institutional, technical and financial resources to implement this strategy offer the best enabling environment for cities and local governments in their contributions to the effective management of urbanisation.

Countries that have a clear and relevant urban strategy including a precise implementation plan and where institutions and resources are mobilised to implement it are rated 4. Countries that have

adopted an urban strategy but do not yet have the institutions and means to execute this strategy are rated 3. Countries where thinking on urbanisation is taking place at the national level but no strategy has been defined and the means to execute it do not yet exist are rated 2. Countries where there is no urban strategy and where leaders have a sense that evolving urban developments are neither welcome nor under control are rated 1.

A clear national urban strategy exists, along with the financial and technical arrangements and capacities necessary to implement it.	4
A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.	3
National reflection on urbanisation is underway, but an urban strategy has not yet been defined.	2
No national urban strategy.	1

The rating results for each criterion are also expressed in the form of an overall report classifying the countries into 4 colours:

1. **Green** (scores of 30 or higher): countries with the most favourable environments for the action of cities and local authorities in accordance with the standards adopted;
2. **Yellow** (scores of less than 30 and greater than or equal to 25): countries whose environment is rather favourable to the action of cities and local authorities, but where some improvements are needed;
3. **Orange** (scores of less than 25 and greater than or equal to 20): countries whose progress towards an enabling environment for cities and local authorities would require major reform efforts; and
4. **Red** (scores of less than 20): countries whose environment is generally unfavourable to the action of cities and local authorities.

As part of the partnership between Cities Alliance and the UCLGA, it is proposed that this rating be used to help select countries likely to be included in the country programmes supported by the Cities Alliance.

4. Appendix. Indicators

1. Constitutional Framework

The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities.	4
The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.	3
The Constitution is neutral on the question of local governments.	2
The Constitution contains provisions that implicitly or explicitly restrict the actions of cities and local governments.	1

2. Legislative Framework

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.	4
All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing.	3
A number of legislative provisions are in conflict with the Constitution, or some provisions in the Constitution are not implemented.	2
The legislation is unstable and inconsistent.	1

3. Local Democracy

Local assemblies and executive bodies are elected throughout the country.	4
Local assemblies and executive bodies are elected, but not necessarily throughout the country.	3
Local assemblies are elected, but executive bodies are appointed.	2
Local assemblies and executive bodies are appointed.	1

4. Financial Transfers from the Central Government to the Local Governments

The transfer of resources to local governments and their distribution among local governments are clear and predictable, according to a transparent formula and without restrictions on how they may be utilised.	4
The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).	3
The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula.	2
Resources are not transferred, or are transferred erratically and irregularly.	1

5. Local Governments' Own Revenues

Local governments have total autonomy to determine tax base, rates and fees, and to collect the corresponding revenues; access to financial markets is allowed.	4
Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets.	3
Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.	2
The central government defines and collects local government revenues.	1

6. Capacity Building of Local Government Administrations

There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.	4
There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments.	3
There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments.	2
There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments.	1

7. Transparency

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.	4
Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.	3
Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed.	2
No rules or legal provisions on transparency in the running of local governments exist.	1

8. Citizen Participation

National legislation on citizen participation exists and is applied.	4
National legislation on citizen participation exists but is not applied.	3
There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation.	2
There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation.	1

9. Local Government Performance

There is legislation on measuring local government performance, and performance is assessed by independent bodies.	4
There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.	3
Local government performance is assessed irregularly.	2
Local government performance is not assessed.	1

10. Urban Strategy

A clear national urban strategy exists, along with the financial and technical arrangements and capacities necessary to implement it.	4
A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.	3
National reflection on urbanisation is underway, but an urban strategy has not yet been defined.	2
No national urban strategy.	1

Is the Latitude Afforded to Cities and Local Governments in Africa Improving?

A Rapid Analysis of the 2012-2015 Period

Elaborated by United Cities and Local Governments of Africa (UCLGA) with the support of the Cities Alliance, this publication is the second edition of the evaluation of the enabling environment for cities and local authorities in African countries. UCLGA and Cities Alliance had committed to conducting regular evaluations of the enabling environment for local authorities in Africa every three years during the first such evaluation, the results of which were presented during the sixth Africities Summit in Dakar, Senegal, in December 2012. This second edition, produced in 2015, provides an opportunity to track evolutions in the quality of the institutional environment afforded to cities and underscore the major changes that occurred during the 2012-2015 period.

Overall, the enabling environment for local authorities in Africa improved between 2012 and 2015. The overall average score increased by approximately 6%. However, this average hides strong variations between countries and regions.

Three groups of countries can be identified: (1) countries that saw significant improvement in their enabling environment rating for cities and local authorities[1]; (2) countries that saw no changes in the quality of this environment; and (3) countries where the enabling environment for cities and local authorities worsened since the 2013 evaluation. Twenty-three (23) countries saw an improvement in the latitude afforded to local governments. Among them, sixteen (16) saw improvements greater than the average for African countries. Zambia owes its remarkable progress to the clarifications provided by laws and regulations to the transfers of responsibilities, local taxation, and local government capacity building. For its part, Malawi owes its advance to local elections that allowed elected executive bodies and councils to replace those that had previously been appointed, and to the advances promoted by laws and regulations favouring the people's participation in local administration and local government performance assessment. In Comoros, the remarkable progress is linked to holding local elections.

Figure 1 below shows diverse regional trends. Southern Africa is the region that recorded the greatest advance in the enabling environment rating for cities and local authorities. Indeed, this region is home to four of the 10 countries that saw the largest improvements in their scores (Zambia, Malawi, Zimbabwe and Swaziland). The region that recorded the second greatest advance in ratings is East Africa, but it has done only slightly better than the African average. The advance in the ratings is explained mainly by changes in two countries – Comoros, mentioned above, and Kenya that adopted a single level of local government with the establishment of counties. All the other regions of Africa saw ratings improvements below the continental average. It should be noted that despite remarkable accomplishments in Morocco and the finalisation of decentralisation framework laws and regulations, everywhere else the ratings remained the same or worsened. Another significant item is that there was practically no progress made in the enabling environment for cities and local authorities in Central Africa. This region shows the worst performances in Africa in this regard.

[1] Zambia (+45%), Malawi (+33.3%), Comoros (+25%), Benin (+22.7%), Zimbabwe (+21.7%), Swaziland (+19%), Madagascar (17.6%), Mali (+15%), Burundi (+14.3%), and Tanzania (+12%).

Figure 1

Improvement in the Institutional Environment by Region of Africa
(presented in order of best to worst)

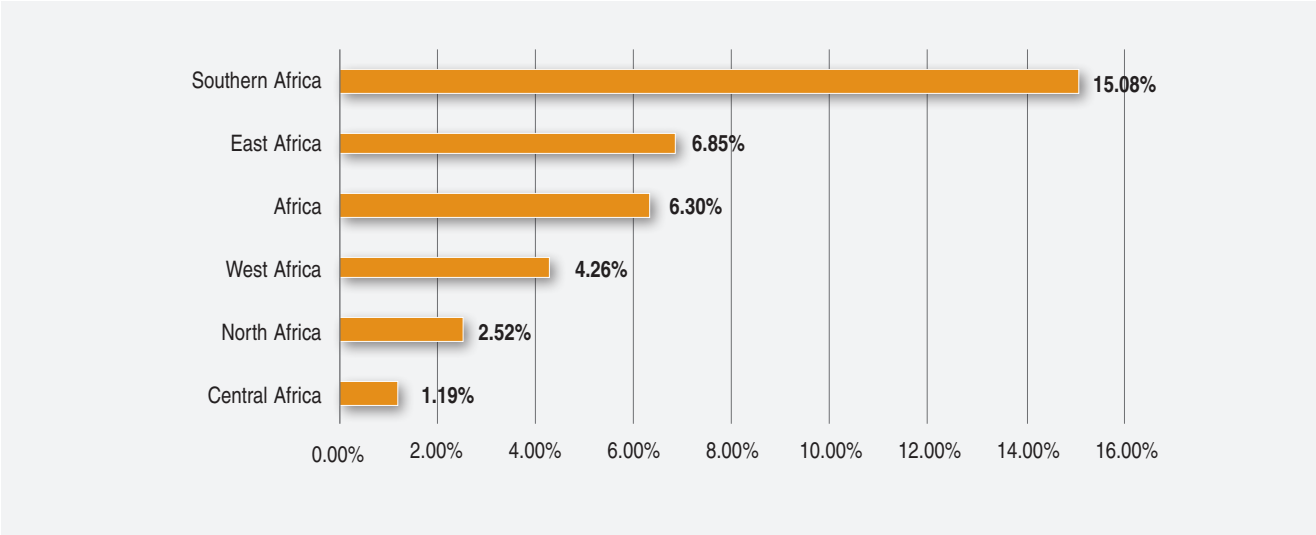
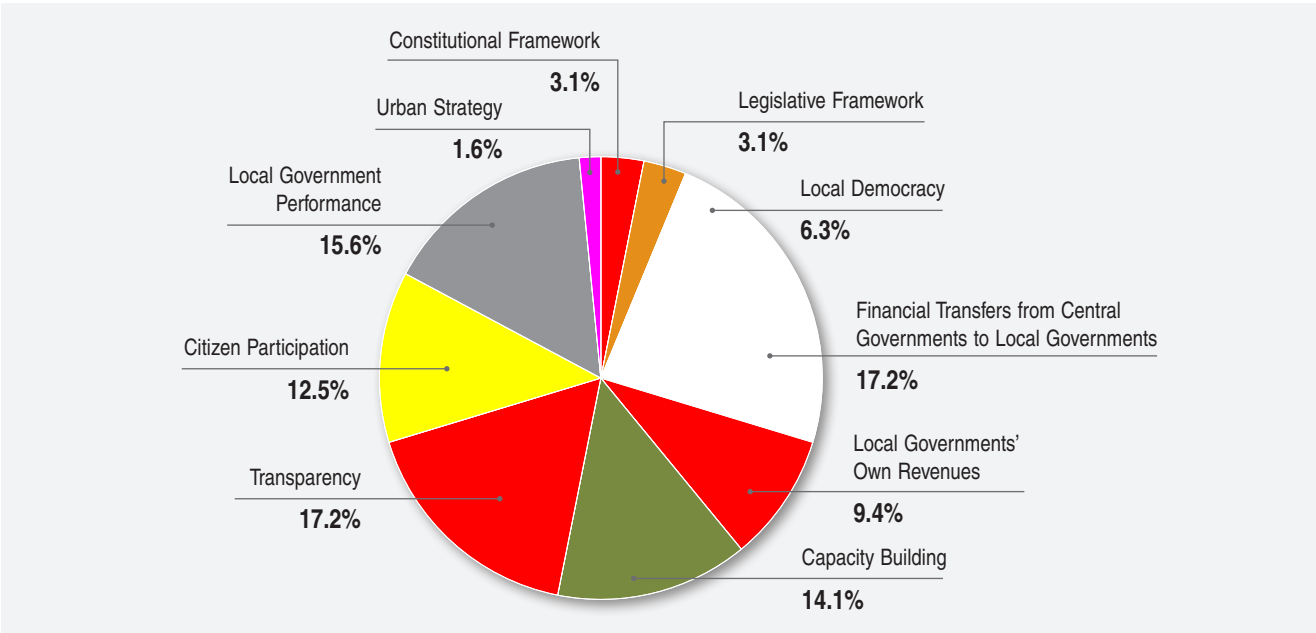


Figure 2 below shows the relative contribution of each indicator to the average improvement recorded. The four indicators that contributed the most to improvements in ratings are, in order: financial transfers from the central government to local governments; mechanisms for transparency and integrity in local government administration; the organisation of citizen participation in administering local affairs; and the frameworks set up to build local government capacities.

Figure 2

Individual Indicators' Contributions to the Overall Improvement
of the Institutional Environment in Africa

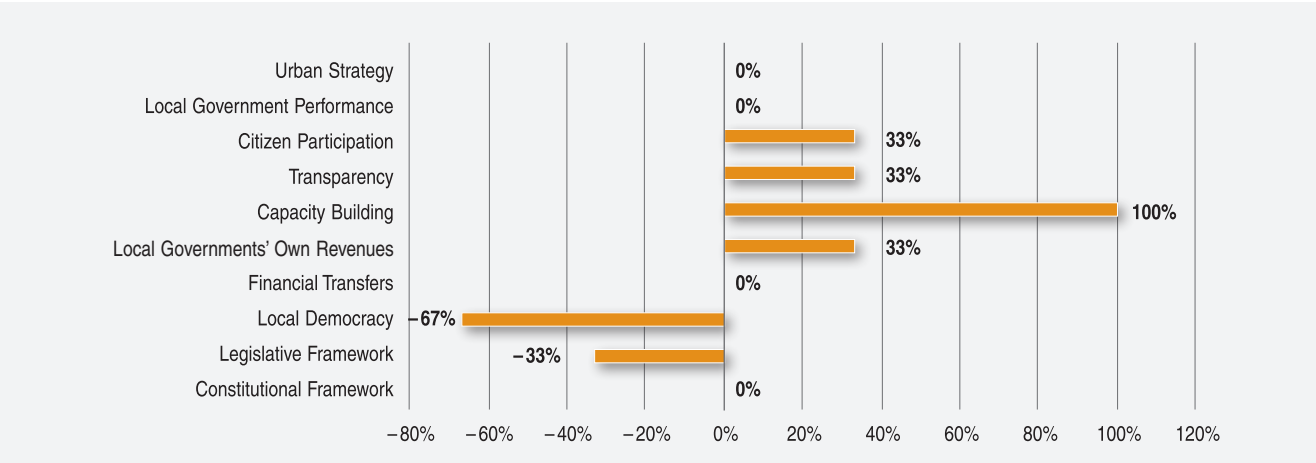


Figures 3 through 7 present the contributions of the various indicators to improving the institutional environment on the scale of different regions. Indeed, Figure 3 for North Africa shows different contributions from indicators. While there were no changes in the areas of urban strategy, financial transfers from the central government to local governments, the constitutional framework, and local government performance assessment, the same cannot be said of the other indicators. Thus, we see increases in citizen participation, transparency and own resources.

In addition, one should note the special case of local capacities where indicator quality doubled, with improvements seen in Tunisia, Mauritania and Egypt. However, some indicators regressed, as is the case for the legislative framework and local democracy. The legislative framework worsened because of the adoption of new constitutions and the necessary overhaul of laws and regulations, and the regression in local democracy can be attributed to the appointment of councils and executive bodies in the place of their elected counterparts.

Figure 3

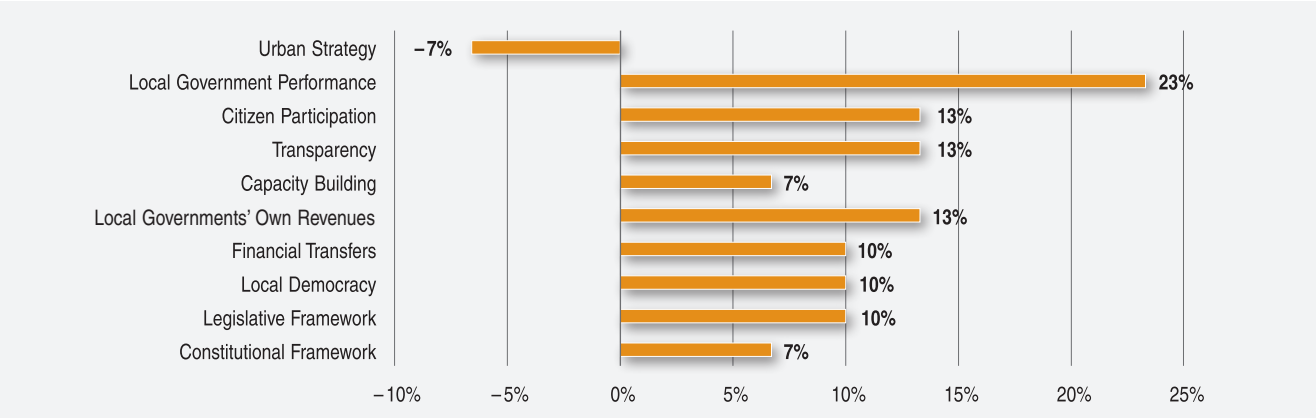
Individual Indicators' Contributions to the Overall Improvement of the Institutional Environment in North Africa



In Southern Africa (Figure 4), regular progress was seen in all indicators except urban strategy. Local capacities and the constitutional framework seem to be among those indicators that showed modest changes (7%), while improvements in local government performance was most pronounced (23%). However, urban strategy showed a clear retreat, with the end of existing urban strategies and launch of new reflection processes, particularly in South Africa where the Integrated Urban Development Framework (IUDF) is in the elaboration and consultation phase.

Figure 4

Individual Indicators' Contributions to the Overall Improvement of the Institutional Environment in Southern Africa

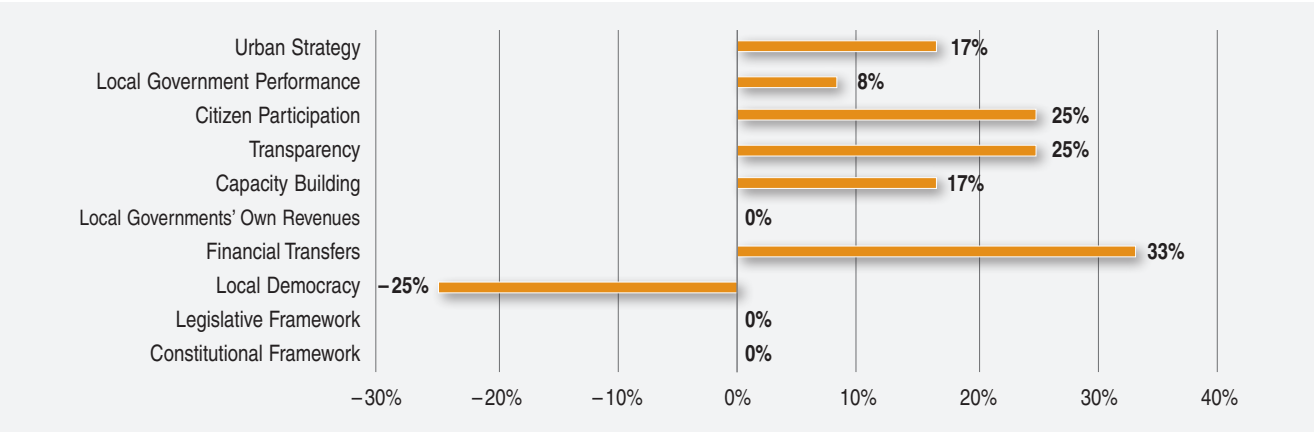


West Africa (Figure 5) is characterised by the fixed rigidity of certain indicators such as the constitutional framework (legislation outside the constitution), the legal framework (a number of application decrees are missing), and own resources (the taxation system is set and managed by central administrations). This can be explained by the predominance of countries with French administrative and financial traditions, which are characterised by vagueness in decentralisation laws, local taxation systems that struggle to become autonomous, and difficulties giving the principle of local autonomy concrete form by distinguishing the local public sphere. However, progress was noted in regard to financial transfers, citizen participation and transparency, and to a lesser extent in local government performance assessment, urban strategy elaboration and local capacity building.

Nevertheless, one should note a decrease in local democracy because, with the revolution in Burkina Faso, appointed executive bodies and councils have replaced elected authorities and councils. This phenomenon is temporary as local elections will be held in 2016 by the new authorities that emerge from the legislative and presidential elections on 29 November 2015.

Figure 5

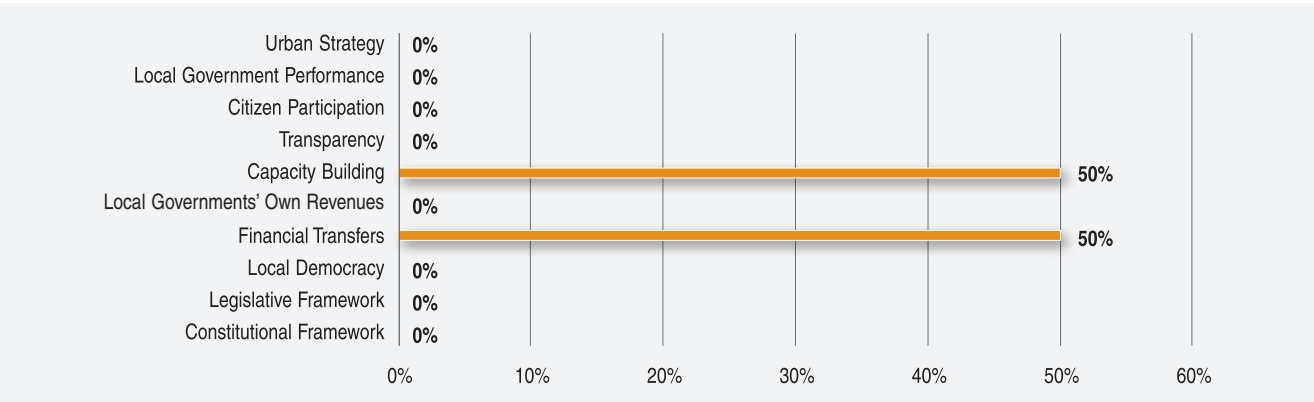
Individual Indicators' Contributions to the Overall Improvement of the Institutional Environment in West Africa



Central Africa (Figure 6) is unique in its evolution of the national institutional environment because the 1.19% improvement comes from two indicators – financial transfers and local capacities, each of which contributed half of the improvement over the period. In fact, progress in these two areas was made in Chad where the system of financial transfers to local governments improved and where a framework of reference defining the qualifications and responsibilities of local government staff and a national decentralisation stakeholder strengthening strategy were elaborated and adopted respectively in 2015 and 2013.

Figure 6

Individual Indicators' Contributions to the Overall Improvement of the Institutional Environment in Central Africa



As for East Africa (Figure 7), the indicators' impact is more scattered, although some indicators are more present than others. For instance, local democracy contributes one-third of the improvement seen over the period, specifically the local elections held in Comoros and Madagascar as local councils and executive bodies had been appointed in both countries at the time of the first edition. As for the system of financial transfers from the central government to local governments, the improvement is caused by reforms recorded in Kenya, Uganda and Tanzania. These same three countries (Kenya, Uganda and Tanzania) form the basis for the improvement recorded in performance assessment.

Figure 7

Individual Indicators' Contributions to the Overall Improvement of the Institutional Environment in East Africa

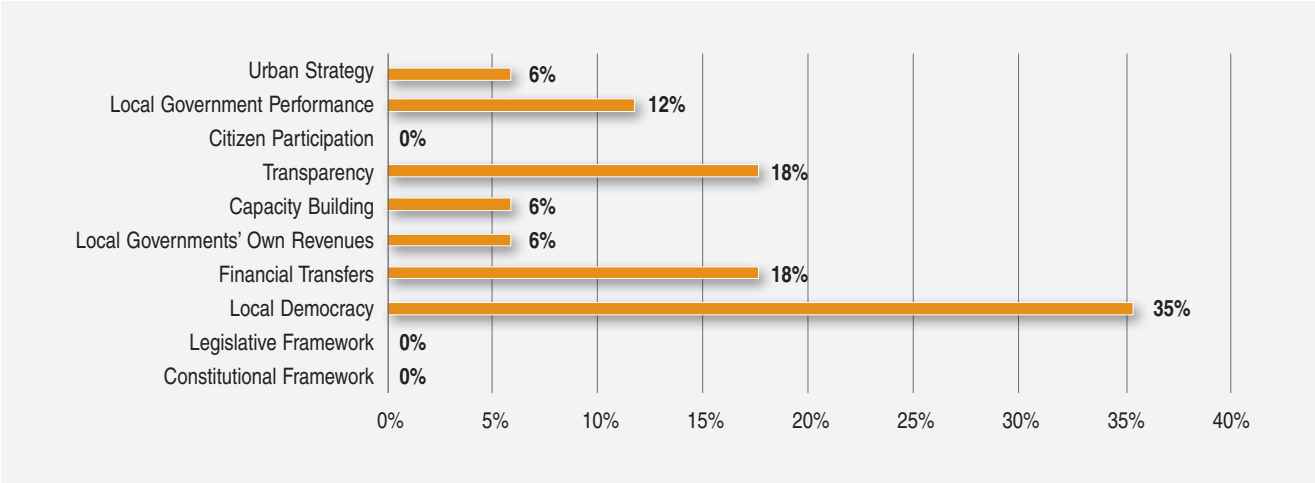


Figure 8 below shows the classification of countries in the four (4) categories adopted. It should be recalled that the countries were divided into four colour-coded groups based on the total score obtained out of 40: (a) green (scores of 30 or higher): countries with the most favourable environments for the action of cities and local authorities in accordance with the standards adopted; (b) yellow (scores of less than 30 and greater than or equal to 25): countries whose environment is rather favourable to the action of cities and local authorities, but where some improvements are needed; (c) orange (scores of less than 25 and greater than or equal to 20): countries whose progress towards an enabling environment for cities and local authorities would require major reform efforts; and (d) red (scores of less than 20): countries whose environment is generally unfavourable to the action of cities and local authorities.

When it comes to the latitude afforded to African cities and local authorities, there is still room for considerable progress and a need for significant structural improvements in many countries – 74% of the countries analysed to be specific. The largest group – 40% – is that of countries whose progress towards an enabling environment for cities and local authorities would require major reform efforts. Approximately 34% of countries have an institutional environment that is generally unfavourable to the action of cities and local authorities. Only 26% of countries – or 13 out of 50 – have an environment generally favourable to the action of cities and local authorities. Countries with the most favourable environments for the action of cities and local authorities make up only 8%.

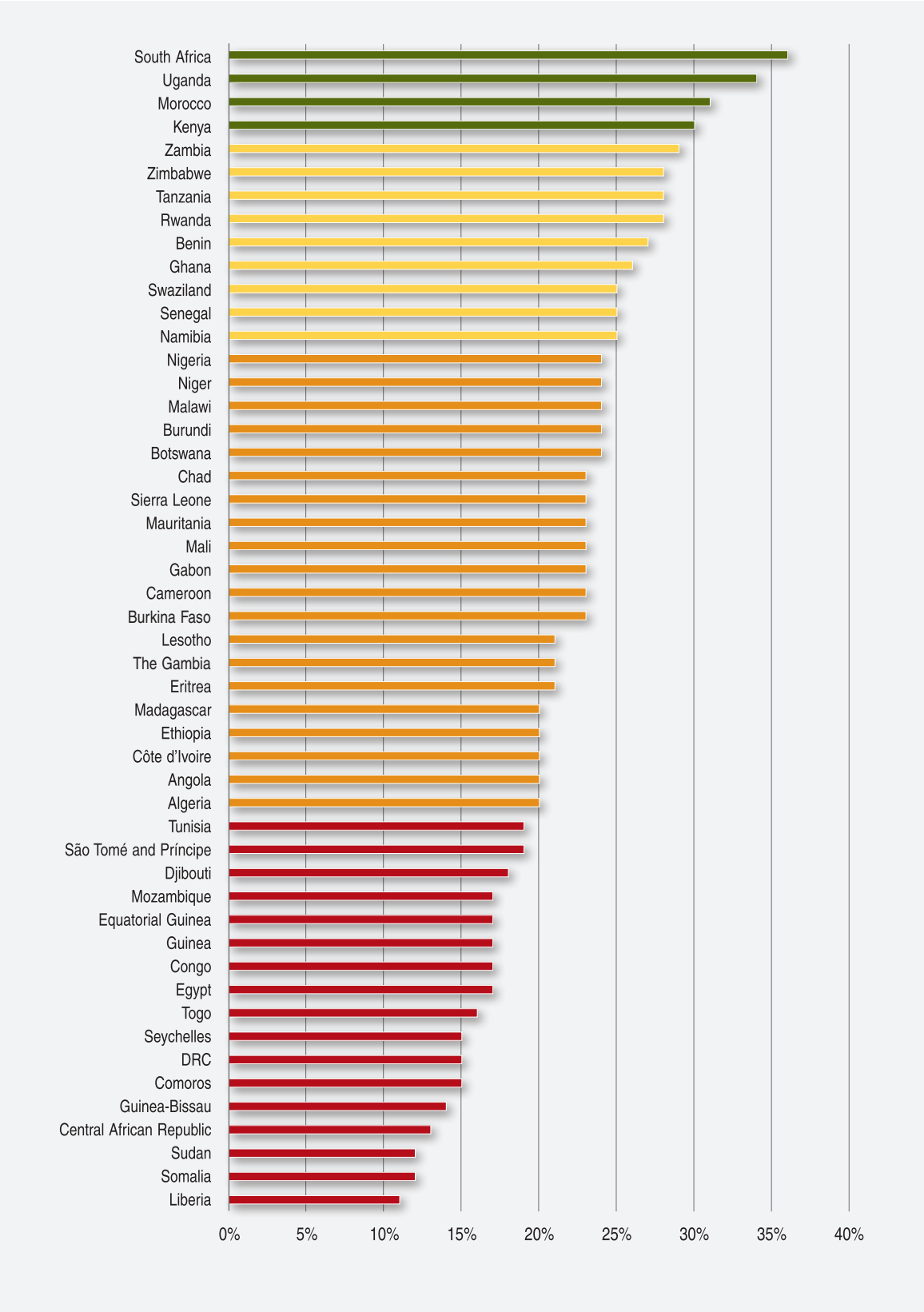
Among these four countries, three were already in this group in 2013 (South Africa, Morocco and Uganda); Kenya has now joined this group.

Nine (9) countries now have relatively favourable environments for the action of cities and local authorities whereas there were only four (4) in this group in 2013 – Rwanda, Kenya, Ghana and Tanzania. Newcomers to this group in 2015 are Zambia, Zimbabwe, Benin, Swaziland, Senegal and Namibia.

Twenty (20) countries make up the middle group that would require serious efforts to improve the environment for the action of cities and local authorities. Between 2013 and 2015, six (6) countries made these efforts and moved up a category (Zambia,

Figure 8

2015 Country Ranking Based on the Quality of the National Institutional Environment



Benin, Namibia, Senegal, Swaziland and Zimbabwe). Eighteen (18) countries do not seem to have made these efforts and stayed in the same category: Botswana, Nigeria, Niger, Cameroon, Gabon, Sierra Leone, Burkina Faso, Burundi, Mauritania, Chad, Eritrea, The Gambia, Lesotho, Mali, Algeria, Angola, Côte d'Ivoire and Ethiopia.

Seventeen (17) countries form the back of the pack when it comes to the institutional enabling environment for the action of cities and local authorities. There were eighteen (18) countries in this group in 2013. Two countries moved into the next higher category – Malawi and Madagascar. Only one country, Tunisia, joined them, moving down from a higher category. Sixteen (16) countries seem to stagnate in this category. They are São Tomé and Príncipe, Djibouti, Congo, Equatorial Guinea, Egypt, Guinea-Conakry, Mozambique, Togo, the Democratic Republic of the Congo, Seychelles, Guinea-Bissau, the Central African Republic, Comoros, Somalia, Sudan and Liberia.

The good news is that the general trend is one of improvements in the enabling environment for cities and local authorities. What is worrying is that having made progress towards setting up an enabling environment for cities and local authorities at a given point in time does not in any way predict the preservation of this environment, except when countries have made it to the top of the scale. Reaching the top of the scale should therefore be the strategic goal to pursue. Another concerning aspect is the trend of regression in financial transfers from central governments to local authorities, which in practice denies the political will expressed for decentralisation. If this trend were to continue, it could cause serious risks for democracy or even for the institutional order. The last concern is how little the presence of urban strategies contributed to improving ratings, with only a few rare exceptions. This situation is paradoxical given the rapid urbanisation on the continent and cities' contributions to national wealth and their role in the structural transformation and competitiveness of national economies as much as their exacerbation of problems of all types able to hinder a country's rapid development, improvements in people's living conditions and companies' profitability. At a time when the international community is preparing to draft a new global urban agenda, African States and Africa as a whole cannot afford the luxury of remaining silent on the role of cities in the continent's development, and this implies an urgent need to pay attention to defining urban policies and strategies on the national, regional and continental scales. ■

Country Profiles

Indicators established by UCLG Africa with the support of CA

Indicators

1. Constitutional Framework for Cities' and Local Governements' Action
2. Legislative Framework for Cities' and Local Governments' Action
3. Local Democracy
4. Financial Transfers from the Central Government to the Local Governments
5. Local Governments' Own Revenues
6. Capacity Building of Local Government Administrations
7. Transparency
8. Citizen Participation
9. Local Government Performance
10. Urban Strategy

The highest score for each indicator is 4, and the lowest is 1.

Partnership

- United Cities and Local Governments of Africa (UCLGA)
- Cities Alliance (CA)

Algeria

20/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution is neutral on the question of local governments	2
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies and executive bodies are elected throughout the country	4
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments	2
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9.	Local government performance is not assessed	1
10.	A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking	3

Explanation of the Rating

Decentralisation has a long history in Algeria. Decree No. 63-189 of 16 May 1963 was the first official text by the Algerian government to reorganise the *baladiyat* (municipalities, or 'communes') formed under French colonisation. This decree maintains Algeria's division into fifteen departments, and provides a list of the municipalities in each department and each district (*diara*). Ordinance No. 67-24 of 18 January 1967 enacted the municipal system that organises Algeria's municipalities, specifies their responsibilities, and defines how they are financed. This municipal code was modified by Law No. 90-08 of 7 April 1990, which stipulates that the municipality (*baladiyat*) is the basic local government unit, endowed with legal status and financial autonomy. Each has a name, territory and capital. Finally, Law No. 11-10 of 22 June 2011 modified the municipal code.

The Constitution of Algeria does not contain any specific chapter on local government. It does not specifically state the principle of local authorities' administrative freedom. Article 15 stipulates that the 'territorial collectivities of the State are the "Commune" and the "Wilaya". The "Commune" is the basic collectivity.' The Constitution also specifies that: 'The elected assembly represents the basis of decentralisation and a place of the citizens' participation in the management of public affairs.' Following the territorial reorganisation of 1984, Algeria has 48 *wilayas* (departments), 160 *diaras* (districts), and 1,541 municipalities all of which are governed by the same municipal status. The *wilaya* is the main unit of territorial administration, simultaneously a deconcentrated administrative unit and a local government endowed with a people's assembly.

In Algeria, the absence of certain regulations hinders the local governments from taking charge of some of the responsibilities assigned to them.

All of Algeria is divided into municipalities, and these municipalities are run by councils and elected executive bodies. The most recent local elections were held in 2012.

Financial transfers from the central government to the local governments are unpredictable and irregular. Among other things, they are inadequate because there is an obvious mismatch between local governments' responsibilities and the resources allocated to them. The Local Governments' Common Fund (FCCL, 'Fonds Commun des Collectivités Locales') manages two lines: a solidarity fund and a guarantee fund. The solidarity fund targets two types of operations: equalisation and equipment subsidies. The equalisation fund aims to mitigate inequalities and disparities in resources between municipalities and between *wilayas*. These funds supply the operating segment of local budgets. The equalisation fund takes into consideration population size and the local governments' financial situation. The equalisation fund represents five percent of the solidarity fund. Exceptional balancing grants may also be accorded to municipalities in financial difficulty that are unable to cover their mandatory spending (salaries, utility bills, etc.) or that must overcome catastrophes, natural disasters, etc. The equipment subsidies supply the equipment line in local budgets. These subsidies account for 40% of the solidarity fund. They finance capital investments in various areas such as drinking water, sanitation, electrification, etc. The guarantee fund aims to offset tax shortfalls compared to projections. However, the transfers from the FCCL are not new revenues; instead, they come from the mandatory contribution set annually at two percent of municipalities' and *wilayas*' fiscal projections. As for the share of the Value Added Tax (VAT) retroceded to the local governments, whose effective application began in 1992, its rate – which had been 17% – was recently lowered to 15%, a considerable shortfall for local governments.

Local taxation consists of the following main taxes: the tax on professional activity (TAP, 'taxe sur l'activité professionnelle'); the lump sum payment (VF, 'versement forfaitaire') on wages, salaries, allowances and emoluments; the land tax (which is the ultimate municipal tax, and generates the most revenues); and the sanitation and household waste removal levy. These taxes and levies are decided on the national level.

Although the municipal code defines the profiles of key local administration staff, the municipalities do not have qualified executive staff. Furthermore, there is no national capacity building strategy for local governments.

Algerian legislation stipulates that local government books will be submitted for annual audits; this provision is only occasionally followed.

There is no legislation on citizen participation in managing local affairs; however, some municipalities have established frameworks within which to consult civil society.

Finally, Algeria has a city development strategy elaborated in 2004; the technical and financial resources to implement it are lacking, however. As the country's urbanisation rate is over 70%, Algeria must manage an increasingly dense urban structure: between independence and the early 2000s, the number of agglomerations with populations of between five and 20 thousand rose from 95 to 580. Law No. 06-06 of 20 February 2006 on perspectives for cities contributes to this recognition of cities and their contribution to national development.

Proposed Reforms

With a rating of 20 points out of 40, Algeria is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms.

- **The first reform** should be to clarify the transfer of responsibilities to local governments. Indeed, the legislation assigns major responsibilities to the local governments. A provision confers broad responsibility on the municipalities. Under the municipal code, they may create public municipal services to meet the collective needs of their citizens. They may also run public services directly in the form of authorities. The municipalities' field of responsibility is so broad that it covers nearly all sectors of activity in addition to the classic activities conducted in the name of the government, such as vital records, national service, elections, etc. But there is an obvious mismatch between these numerous responsibilities recognised as belonging to the municipalities and the human and financial resources allocated to them. As a result, the deconcentrated state services in conjunction with their national management continue to implement sectoral policy, including in the areas recognised as being municipal responsibilities. It is therefore necessary and urgent to redefine the responsibilities of local governments to prevent an excessive imbalance in the resources allocated to them. The reform should either confirm the general responsibility provision, in which case the resources allocated to the municipalities will need to be re-scaled to allow them to fulfil their missions, or the general responsibility provision should be revised, in which case there is most probably a need to transfer bundles of responsibilities, which is more favourable to better stage-based definition of the assumption of responsibilities.

- **The second reform** should address local government financing, in regard to both local taxation and financial transfers from the central government to the local governments. The transfer mechanisms need to be revised and made more transparent and clearer for local governments. In so doing, great attention must be paid to the principle of subsidiarity, and to the financial relationships between the different levels of local government (the municipalities and *wilayas*).

- **The third reform** should address the establishment of mechanisms to foster improvements in local management. Local governments' huge budgetary management difficulties in the past caused a structural shortfall that the central government is attempting to control. In 2007, approximately 980 municipalities were in the red; in 2008, this figure had risen to nearly 1,200. Through the complementary finance act of 2008, the central government erased recorded debts of up to 22.3 billion Algerian dinars, and measures were taken to reverse this trend of shortfalls among local governments. In 2010, the number of municipalities in the red was limited to 400. There is a manifest lack of tools to assess local governments' financial management performance, and a lack of audit tools. These audits should be performed systematically and published, annually as much as possible. It is also indispensable to set up methods and tools by which to improve the quality of local public spending. This requires promoting transparency and integrity in procurement, and teams skilled in monitoring contract execution need to be formed.

- **The fourth reform** should address institutional capacity building for local governments. In 1980-1981, the Ministry of the Interior had launched an operation to recruit executives with university degrees; a few years later, nearly all the executives hired had quit. In 2008, 250 experts and university professors were mobilised to provide continuing education to upgrade local executives' skills; a similar program was organised for mayors. These initiatives have had no impact. The reform should endeavour to elaborate a national capacity building strategy by calling on the two human resources training support institutions under the responsibility of the Ministry of the Interior and Local Governments: the National School of Administration (ENA, 'École Nationale d'Administration') and the University of Continuous Education (UFC, 'Université de Formation Continue'). The reform should also cover ways to retain trained executives in local governments, notably with better career prospects and better working conditions. ■

Bibliography – Algeria

- Constitution of 2008
- Municipal Code in Law No. 11-10 of 22 June 2011
- Wilaya Code
- Country Profile, Global Observatory on Local Democracy (GOLD), UCLG

Angola

20/40

Enabling Environment Rating for Cities and Local Authorities	
1. The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities	4
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3. Local assemblies and executive bodies are appointed	1
4. Resources are not transferred, or are transferred erratically and irregularly	1
5. Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets	3
6. There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8. National legislation on citizen participation exists but is not applied	3
9. Local government performance is not assessed	1
10. No national urban strategy	1

Explanation of the Rating

The 1975 Constitution of the Republic of Angola asserts the notion of local autonomy (*autarquias*) and the administrative and financial autonomy of local governments administered by elected bodies. Despite these articles in the Constitution, the government of Angola, ruled by a single party, remained centralised. Then, Angola was the site of a lengthy armed conflict (1975-2002) which seriously hindered the country's development process. The Constitution of 1992 abolished the single-party state and strengthened the progressive deconcentration of the country with, for the first time, greater authority accorded to provincial governors. After this period, the country was once again plunged into civil war. In 1999, Angola revived its decentralisation process with Law No. 17/99 dated 29 October 1999, which set up government structures on the provincial, municipal and communal levels. But it was between 2007 and 2008 that Angola truly established a coherent policy when it elaborated the decentralisation strategy and legal framework to strengthen the responsibilities of the local governments. Angola's long-term vision document (the 'Angola Visão 2025') and its Strategic Plan for 2009-2013 both confirmed the importance of decentralisation. Law No. 02/07 on local administration set the responsibilities of local governments and formalised the people's participation in decision making through appointed provincial and municipal councils.

Administratively, Angola has 18 provinces, 163 municipalities, and 532 communes divided into neighbourhoods or villages. The communes are sub-divisions of the municipalities.

The Constitution of 2010 makes explicit mention of local governments as spheres of governance and details their recognised roles and responsibilities. Articles 213 to 222 define the responsibilities of local governments and organise the framework for their operation.

The laws and regulations that would make the transfer of responsibilities operational have yet to be passed; local governments have only a slight impact on the provision of local public services.

Assemblies and executive bodies are appointed by the government throughout the country.

In Angola, the various transfers to local governments are difficult to predict, which causes considerable problems for budgetary planning on the provincial and municipal levels.

Since 2006, local governments have had broader fiscal powers: they can set the tax base and rates for local taxes. Local governments are not, however, in charge of collecting the revenues from all local taxes.

Angola has neither a national strategy to build the capacities of local administrations nor a national framework of reference defining the qualifications and responsibilities of local government staff.

According to Law No. 02/07, local government budget execution and in-house and public bookkeeping must be done in compliance with the central government's financial management system. Audits are, however, not conducted in a widespread and systematic manner.

National laws aim to promote citizen participation through the Municipal Council for Consultation and Social Dialogue (CMACS, 'Conselho Municipal de Auscultação e Concertação Social'). However, this framework for dialogue is not in place in the local governments.

Angola has no legislation on assessing the performance of local governments when it comes to their provision of local services. Nor does it have an urban strategy.

Proposed Reforms

With an overall score of 20 points out of 40, Angola is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms. Five reforms are suggested to improve the environment for city and local government action.

- **The first reform** should involve compliance with constitutional provisions. Article 220 stipulates that the assemblies and executive bodies of local governments are elected. Yet, the heads of provinces, municipalities and

communes are still appointed by the central government. Complying with constitutional provisions by holding local elections is the priority to improve the environment for city and local government action.

- **The second reform** should address the transfer of responsibilities to local governments. Law No. 02/07 on local administration was the first to grant municipalities considerable responsibilities for the distribution, management and maintenance of water and electricity services. However, the line ministries continue to act at the local level, and the overlapping of responsibilities between the provinces, municipalities and communes causes numerous jurisdictional conflicts. The definition of responsibilities at the various levels of local government is still vague, which is problematic. For instance, education and health services are the responsibility of both the provinces and the municipalities. The provincial vice-governors are responsible for agriculture, while there are municipal-level agricultural and industrial activities in connection with agricultural development stations, input acquisition and distribution, farmer support, etc. The municipalities and communes share responsibility for sanitation and rural infrastructures, maintaining markets, and managing, cleaning and maintaining beaches and seaside resorts. It would therefore be useful to clarify and specify the exclusive responsibilities of each local government level and the metropolitan region of the capital, along with the responsibilities shared among the various levels of governance.

- **The third reform** should address how decentralisation is financed. The Fund for Municipal Management Support (FUGEM, 'Fundo para a Gestão Municipal') created in 2008 to transfer funds directly to the municipalities was a major step towards implementing Law No. 02/07 since this was the first time municipalities were tasked with managing funds to respond to local priorities. FUGEM transfers are not formula-based; local governments seem to receive the same amount, irrespective of the size, demographics, poverty levels and existing services provided. Among other things, these transfers are *ad hoc* and unpredictable. Municipalities do not have the power to purchase goods and services; procurement for goods and services is handled at the provincial level. When it comes to local government revenues, approximately 85% of total tax revenues are collected by the central government, and the rest is collected by the provincial governments. While according to the terms of Law No. 02/07, the communes can collect revenues from various sources, on the ground the communes are not able to collect their own taxes and most are unable to draw up budgets. In practice, they are budgetary units within a centrally-managed budget. The municipalities are not yet fiscal entities and therefore are not legally authorised to borrow funds, invest and administer their own assets. The reform should proportion financial transfers from the central government to the local governments and ensure that the local governments have real latitude in local public spending decisions. The reform should also address local government taxation, as this field must be strengthened to consolidate the principle of local autonomy. From the perspective of local government implementation of public spending, oversight of financial management by local governments is still a challenge. There are no mechanisms in place to monitor finances. To date, there is no oversight over FUGEM funds, and there has been neither technical assistance nor control over fund disbursement and utilisation. The reform should analyse modalities to revitalise the 'Tribunal de Contas' (audit body) to audit the accounts of local governments.

- **The fourth reform** should emphasise building the capacities of local governments. Despite the existence of the Local Administration Training Institute (IFAL, 'Institut de Formação Administração na Local') that holds regular training courses for local agents, the level of local administration is weak. Among other things, the central government is responsible for hiring local staff, and local governments have no latitude in regard to the quantity and quality of local human resources. IFAL training courses have had little impact because they only address municipal executives (who are political appointees) and because they mostly cover better knowledge of the legislative and regulatory framework for decentralisation. Technical training of lower-level staff on financial management, audits, planning and budgeting is limited or non-existent. Decree No. 09/08 'Statutes Paradigm of Provincial Governments, Municipal Administrations and Communes' ('Paradigma Dos Estatutos Governos Provinciais, Administrações Municipais e Comunais Administrações Municipais e Comunais') did, of course, attempt to set the technical organisation of local governments to implement the 2007 law. The reform should propose a framework of reference defining staff qualifications and responsibilities and a national human resource training strategy for local governments.

- **The fifth reform** deals with urban strategy. In 2015, Angola's urbanisation is at 44% according to statistics from the United Nations Department of Economic and Social Affairs and is projected to hit 64% in 2050 (*World Urbanization Prospects: The 2014 Revision*). The urban strategy should emphasise territorial planning and the creation of regional development hubs. It should also elaborate a financing strategy to eradicate the many settlements not fully integrated into the cities that welcomed refugees for decades. ■

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- Local Development Project, Project Appraisal Document, World Bank

Benin

↑ 27/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3	
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3	
3. Local assemblies and executive bodies are elected throughout the country	4	
4. The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula	2	↑
5. Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2	
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments	3	↑
7. Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied	4	↑
8. There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1	
9. Local government performance is assessed irregularly	2	↑
10. A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking	3	

Explanation of the Rating

The history of decentralisation in Benin began with the multi-party system in 1990. In Title X 'Territorial Units', Articles 150 to 153, the Constitution establishes local governments and gives them the right to administer themselves freely through elected councils and executive bodies. It specifies that the central government shall watch over the harmonious development of all these territorial units based on national solidarity, regional potential, and inter-regional equilibrium. However, the Constitution establishes specific laws to govern, among other things, decentralised cooperation, borrowing, relations with the central government, financial resources, and so on. Local governments cover the entire country, which is divided into 12 departments and 77 municipalities ('communes'). No distinction is made between urban and rural municipalities, but a distinction is made between ordinary municipalities and those with special status, specifically the cities of Cotonou, Porto Novo and Parakou.

Seven areas of responsibility are devolved to the municipalities using the 'transfer bundles of responsibilities' method. In addition to the responsibilities devolved to all municipalities, the municipalities with special status receive additional responsibilities in the areas of education and vocational training, transportation and traffic, safety, and communications. Today, these responsibilities as a whole have been transferred. In practice, however, entire swaths of sectoral policies continue to be implemented by central administrations.

The most recent local elections were held throughout the country on 28 June 2015.

Since 2008, Benin has a mechanism for the transfer of resources from the central government to local governments – the Municipal Development Support Fund (FADEC, 'Fonds d'Appui au Démarrage des Communes'). It is implemented by including in the central government's general budget one or more lines of credit destined to finance municipalities' operating expenditures and investments. These credits are covered by both national resources and funds from technical and financial partners (TFPs). The FADEC is placed under the authority of the Ministry of Local Government and administered by the National Committee on Local Finance (CONAFIL, 'Commission Nationale des Finances Locales'), which has a standing secretariat. The funds are allocated to the municipalities in the form of yearly endowments according to a distribution key set by CONAFIL. This system still has room for improvement. The second version of the FADEC procedures manual that is currently being updated is one illustration of this. It was approved in July 2015 and will most likely improve the security of practices.

With the exception of the local development tax (TDL, 'taxe de développement local'), the basis, base and rates for local taxes are set by the National Assembly, and local governments have no latitude in this area, including when it comes to tax collection. Local governments have some latitude to set the rate for the property tax on developed land; the rate is 6% but can be revised upwards (8%) or downwards (4%).

Benin has a framework of reference defining staff qualifications and responsibilities and a training strategy implemented via the Local Administration Training Centre (CEFAL, 'Centre de Formation de l'Administration Locale') created in and operational since 2013.

The decentralisation framework law requires audits to be conducted on a yearly basis. This provision is applied through the audits of the Municipal Development Support Fund (FADEC, 'Fonds d'Appui au Démarrage des Communes'); audits have been done for the following periods: 2008-2009, 2010-2011, 2012 and 2013; the 2014 audit is currently underway.

Local government performance is not systematically assessed. One should note, however, the exercise led by the National Association of Municipalities of Benin (ANCB, 'Association Nationale des Communes du Bénin') which consists of producing municipal self-assessments using several criteria. These self-assessments were done in 2007 and again in 2012, although they were not finished

(46 municipalities out of 77 covered). GIZ supports the same exercise in the 25 municipalities included in its programme of action.

Benin does not have specific laws on participation. There are, however, a few local spaces for consultation and some citizen oversight efforts. One should, however, note that an accountability guide and charter have been drafted and distributed in the country's 77 municipalities.

Finally, the elaboration and adoption of a spatial agenda usefully completes reflections on urbanisation in a country where spatial disparities continue to grow because of differences in urbanisation dynamics, economic growth and access to basic local public services. However, the urban strategy does not have adequate financial means for its implementation.

Proposed Reforms

With an overall score of 27 points out of 40, Benin is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms. Several institutional aspects could be addressed by the reforms.

- **The first area of reform** concerns the transfers to the municipalities. These transfers are for much less than the cost of the transferred responsibilities. According to a 2010 ANCB study, the central government transfers only 16 billion CFA francs instead of the 67 billion CFA francs that would correspond to the total cost of the seven areas of responsibility to transfer to regular municipalities (to which one must add the four areas for municipalities with special status). The reform should support implementation of this roadmap through the intermediary of the Municipal Development Support Fund (FADEC, 'Fonds de d'Appui au Développement des Communes') allocated from the line ministries. For the time being, most line ministries are balking at decentralising their spending to the municipalities or deconcentrating their resources, staff and activities and making operational the Annual Support-Advice Plans stipulated in law. The reform should enhance the 'municipal budget conference' tool destined to increase sector-specific transfers to municipalities. Co-organised by the Ministry of the Economy, Finances and De-nationalisation Policies, the European Union, the Decentralisation and Municipal Development Programme (PDDC, 'Programme d'appui à la Décentralisation et au Développement Communal'), and the National Association of Municipalities of Benin (ANCB), the experimental phase is currently underway in departments that have produced Departmental Inter-Sector Development Plans (PDDIs, 'Plans Départementaux de Développement Intersectoriels'), specifically Mono-Couffo and Zou-Collines.

- **The second area of reform** addresses local taxation. More than the centralisation of the fiscal chain and the fact that local governments are excluded from this chain, central government interventions (the various exemption regimes) weaken local financial autonomy. The current work reviewing the investment code, which extends exemption periods, is not of a nature to improve municipalities' financial situation. The reform should consolidate the institutional systems protecting local government revenues, including – why not? – judicial remedy.

Local effectiveness in the provision of local public services deserves reform. Assessing local government performance in the provision of local public services should be given great attention in the reforms. In a country where subsidiarity will increasingly be strengthened with an increase in the public spending executed by the municipalities, improving the quality of local public spending is imperative to obtain an efficient service supply. The reform should build on the initiative already developed by the National Association of Municipalities of Benin (ANCB).

Local capacities also deserve specific attention in the framework of the reforms. The legislation names the municipalities as contracting authorities, but with the exception of the municipalities having special status that have qualified, well-trained staff, many municipalities do not have adequate human resources to assume the responsibilities transferred. Of course, there are a national municipal staff capacity building strategy and a framework of reference detailing staff qualifications and duties that contains training modules elaborated by CEFAL, but these tools have not been applied to all municipalities. However, one must note a longstanding loss of skilled local human resources trained by municipalities due to the absence of a status for local government agents. This status was voted in 2015.

- **The other area in need of reform** involves local governance, particularly citizen participation in the management of local affairs. Benin can take pride in holding regular local elections resulting in elected deliberating and executive bodies through a transparent and equitable process. However, no laws or systems provide for the people's participation in managing local affairs; there is, however, Article 2 of Law No. 97-029 of 15 January 1999 organising grassroots democracy.

- **The last reform** is the need to make the urban strategy operational. With urbanisation currently at 44% and projected to hit 61% in 2050 (*World Urbanization Prospects: The 2014 Revision*), the institutional and financial apparatus for the national urban strategy is more than ever an imperative need. ■

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- Country Profile, Global Observatory on Local Democracy (GOLD), UCLG

Botswana

24/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution is neutral on the question of local governments	2
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place	4
3.	Local assemblies and executive bodies are elected throughout the country	4
4.	The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula	2
5.	Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2
6.	There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments	4
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

Botswana has one of the oldest decentralisation policies in Africa. Indeed, the founding documents on decentralisation – the Local Government (District Councils) Act and the Townships Act – date from 1965. These Acts have been repealed and replaced by the Local Government Act No. 8 2012. Yet, the Constitution of Botswana is neutral on the topic of decentralisation and contains no chapter or article devoted to local government. However, Botswana does have two spheres of power: the central government and local governments.

There are two types of local governments in Botswana: district councils, of which there are 10, and urban councils, of which there are six.

The legislative framework in Botswana clearly defines the action of cities with a clear division of responsibilities between the various spheres of governance. Furthermore, the country holds regular local elections throughout the national territory. The mayors of the district councils are elected indirectly, while the mayors of urban district councils are elected directly. All mayors are 'non-executive mayors', and this does not always grant them full leadership over the local government. The term of office for mayors is half that of the council, i.e. two and a half years. The next local elections are planned for 2014.

Transfers from the central government to the local governments are unpredictable and do not allow for realistic local planning. In general, the national amount of these transfers is not determined with precision on the national level. In Botswana, the central government's financial support of the local governments comes through three mechanisms: (1) a system of subsidies to offset the expense of the responsibilities transferred (the Revenue Support Grant), whose revenue capacity represents nearly half of local revenues; (2) a local government loan system (the Public Debt Service Fund); and (3) equipment grants. The Revenue Support Grant was set up in 1994. The formula adopted at the time for its distribution to the local governments took into account population size, distance from the administrative capital, and surface area of the local government in question. Starting in 1997, this formula was revised to take into account capital investment, the mobilisation of local revenues, and finally the local governments' operating costs. For local governments, the constraint comes from the level of predictability for these transfers. Local elected officials go to the trouble of consulting citizens on the projects that would meet their needs only to hear after the fact that the projects cannot be done because of budgetary constraints. Indeed, local councils define development projects as part of the budget and planning process, but the central government has the last word on the amounts allocated. The Ministry of Local Government mobilises central government resources and transfers them to the local authorities. The Ministry of Finance and Development Planning sets the financial ceilings.

Local governments are legally authorised to collect taxes. Local taxation is different depending on the type of local government: district councils have mainly local taxes, while urban district councils also have property taxes and business taxes. Nonetheless, own revenues account for barely 10% to 30% of local budgets.

In addition, Botswana is one of the few countries to have a framework of reference defining the qualifications and responsibilities of local government staff and a national local government capacity building strategy that is effectively implemented for all local governments. The Local Government Management Service within the local government umbrella ministry is in charge of hiring and training supervisory staff for local governments, and the power to hire support staff is delegated to the local level. Since the promulgation of the Public Service Act, which came into force in May 2010, central and local government staff are under the authority of the central government, particularly the Corporate Services at the Ministry of Local Government. Local government administration covers departments such as the treasury, education, health, technology, development and social planning,

and community services. One must remember that Botswana has built on the accomplishments of the Unified Local Government Service (ULGS) set up in the early 1980s that gradually improved human resource quality. Capacity building includes training as well as improving salary structure, working conditions, and staff well-being. The programme has had a stabilising effect on local government administrations by lowering turnover among local executives.

The law provides for local government audits. In practice, there are three avenues to audit the books of local governments: The Auditor General is responsible for auditing the books of all local governments every year. The Local Authorities Public Accounts Committee set up by the Ministry of Local Government periodically examines local government books. Finally, the Directorate on Economic Crime and Corruption can, in response to complaints, verify the books of local governments. In practice, audits are occasional. When they are done, the remarks issued on the accounts of most councils are minor; only a few urban district councils have occasionally been the subject of serious corrections. When it comes to measuring local government performance in regard to the provision of local public services, the laws and regulations in Botswana do not plan for this.

Botswana also does not have any laws on citizen participation. It does, however, have local spaces for consultation, specifically the village assemblies (called '*kgotla*') and Village Development Committees (VDCs).

Finally, Botswana does not have a real urban strategy.

Proposed Reforms

With an overall score of 24 points out of 40, Botswana is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms.

- **The first reform** should address local government finance, specifically transfers from the central government to the local governments and local governments' own revenues. For the transfers, the main constraint on local governments is predictability. Indeed, the lack of predictability creates ludicrous situations where citizens are consulted on projects that meet their needs only to hear from the central government after the fact that the projects cannot be done because of budget constraints. The reflections should begin by an overhaul of the transfers from the central government to the local governments with the aim of determining both the annual amount or annual share of government resources to be transferred to local governments and transparent and predictable mechanisms to execute and distribute the transfers among local governments. What is more, the reflection on own revenues should aim to provide local governments with more latitude to determine their own range of revenues with the least possible amount of intervention by the central administration. Reflection should also take place on how to link resource transfers and efficiency in the mobilisation of own revenues, particularly for the district urban councils.

- **The second suggested reform** concerns the establishment of a local government performance assessment system in regard to both administrative and financial management and the provision of services to the people. The laws and regulations must be established to create a national assessment system. This system seems necessary for local governments in Botswana to significantly improve the efficiency of their actions in exercising their mandates.

- **The third reform** should address the elaboration and implementation of an urban strategy for Botswana. In the space of ten years, the country doubled the share of its population living in urban areas, from less than 10% in 1971 to 18% in 1981. During the following decade, between 1981 and 1991, the urban share of the total population more than doubled, rising from 18% to 45%. After the 1970s and 1980s when urban growth rates were over 10%, the 2000s have seen a significant drop in urban growth, which is now around three percent per year. United Nations statistics gives a level of urbanisation of 57% by 2015 and 70% by 2050 (*World Urbanization Prospects: The 2014 Revision*). The urban structure is becoming denser. In 1971, there were only two cities in addition to the capital, Gaborone: Lobatse and Francistown. Then two new cities grew up on mining sites, Palapye and Tlokweng. Since 1991, a large number of traditional villages have been declared planning regions. Given the fact that most of Botswana's population now live in cities, the issue of managing urbanisation has become a major challenge for the country's development, particularly as more than half of the population lives within a 100-km radius around Gaborone. A national urban strategy should build on better knowledge and forecasts of the urbanisation dynamic, and propose legal, institutional, organisational and financial modalities for implementation. ■

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Burkina Faso

23/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3	
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3	
3. Local assemblies and executive bodies are appointed	1	↓
4. Resources are not transferred, or are transferred erratically and irregularly	2	↑
5. The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula	1	
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments	3	
7. Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed	3	↑
8. National legislation on citizen participation exists but is not applied	3	↑
9. Local government performance is not assessed	1	
10. A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking	3	

Explanation of the Rating

With the adoption of the Constitution on 2 June 1991, Burkina Faso embarked on a process of decentralisation, officialised by the Constitution notably in Article 143 that states that Burkina Faso is organised into local governments. This new decentralisation dynamic driven by the Constitution progressively took concrete form with the 1993 adoption of five (5) laws on decentralisation and the municipal elections, initially held in 33 fully functioning municipalities in 1995 and then in 49 urban municipalities in 2000.

Along with the adoption of Law No. 055/2004/AN of 21 December 2004 that establishes a General Code on Local Governments (CGCT, 'Code Général des Collectivités Territoriales') and the municipal elections on 23 April 2006, the effective establishment of deliberating bodies in thirteen (13) regions/local governments and in three hundred and fifty-one (351) municipalities composed of forty-nine (49) urban municipalities and three hundred and two (302) rural municipalities is a major advance in Burkina Faso's decentralisation process. However, the backdrop of political transition, underway since October 2014, has led to the dissolution of elected managerial bodies in the local governments, causing some to fear a retreat of local democracy and citizenship with the creation of special delegations.

The CGCT identifies eleven (11) sets of powers to transfer to the local governments. In compliance with the principle of progressiveness, the transfer of powers to LGs took place in three (3) phases corresponding to three periods: 2006-2009, 2009-2014, and since 2014. Since 2014, all eleven (11) sets of powers have effectively been transferred to the regions and municipalities, each in very specific fields. Five (5) decrees, approximately forty orders, and four (4) operational protocols have been issued or drafted as part of this transfer and the implementation of the powers transferred. Regarding the implementing decrees, one must note their complete and diverse nature from the standpoint of the aspects of the CGCT that they govern. All of these implementing decrees have been issued, but they are not yet all effectively applied.

Law No. 14-2006/AN of 9 May 2006 setting local governments' financial resources and expenses provides LGs with the major outlines for the elaboration and voting of their budgets, and also determines their financial resources and expenses. Financial resources are transferred annually to local governments to allow them to take responsibility for the powers transferred to them. These financial transfers to accompany the powers transferred only came into effect starting in 2009. They take place through inter-ministerial orders or orders issued jointly by the ministries concerned by the powers transferred and the ministries in charge of finance and decentralisation.

Local governments' own resources are composed mainly of tax revenues and non-tax revenues. The central government exercises exclusive control over the collection of these financial resources.

With regard to capacity building, a national strategy to build the capacities of decentralisation actors was elaborated in 2012, and no less than eighteen (18) implementing decrees were passed in 2013, notably on model organisational charts for the regional councils and municipalities. Training institutes have been strengthened (a local government administration curriculum was created at the ENAM) or created (thirteen (13) Regional Administration Institutes were created) in the thirteen (13) regional capitals, six (6) of which are currently operational (Bobo Dioulasso, Fada N'gourma, Ouahigouya, Dédougou, Gaoua and Ziniaré), in compliance with the principle of progressiveness adopted by the government.

Accountability is required of the municipal councils, which must report to the population on the administration of the municipality. In this area, Article 11 of the General Code on Local Governments (CGCT) stipulates the municipal councils' obligation to report to citizens. This takes the form of the municipalities' inhabitants' right to be informed about the administration of local affairs. These provisions are a response to the principles of transparency and accountability underlying good governance.

The democratic participation of the people in the free administration of local governments is enshrined in the Constitution of June 1991. Indeed, Law 145 of the CGCT organises how citizen participation operates, and calls for people's involvement to play a major role in the development of their local governments as actors in and beneficiaries of this development and also as judges of the actions taken by policy makers.

According to INSD projections, Burkina Faso, a West African country covering approximately 274,200 sq. km, had a population of approximately 17.88 million in 2014 (INSD).

Despite being one of the least urbanised countries in Africa, recent trends show on-going dynamic of urban growth in both percentage and degree. The country contains 49 cities today but had only 2 when it achieved independence in 1960. Urbanisation has risen successively from 6.4% in 1975 to 12.7% in 1985 and then 15.5% in 1996. It was 22.7% in 2006, and is currently estimated at 26%. In 2016, it is projected to reach 31.5% (Habitat III National Report for Burkina Faso).

In March 2015, the drafting and approving of Burkina Faso's Habitat III Country Report was a 'new urban agenda' for the country. This agenda truly takes into account government policies and the priorities and recommendations of citizens and Habitat programme partners; in this way, it also enables partnerships between the central government and non-state actors on the local and national level to be strengthened for synergy in action and effective contribution to the implementation of urban policies.

Proposed Reforms

With a rating of 23 points out of 40, Burkina Faso is one of the countries whose progress towards an enabling environment for cities and local governments still requires reform efforts and even presents challenges in light of the recent dissolution of local executive bodies. In this regard, there are four (4) main reform proposals that may be envisaged. They can be presented as follows.

- **The first proposed reform** should address the issue of financing decentralisation. This issue is central to the problems to resolve for successful decentralisation. Indeed, the unsuitable nature of the current normative framework for LGs' own resources will reach the saturation point unless there is an in-depth overhaul of the mechanisms by which resources are distributed between the central government and LGs, either by decentralising taxation or by proportional allocation of the central government budget. Thus, new criteria for calculating the various allocations to municipalities must be defined and take into account each region's level of development.

- **The second proposed reform** deals with the relative lack of responsibility held by local governments in the process of managing local taxation. This calls for an in-depth reform of the tax system to increase their involvement in this fiscal chain and thereby improve the tax base and collection of taxes and levies. The reform of local taxation should make it possible to modernise and streamline local taxation procedures and make the system better suited to the realities of LGs. On this point, the reform will also make it possible to reflect on a tax distribution key (VAT, tolls, mining permits, etc.) between the central government and LGs and thereby transfer certain central taxes to the local governments (for ex., transfer taxes). In order to ensure local governments' financial autonomy, it is appropriate to create new taxes and levies, notably on developed and undeveloped property.

- **The third proposed reform** reform could address citizen participation. Indeed, the general impression one has is that once elections have happened, and once the deliberating and executive bodies of local governments have been formed, the running and administration of local affairs (in municipalities and regions) is limited to the initiatives of presidents and mayors along with those of vice-presidents and deputy mayors. Beyond drawing up regional development plans (RDPs), municipal development plans (MDPs) and budgets, the other local actors are very little informed of or concerned by the administration of local affairs. With complete municipalisation and the approval of the Strategic Framework on the Implementation of Decentralisation, whose first line of work deals with social ownership and the decentralisation process, it is urgent that communication on the process be placed back on the agenda.

- **The fourth reform** concerns the establishment of mechanisms by which to measure the efficiency of local governments in managing their own affairs and providing local public services. Article 54 of the General Code on Local Governments states that: 'Administrative and financial supervision is the responsibility of the Minister in charge of local governments and the Minister of Finance respectively. They delegate by order some of their powers to State representatives in the administrative divisions.' The joint decree that should have defined the nature of this supervision has not yet been issued. Consequently, the performance of local governments in providing local public services has never been assessed. This situation must be corrected as soon as possible, so as to avoid management practices that are incompatible with efficiency and transparency becoming entrenched in the actions of local governments. ■

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Burundi

24/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3	
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3	
3. Local assemblies and executive bodies are elected throughout the country	4	
4. Resources are not transferred, or are transferred erratically and irregularly	1	
5. Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2	
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments	3	↑
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2	
8. There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2	
9. There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments	3	↑
10. No national urban strategy	1	

Explanation of the Rating

Decentralisation in Burundi derives from the Arusha Accords, which propose a series of good governance reforms. Decentralisation figures among these reforms.

The Constitution promulgated by Law No. 1/010 of 18 March 2005 addresses decentralisation in Title XI 'of the Local Collectivities'. Article 262 creates the municipality ('commune') as well as other local governments, while leaving it up to the law to determine the fundamental principles of their status, organisation, responsibilities, resources, and the conditions under which local governments are administered. Thus, the first article of Law No. 1/016 of 20 April 2005, revised in January 2010 and November 2014, organising the municipal administration stipulates that the municipality is a 'decentralised local authority endowed with a legal personality, organisational and financial autonomy'. The law provides for a new organisation of decentralised bodies, establishing new elected bodies whereas they had until then been administered by bodies appointed by the central government.

In Burundi, the territorial administration is organised as follows: 18 provinces, for which the head of the executive body is a high-level executive appointed by the central government; and 119 municipalities ('communes') run by elected councils and executive bodies.

Under the terms of Article 5 of the Municipal Act, the municipalities are responsible for managing the local interest of the population under their jurisdiction and ensuring the provision and management of public services that are not the direct responsibility of the central government. The central government may also delegate management or execution of certain functions to the municipalities. The law on the transfer of responsibilities was recently promulgated in May 2015, but is not yet in force.

Municipalities are sub-divided into hills ('*collines*') in rural areas and neighbourhoods ('*quartiers*') in urban areas. These municipal sub-divisions also have elected councils. The hill and neighbourhood councils are composed of five members elected by direct universal suffrage for a term of five years. Political parties were barred from the first local elections, at least under the law during the first post-transition elections.

Each municipal council elects from among its members a president, vice-president and municipal administrator who serves as secretary of the municipal council. The municipal administrator is first elected then appointed by decree; he or she acts as mayor. Article 28 of Law No. 1/016 of 20 April 2005 organising the municipal entities stipulates that for subsequent elections the National Assembly and the Senate may, after evaluation, pass laws such that the administrator is elected by direct universal suffrage. The latest municipal elections were held in 2015.

Central government financial transfers to the municipalities are difficult to predict and the amounts stipulated in the framework laws on decentralisation are never sent.

There is no law yet on municipal taxation; the municipalities refer to an ordinance from 1997. The National Assembly is studying a new law on municipal taxation and should provide municipalities with a range of rates from which to choose.

Burundi has a framework of reference defining qualifications and responsibilities of local government staff, set by Law No. 1/06 of 20 April 2005 organising the municipal administration. It is completed by Decree No. 100/067 of 21 April 1990 governing the status of municipal staff. There is also a National Local Stakeholder Training Centre (CNFAL, 'Centre National de Formation des Acteurs Locaux') housed within the Ministry of Municipal Development in charge of decentralisation.

The law states that the financial accounts of the local governments are to be audited regularly; the Court of Accounts ('Cour des Comptes') examines and certifies the municipalities' administrative books and management. However, these audits are conducted irregularly.

Burundi does not have specific laws on the people's

participation, but frameworks for consultation exist locally under municipal law. Indeed, Article 47 of municipal law stipulates that the heads of hills and neighbourhoods organise open meetings for all inhabitants of the hill or neighbourhood at least once per quarter to analyse the political, social, economic and safety situation in the hill or neighbourhood. Among other things, Article 19 of municipal law stipulates that the Municipal Councils' plenary sessions are public.

The Ministry of Municipal Development has organised a municipal performance assessment every year since 2013.

Burundi does not have a national urban strategy.

Proposed Reforms

With an overall score of 24 points out of 40, Burundi is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms.

- **The first reform** should complete the legal framework for decentralisation. Indeed, the legal framework is still inadequate on several crucial points. While the law grants general responsibility to the municipalities, the fact that it comes with a limitation (the municipality is in charge of managing the local interests of the population under its jurisdiction; it provides public services meeting the needs of this population that do not – by their nature, scope or under the law – fall under the direct responsibility of the central government) requires that the specific areas of local responsibility still the purview of the central government be known. Yet, this is currently not the case. This opens a door for conflicting responsibilities, notably between local governments and deconcentrated central government services. Such a reform should also endeavour to define how central government services shall be deconcentrated and apply the new law passed in May 2015 on the transfer of responsibilities from the central government to the municipalities.

- **The second reform** addresses local government finance in general. In the decree creating the National Municipal Investment Fund (FONIC, 'Fonds National d'Investissement Communal'), the central government provided for a transfer of 15% of the national budget. It has transferred only 1%. Article 85 of Law No. 1/33 of 28 November 2014 amending Law No. 1/02 of 25 January 2010 organising the municipal administration stipulates that the central government grants the municipalities the amount of at least five hundred million Burundi francs (500,000,000 BIF) as budget support in addition to their own resources. In addition, the law establishes a Territorial Administration Support Fund (FAAT, 'Fonds d'Appui à l'Administration Territoriale') funded by levies on the country's main cash crops. This fund is supposed to set up mechanisms to transfer the levies allocated as municipal revenues and ensure the effective division and payment of resources destined for equalisation among municipalities in the country. While the FAAT has regularly received funds, its resources have sometimes been used for purposes other than the public interest. Finally, the funds that the municipalities receive are unpredictable. As for the Municipal Development Fund (FDC, 'Fonds de Développement Communal'), two major difficulties have hindered its operation: the small amount of its treasury to be able to grant loans to the municipalities, and their failure to repay these loans. With Decree No. 100/104 of 21 November 2005, the government created the National Municipal Investment Fund (FONCI, 'Fonds National d'Investissement Communal'), a new mechanism to finance the municipalities' capital investments. The reform should attempt to clarify the roles of these different instruments and improve the level of complementarity among them.

- **The third reform** concerns local governments' own revenues. The new law on municipal taxation under study at the National Assembly should clarify some of the ambiguities in existing law, notably as regards double taxation: municipalities' fiscal taxes many not apply to commodities subject to central government taxes or levies nor to certain local agricultural products offered directly by producers; a joint ordinance by the Ministers of the Interior and of Finance in their official capacity should specify the list of these products. The application of this law in other countries is said to have resulted in the cancellation of local taxes on economic activities, such as the business tax. Local government financing therefore presents itself as a major area of reform – one that should be tackled as soon as possible.

- **The fourth reform** could address territorial planning and urbanisation. Burundi is one of the least urbanised countries in Africa, with a strong clustering phenomenon because the capital Bujumbura is 17.5 times larger than the second largest city in the country and contains nearly three quarters of the urban population (Africapolis). United Nations data, for their part, show urbanisation of 12% in 2015, and projections suggest urbanisation of 26% by 2050 (*World Urbanisation Prospects: The 2014 Revision*). The national urban strategy should address the issue of shifting urban growth to other cities and examine the best possible options for national territorial planning and strengthening city-countryside interactions. ■

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Cameroon

23/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	A number of legislative provisions are in conflict with the Constitution, or some provisions in the Constitution are not implemented	2
3.	Local assemblies and executive bodies are elected, but not necessarily throughout the country	3
4.	The transfer of resources to local governments and their distribution among local governments are clear and predictable, according to a transparent formula and without restrictions on how they may be utilised	4
5.	The central government defines and collects local government revenues	1
6.	There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments	3
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2
9.	Local government performance is not assessed	1
10.	National reflection on urbanisation is underway, but an urban strategy has not yet been defined	2

Explanation of the Rating

The decentralisation process in Cameroon has revived significantly since the 18 January 1996 adoption of Law No. 96/06 revising the Constitution of 2 June 1972. Article X of the law on 'Decentralised Local Governments' introduces a second level of decentralisation – the region – in addition to the municipalities. It stipulates that: 'The decentralised territorial governments (municipalities and regions) are legal entities under public law. They enjoy administrative and financial autonomy in the management of regional and local affairs. They are freely administered by elected councils under terms and conditions established by law.' There are 10 regions and 374 local governments, of which 360 municipalities and 14 urban municipalities. At this time however, only the municipalities exist, as the regions are not yet operational. The establishment of the national council on decentralisation and the inter-ministerial committee of local services constitutes the institutional mechanism to steer decentralisation. Cameroon recognises the general authority of local governments. Nevertheless, the 2004 law that defines the powers devolved to decentralised local governments stipulates that these powers are not exclusive; they are exercised by the central government and by the local governments. This applies to powers in the areas of: health, population and social action, youth, sports and leisure, culture, etc. This has resulted in numerous cases of overlapping powers, which can be difficult to untangle.

In the texts, Cameroon has one of the most advanced systems of financial transfers from the central government to local governments in Africa, combining predictability with transparency. The transfers are linked to national taxes in the form of additional municipal resources (CAC, 'centimes additional communaux'), applied to national taxes such as the IRPP (10%), the IS (10%), the VAT (10%), the land tax (25%), the games tax (10%), business taxes (10%) and licenses (25%). These resources are re-allocated to the municipalities' equipment and intervention fund (FEICOM, 'Fonds d'Equipement et d'Intervention des Communes'), which transfers them to the municipalities according to transparent criteria. Two studies commissioned by the ministry in charge of decentralisation show that the cost of the municipalities' traditional operations is 36.2 billion CFA francs, whereas the cost to execute the responsibilities transferred from the central government to the municipalities is estimated at 115 billion CFA francs (base 2000) or 190-200 billion (base 2005). However, the actual sums transferred to the local governments are far below these figures.

While the system of resource transfers is commendable in principle, the same cannot be said of the local governments' own revenues. The fiscal space afforded to local governments is determined by the National Assembly, which sets the sphere of application, tax base, and local tax rates. Tax lines are controlled exclusively by central government offices. Similarly, central government intervention in the fiscal domain of local governments is frequent: for example, the 2004 finance law deprived the municipalities of half of their share of additional municipal resources (the CAC) from VAT through a deduction to support the country's efforts to complete implementation of the Highly Indebted Poor Countries (HIPC) initiative. This deduction was slated to end once the initiative had been completed, that is, by the end of 2004. Nevertheless, it continued until the end of 2009, thereby depriving the local governments of significant revenues.

In addition, Cameroon has a national framework of reference for the qualifications and duties of local government staff and a national strategy to strengthen the capacity of local administrations, implemented by the municipal administration training centre (CEFAM, 'Centre de Formation pour l'Administration Municipale'). CEFAM was established in 1977 under the aegis of the ministry responsible for local governments. It is funded by state subsidies, contributions from the municipalities, and by the inter-municipality special equipment and intervention fund (FEICOM, 'Fonds Spécial d'Equipement et d'Intervention Intercommunale'). Finally, the Ministry of Territorial Administration and Decentralisation (MINATD, 'Ministère de l'Administration Territoriale et de la Décentralisation') has adopted, with the support of GTZ, a register of

priority skill sets for local governments, adapted to the Cameroonian context. Twenty-five priority occupations have been selected for the municipal administration in Cameroon. This system has recently been completed by an initiative to build local government ownership, with the support of French cooperation. A national urban planning professional training programme (the 'Programme Nationale de Formation aux Métiers de la Ville') has just been established with the institutions concerned, the MINATD, MINHDU, FEICOM and CVUC. Its priority focus will be technical professions and the development of contracting authority support for local governments having signed a city contract.

There is considerable room for improvement in the quality of local public expenditure through auditing. Indeed, the accounts of local governments are audited only occasionally.

Cameroon does not have legislation governing citizens' participation in the management of local governments although several communes have set up, with civil society, NGOs and decentralised cooperation, frameworks for consultation and monitoring committees to track the physical-financial execution of public investments.

There are no legal mechanisms or regulations to measure the performance of local governments.

Finally, Cameroon does not have a real urban strategy.

Proposed Reforms

With an overall score of 23 out of 40, Cameroon is among the countries that need several reforms to improve the enabling environment for cities and local authorities.

- **The first reform** is in relation to the need to respect the provisions of the Constitution regarding the establishment of regions and ensuring compliance with the constitutional provisions on municipalities. In 2004, the National Assembly adopted Law No. 2004/019, establishing the rules applicable to the regions. Regional elections were supposed to be held immediately thereafter. Nevertheless, more than ten years later, the provinces continue to operate as deconcentrated administrative divisions, and the regions that should replace them as local governments still do not exist. Establishing the regional governments should be seen as a priority to comply with the constitutional provisions on the structure of decentralisation. Moreover, a controversy is brewing in the municipalities with regard to the appointment of executive heads of urban communities by the President of the Republic. Some contend that the constitutionality of such appointments is questionable on the grounds that the letter of the Constitution makes reference to a delegate only in relation to the regions but not the municipalities. This issue must be clarified so as not to discredit the respect accorded by the central government to the Constitution. The opportunity should also be taken to clarify the principle of complementarity evoked in the texts, which has the effect of allowing the central government to exercise the powers supposedly transferred to the local governments. In the final analysis, the level of cooperation among the various branches of government must be organised for more effective public action. To this end, contractual relationships between deconcentrated central government offices, regional administrations and municipal administrations could be established to define how they will cooperate with each other.

- **The second reform** should address local governments' own revenues. The main taxes are business taxes, licenses, land taxes, withholding tax, and operating income from the use of services and property. These taxes account for barely half of all local revenue, even less in the case of small municipalities. The reforms should also aim to rationalise taxation and establish a strategy to improve collection.

- **The third reform** could address enhanced accountability of local governments vis-à-vis the citizens and the central government. Article VII of Law No. 2004/018 on financial provisions stipulates that the competent bodies of the central government monitor management of the municipalities' finances. Mechanisms should be put in place to encourage the municipalities to keep their books up to date, or even have them audited by independent government bodies. Encouraging local governments' access to financial markets would also favour such a shift. It would also be appropriate to set up a rating scale for local governments to reflect their performance in regard to the management and provision of services to the population. Incentives could be devised to encourage the most effective local governments.

- **Finally**, Cameroon does not have a true urban strategy, even though national decision makers fully understand the importance of urban management as more than half (54.4%) of Cameroonians already live in urban areas (*World Urbanization Prospects: The 2014 Revision*). United Nations projections show 70% urbanisation in 2050. In 2015, there are several rapidly growing urban centres in addition to Cameroon's two great metropolises – Douala and Yaoundé, which have populations of 3 and 2.9 million respectively. Four of these growing urban centres – Bafoussam, Bamenda, Loum and Mbouda – have respective populations of 350,000, 424,000, 362,000 and 332,000 in 2015. The network of mid-sized and small cities is also increasing. An urban development strategy is being finalised by the Ministry of Urban Development and Housing (MINDUH). Every effort must be made to finalise the strategy, utilising all available institutional and financial mechanisms to ensure its effective implementation. At the same time, it must be understood that the battle to properly manage urbanisation will be won or lost depending on how the local authorities are included in implementation. ■

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Central African Republic

13/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	The legislation is unstable and inconsistent	1
3.	Local assemblies and executive bodies are appointed	1
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

The first references to decentralisation in the Central African Republic date back to the colonial period. The first municipalities were created in 1957 under the status of rural local governments. Successors to the colonial administration, the new authorities of the country continued and intensified the trend to cover the entire nation. Thus, the start of post-colonial decentralisation is the work of the Constitution of 16 February 1959, which makes official the legal existence of the territorial governments in Article 36. The Law of 8 June 1959 sets forth the rules for their operation. It was followed by multiparty elections that sanctioned the legitimacy of local bodies. Then, two new constitutional laws were promulgated in 1964 that put an end to the democratic experiment with local management, replacing elected mayors with appointed managers. The Constitutional Referendum of 1986 would revive the territorial governments. Two ordinances passed to implement the Constitution created and organised territorial bodies endowed with elected bodies from a single-party list. Starting in 1995, with the arrival of the multi-party system, the Constitution of 14 January 1995 that founded the Fifth Republic created four levels of local government: the regions, prefectures, sub-prefectures and municipalities ('communes'). The Constitution adopted by referendum on 5 December 2004 definitively officialised the role and legitimacy of local governments in the national institutional landscape. After the serious socio-political crisis and war in the Central African Republic, the transition institutions adopted a draft Constitution that will be brought to a referendum at the end of 2015 according to the established provisional schedule. In Title X, Article 114 establishes two types of Local Governments: regions and municipalities ('communes'); they shall be administered freely by elected bodies.

The legislation in charge of specifying the fields of responsibility of local government, institutional arrangements on supervision, financial resources, etc. along with the regulations necessary to complete and make operational the decentralisation process are lacking. The country is divided into 174 municipalities ('communes') and seven regions. All the municipalities are run by Special Delegations whose members are appointed by the central authorities; these delegations serve as the deliberating bodies with the chairmen acting as mayors.

Financial transfers to local governments are highly uncertain and accorded to only a few local governments. Because of this, the local governments are incapable of budgetary planning that considers the predictability and stability of these transfers.

Fiscal revenues (duties, taxes and fees) and retroceded fiscal revenues (proportional share of allocated revenues) make up the bulk of the municipalities' resources. These resources are all determined and implemented at the central level. Collecting these local tax revenues and/or retroceding them to the local governments are the exclusive responsibility of the deconcentrated services of the central government.

In the Central African Republic, there is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for building the capacities of local administrations. A few training initiatives have sprung up here or there, as part of international cooperation programmes and projects and twinning operations with local governments in the North.

The laws on decentralisation in the Central African Republic provide for the financial supervision of local governments. In compliance with Article 90 of the Constitution, the local governments' financial books are audited by the Court of Auditors ('Cour des Comptes'), the body with jurisdiction over the books of public accountants, the books of local governments, and the books of public companies. These audits are conducted only occasionally, however.

The Central African Republic does not have any specific laws on the people's participation in local management. One of the constraints to setting up local consultation frameworks is the absence of municipal development plans in nearly all of the country's municipalities. Because of this, it is difficult to set up instruments and mechanisms that could generate citizen participation.

In the Central African Republic, there are no laws on assessing local government performance.

Also, the Central African Republic has not yet elaborated a national urban strategy

Proposed Reforms

With an overall score of 13 points out of 40, the Central African Republic is one of the countries where the environment is generally unfavourable to city and local authority action. To remedy this situation, six main reforms are suggested.

- **The first reform** concerns application of the provisions in the Constitution governing the election of elected assemblies and executive bodies for the local governments. Appointing mayors instead of electing them democratically greatly diminishes the legitimacy of the local authorities. It is important to re-establish the link between decentralisation and local democracy.

- **The second reform** deals with the definition of local government responsibilities. The lack of clarity and delimitation of the areas of responsibilities between the local governments themselves and between them and the central government is not something that would ensure the accountability of the various parties involved. The definition of what the notion of local affairs covers is too vague. The military-political crises that shook the country in the 1990s pushed the question of the transfer of responsibilities to the background. The law grants the municipal councils a general responsibility to create public services, which requires good management of local affairs. However, there are no areas of responsibility clearly recognised as belonging to the local government under the law. Nevertheless, the municipalities are active in the areas of social assistance, burials, fire prevention, and the delivery of construction permits. The reform should clarify the division of responsibilities between the municipalities and the regions, notably in regard to sector-specific policies. It should also propose laws and regulations to make the transfer of responsibilities operational.

- **The third reform** should address the financial transfers necessary for the fulfilment of the responsibilities transferred to the local governments. The legislation in the Central African Republic is not very specific when it comes to the financial aspects of decentralisation. The implementing decrees on transfers do not exist. Accordingly, the subsidies allocated to the municipalities are very small: the central government only allocates 300 million CFA francs to distribute among the 174 municipalities, or an arithmetic average of 1,724,000 CFA francs to each municipality. In other words, these sums are insignificant compared to the cost of the responsibilities transferred. In reality, the subsidy amounts vary between 600 thousand and five million CFA francs depending on the population of the municipality. These subsidies account for between 4% and 30% of revenue in local budgets. For the few municipalities whose subsidies account for 30% of their budgets, this shows in fact the near absence of own revenues. The reform should address adjusting the size of central government transfers to make them compatible with the responsibilities transferred. It should also define the modalities for distributing these transfers among the local governments taking into account equalisation (a crushing majority of the municipalities are rural and poor) and incentives to mobilise own revenues.

- **The fourth reform** should address local governments' own revenues. The fiscal space afforded to local governments is almost non-existent. Most municipalities only live on the meagre revenues from their proportional share of central government taxes and levies. And, some municipalities face huge difficulties actually obtaining their share, which is collected by central government services. In the backcountry, the delivery of cheques to local governments runs up against the non-existence of a banking network so that in response to its frequent cash flow problems, the central government uses the local governments' cash. In this situation, the retroceding of the proportional share becomes dependent on the central government's cash flow situation, making all budgetary planning uncertain in the local governments. The reform should strengthen the fiscal space of local governments, define how the resources from the taxation shared with the central government can be better shared, and find solutions to local governments' cash flow constraints.

- **The fifth reform** should cover institutional capacity building for local administrations. A plan to this effect was submitted to the government in 2001. This document evaluated the future human resource needs of local governments and proposed solutions to meet these needs. A plan to re-deploy central government staff to the local governments was proposed with the support of a staff training and retraining programme. But nothing was done to this aim, and the plan drafted in 2001 is now largely obsolete. Municipal executives are few in number and poorly skilled. The reform should propose a national capacity building plan based on a framework of reference defining the qualifications and responsibilities of local government staff.

- **The sixth reform** should endeavour to elaborate an urban strategy. With urbanisation currently at 40% and projected to reach 57% by 2050 (*World Urbanization Prospects: The 2014 Revision*), the country is characterised by a clustering phenomenon accentuated by the absence of any true secondary cities. The population of Bangui is 10 times greater than that of the second largest city, Berberati, whose population is in turn 2.5 times larger than the third largest city, Carnot. The urban strategy should attempt to evaluate what would be needed to create and strengthen balancing hubs to ensure a more balanced urban structure. ■

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Chad

23/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities	4	
2. All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place	4	
3. Local assemblies and executive bodies are elected, but not necessarily throughout the country	3	
4. The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula	2	↑
5. The central government defines and collects local government revenues	1	
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments	3	↑
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2	
8. There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2	
9. Local government performance is not assessed	1	
10. No national urban strategy	1	

Explanation of the Rating

Chad has long been a theatre for near permanent troubles tied to internal dissent and more recently to the spread of the Darfour conflict. Many regimes have followed one after the other without engaging in any proactive decentralisation policy. Decentralisation policy in Chad is the outcome of the Sovereign National Conference in 1993. The participants at this conference recommended that Chad take the form of a highly decentralised unitary state. The population approved these recommendations on 13 March 1996 when it adopted the Constitution of 1996, revised in 2005.

In Article 202 of Title XII 'Decentralised Territorial Collectivities', the Constitution of Chad establishes four types of local governments: rural communities ('*communautés rurales*'), municipalities ('communes'), departments and regions. In addition to granting them legal status, the Constitution guarantees their administrative, financial, patrimonial and economic autonomy. The following articles specify that the councils are elected for six-year terms of office, but that chief executives are elected from within the assemblies for a three-year term of office, renewable once.

Article 209 of the Constitution assigns the responsibilities of local governments, and Article 211 sets their financial resources. A high committee was set up to monitor decentralisation. This committee is chaired by the Prime Minister and created a technical committee to draft laws and regulations to support the decentralisation process in Chad. Set up in July 2005, the purpose of the Inter-Ministerial Steering Committee for the decentralisation support project is to monitor roll out of the decentralisation policy.

The country has 23 regions, 65 prefectures and more than 280 municipalities ('communes').

Parliament has passed many laws, but the problem of their implementing decrees remains. Indeed, the law grants municipalities what we call 'general responsibility'. It says the municipal council handles the affairs of the municipality through its deliberations and schedules economic, social and cultural development actions. Municipalities therefore have broad responsibilities. However, decrees are supposed to specify the division of sectoral responsibilities (health, education, hydraulics, transportation, etc.) among the various levels of local government and the central government.

Municipal elections were pushed back five times before finally being held in January 2012. Only 42 municipalities were concerned by these local elections: the 23 regional capitals, the 10 districts in the city of N'Djamena and the municipality of N'Djamena itself, and 9 other cities with populations of less than 20,000. The central authorities appoint the remaining 58 assemblies and chief executives. Regional and departmental elections, initially slated for 2014, have been pushed back to 2018. The next local elections are planned for 2018.

Since 2014, a grant to the municipalities has regularly been allocated as an operating endowment. The municipalities also receive resources from the Road Maintenance Fund (FER, 'Fonds d'Entretien Routier'), which is an envelop destined to maintain the priority urban road infrastructure; the Special Environment Fund (FSE, 'Fonds Spécial pour l'Environnement'), which finances municipalities' environmental protection projects; and the Local Development Fund (FODELOC, 'Fonds pour le Développement Local'), which finances projects under the social and solidarity economy heading. A study is currently underway on setting up a decentralised local government financing fund.

Local taxation is set in the Constitution; tax base and rates are defined by the national assembly and tax revenues are collected by deconcentrated central government services. Local governments have no latitude in this area.

Decentralisation in Chad is greatly handicapped by the low institutional level of local governments. There is a framework of reference defining the qualifications and responsibilities of local government staff adopted in 2015; a national strategy on building decentralised local government capacities was drafted in 2013.

The body of legislation on decentralisation provides for financial oversight over the municipalities. One element of this supervision is verification and audits. The municipalities' books must, in principle, be audited every year. In practice, these audits are conducted only occasionally.

Chad does not have specific legislation on citizen participation in the management of local affairs. Initiatives of this type do exist in the municipalities in the framework of international cooperation.

The laws and regulations on decentralisation in Chad do not provide for local government performance assessment.

Chad does not have an urban strategy.

Proposed Reforms

With an overall score of 23 points out of 40, Chad is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms. Four major reforms are proposed to make the institutional environment more favourable to cities and local authorities.

- **The first reform** concerns the financial transfers from the central government to the local governments. They are stipulated in Article 212 of the Constitution and Law No. 002/PR/2005. A study is underway to assess the cost of the transferred responsibilities; its conclusions should make it possible to better proportion the financial transfers. The reform should then draft the application decrees and orders necessary to make these transfers operational.

- **The second reform** should address institutional capacity building for local administrations. The shortage of qualified staff in the municipalities is a major constraint on the implementation of decentralisation focused on the provision of basic public services. No attention has been given to this concern, and the central government has not transferred human resources. Very few municipal executives are well trained, and the very few that are rapidly leave the municipalities for better working conditions. In order to deal with the most urgent issues, particularly the problem of the training levels of certain executives who hold strategic positions, the Chadian authorities have decided to participate in international capacity building initiatives in the framework of organisations (such as AIMF, MDP, etc.) and strengthen the National School of Administration (ENA, 'École Nationale d'Administration'). This reform will first propose a framework of reference defining the qualifications and responsibilities of municipal staff, and then examine training needs. Finally, a third point in this reform will propose a strategy combining continuing education and initial training.

- **The third reform** should address managing urbanisation. Chad is a unique country: in the north, the Sahara Desert where less than 1% of the population lives covers 57% of its territory. The country is little urbanised in 2015 as 22.5% of the population lives in cities. Projections by the United Nations Department of Economic and Social Affairs predict 37% urbanisation by 2050 *(World Urbanization Prospects: The 2014 Revision*). N'Djamena now has a population of just over one million (1.26 million); its population will be close to 2.5 million in 2030. The rest of the country has an average population density of 21 people per sq. km. (2010). The urban structure has become more diverse over time. Right before independence, three other cities (Moundou, Sarh and Abéché) had populations of more than 10 thousand, but the gap between the largest cities and the rest grew rapidly after independence and has continued to grow. Today, N'Djamena's population is nine times greater than that of Moundou, the second largest city. The urbanisation rate is therefore very small, and only growing due to the growth of the capital and the emergence of new small agglomerations in the absence of any sufficiently developed regional metropolis. While the annual urbanisation rate dropped from 10% in 1970 to 3% in 2010, the urban population is growing very rapidly because of very high population growth. Chad's population almost doubled between the censuses in 1993 and 2009, an annual growth of 3.7%. There were only 42 agglomerations in 2010, which – given the size of the country – results in a very loose network. Among other things, not only is 80% of the population rural but Chadian cities are also far from the countrysides (Africapolis). Low urbanisation, the non-central position of the ever more gargantuan capital, and a loose urban fabric – territorial planning challenges are considerable. The urban strategy will emphasise setting up a policy of balancing hubs and territorial planning. Finally, it will focus extensively on the conditions necessary for the technical and financial management of the urbanisation process.

- **The fourth reform** concerns local governments' own revenues. Chadian legislation provides for a range of own revenues determined by the national assembly; it notably specifies which taxes and levies the local governments can collect directly. There are many, not less than a dozen, including the property tax, licence and business tax among others. However, while municipal and rural municipal taxation is more or less well known, the law is rather vague when it comes to regional and departmental revenues. It is very difficult to determine local revenue mobilisation capacity and effort when until now the local governments have no control over either the base and even less control over the issuance and collection of rolls issued by the Directorate-General of Taxes ('Direction Générale des Impôts et Taxes') and collected by treasury agents. The municipalities are therefore totally excluded from the fiscal chain, which is a constraint on revenue mobilisation. The reform should endeavour to expand the fiscal field belonging to local governments and increase their involvement in managing local taxes. ■

Bibliography – Chad

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- Law No. 007/PR/2002 of 5 June 2002 establishing the statutes of the rural communities
- Law No. 011/PR/2004 of 7 June 2004 establishing the financial and fiscal regime for the decentralised territorial governments
- Law No. 012/PR/2004 of 7 June 2004 establishing the bookkeeping regime for the decentralised territorial governments
- Law No. 009/PR/2005 of 15 July 2005 establishing the special status of the city of N'Djamena
- Local Development Programme Support Project 2, Project Appraisal Document, World Bank
- Country Profile, Global Observatory on Local Democracy (GOLD), UCLG
- Country Profile, Commonwealth Local Government Forum (CLGF)

Comoros

15/40

Enabling Environment Rating for Cities and Local Authorities	
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2. The legislation is unstable and inconsistent	1
3. Local assemblies and executive bodies are elected throughout the country	4
4. Resources are not transferred, or are transferred erratically and irregularly	1
5. The central government defines and collects local government revenues	1
6. There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7. No rules or legal provisions on transparency in the running of local governments exist	1
8. There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9. Local government performance is not assessed	1
10. No national urban strategy	1

Explanation of the Rating

Independent since 1975, the country contains the three islands of Grande Comore, Anjouan and Mohéli. Comoros underwent a serious domestic crisis in 1997 that threatened its existence with the separatist leanings of various islands. The current Constitution was adopted by referendum in December 2001. The islands have extensive autonomy over the economy, taxes, health and justice. The regimes that have succeeded each other in power since independence initiated decentralisation policies. As early as 1976, the Comoran territory was organised into different levels of local government: the *wilayas* (islands), *bavous* (regions), and *moudirias* (municipalities or 'communes'). These various local governments were then cancelled and the basic framework for life in the Comoros was once again the villages, under the leadership of the traditional nobility (see the constitutional revisions of 1982, 1992 and 1996). The adoption of a new Constitution in 2001 marked a new dynamic setting up decentralised local governments in the framework of the new unitary nation. Each island has extensive autonomy and its own president and council. The territory of the Union of the Comoros is divided into autonomous islands, which are divided into municipalities (Law No. 11-006/AU of 2 May 2011, promulgated on 21 July 2011). For administrative purposes, the municipalities are grouped together into prefectures, distributed as follows: Grande Comore (or Ngazidja), capital: Moroni, eight prefectures, 28 municipalities; Anjouan (or Ndzuwani), capital: Mutsamudu, five prefectures, 20 municipalities; Mohéli (or Mwali), capital: Fomboni, three prefectures and six municipalities. The Constitution of 2001 amended by referendum on 17 May 2009 grants extensive autonomy to the islands. In compliance with the Constitution of the Union, each island is autonomous and governed by an elected governor and council. Article 7-3 of the Constitution stipulates that the 'autonomous island includes the territorial collectivities which administer themselves freely by elective executive and deliberative bodies, according to the modalities and conditions established by the law of the Union.' This provision assumes that the legislation on local governments is national, whereas in practice decentralisation is characterised by broad inter-island diversity. For instance, the Law of 2007 contented itself with setting forth the principles of decentralisation without imposing a framework for its effective application throughout the country. It therefore left it up to the councils and executive bodies of the three islands to determine their own organisational modes. The assemblies and executive bodies of the local governments appointed by the island executive bodies were replaced by elected assemblies and executive bodies during the February 2015 elections.

The financial transfers from the central government to the local governments in Comoros are *ad hoc*, unpredictable and unstable. Article 74 of the law on the transfer of responsibilities specifies that all transfers of responsibilities are accompanied by the transfer of the corresponding resources. Two financial instruments are in place. The general operating grant is supposed to cover the additional spending by local governments every year subsequent to the transfer of responsibilities under the law. The general equipment grant from the central government is, for its part, paid every year by the central government to the municipalities. The general equipment grant covers annual equipment spending for the responsibilities transferred by the central government insomuch as the equipment is in the local or public interest. The law sets the rules on who calculates this grant, how it will be shared, and under what conditions it may change. The law also contains provisions allowing small municipalities to guarantee their capital investment capacity. In practice, however, these instruments have not been set up because the implementing regulations are lacking. Transfers are *ad hoc* and unpredictable.

As for local taxation, the base and collection modalities for each local tax are set by law. The Treasury Department is the only entity authorised to collect local taxes through its agencies across the country.

Comoros has neither a national strategy to build the capacities of local administrations nor a national framework of reference defining the qualifications and responsibilities of local government staff.

Comoran law provides for a system of oversight over the financial management of local governments. However, the

implementing decree that must specify the various legal means available to the supervisory authorities – the islands and the union – has still not been promulgated, so this inspection does not happen.

There are no laws on citizen participation, and no local spaces for consultation exist.

Comoros does not have experience assessing local government performance.

Finally, Comoros also does not have a national urban strategy.

Proposed Reforms

With an overall score of 15 points out of 40, Comoros is one of the countries that do not provide an enabling environment for city and local government action. Improving this enabling environment would require a series of reforms be conducted as soon as possible.

- **The first reform** should clarify the structure of decentralisation. Article 7-3 of the Constitution stipulates that the autonomous islands include the territorial governments that administer themselves freely by elected executive and deliberative bodies, according to the modalities and conditions established by the law of the Union. This article may be interpreted as stating that the legislation regulating local government is a matter for the Union. However, Article 9 of the same Constitution specifies that the autonomous islands are responsible for the administration of local governments. The law provides no information on the concrete scope of the relationships between the central government, autonomous islands and municipalities. The municipalities are therefore under dual supervision (the islands and the Union), and how these three levels of government are articulated remains to be determined. In practice, there is a wide diversity of situations. The municipalities operate in different ways with different means depending on the island and even within each island. In Anjouan, for instance, the municipalities have existed since 1997 and two municipal elections have already been held, the last in May 2009. On the island of Grande Comore, the municipalities tend to replace customary village organisation; the heads of the municipal executive bodies set up in 2009 were appointed by the Prefects with the approval of prominent figures. Although decentralisation has formally been set up in Mohéli, the municipal mayors are appointed by decree by the head of the island executive body, bringing the municipalities to the level of a simple deconcentrated administrative division. The reform would aim to propose a single model for the entire country. The reform should propose a common trunk for local government action throughout the Union and clarify relationships between the municipalities, islands and the Union.

- **The second reform** should define the responsibilities transferred. Currently, the laws and regulations are silent on the responsibilities transferred from the Union or the islands to the municipalities. This transfer of responsibilities should be organised by law in regard to the responsibilities previously exercised by the Union; and by the deliberation of the island councils in regard to island responsibilities. To date, however, no laws or regulations have been passed. In practice, responsibilities are intertwined across the various levels of governance and between decentralised and deconcentrated administrations. In regard to vital records or management/organisation of supply markets, the mayors' prerogatives are often exercised in competition with those of the prefects. A survey of Island Council members and the Assembly members shows more generally that most elected officials are politically inexperienced and lack policy and legal skills. Few stakeholders know the laws and their various prerogatives. The reform should propose a framework for the responsibilities across the three spheres of power (the Union, islands and municipalities) and should elaborate a training strategy for the various stakeholders.

- **The third reform** should address local government finance. The reform should propose financial transfers not only from the Union but also from the islands. These transfers should be proportional to the responsibilities transferred and take into account the issues of equity and equalisation in a country where disparities are politically sensitive issues.

- **The fourth reform** covers the exact scope of the oversight to be exercised by the central government or autonomous islands over local governments. A reading of the latest draft decree on verification of the legality of administrative actions by the municipalities intensifies worries about the risk of conflict over responsibilities as the islands' and Union's responsibilities overlap (for example, Article 5 of the draft decree states that the 'preceding provisions are not an obstacle to the exercise by the representative of the island and/or the Union concerned of the substitution powers they hold, notably in regard to the police, in application of the law'). The reform must therefore place particular emphasis on clarifying the oversight of the municipalities' financial management in order to improve the quality of local public spending.

- **The fifth reform** concerns urban strategy. While it is true that the urbanisation rate is low (28% in 2015; two-thirds of the population is rural), urban growth is progressing at the pace of 6.5% per year. The population is young: 56% of the population is under the age of 20, and population growth is one of the highest in Africa at 2.8%. All these forecasts show that urbanisation will speed up, reaching 40% by 2050 (*World Urbanization Prospects: The 2014 Revision*). It is necessary to anticipate this urbanisation, provide the country with an urban strategy, and define the technical, human and financial resources necessary to implement this strategy. ■

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- Law enacting decentralisation within the Union of the Comoros
- Law enacting the territorial organisation of the Union of the Comoros
- Law establishing municipal elections

Congo Brazzaville

17/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies and executive bodies are elected, but not necessarily throughout the country	3
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

The history of decentralisation in Congo went through four periods (1976-1977, 1989-1990, 1992-1997, and 2003 to the present), the outcome of which was not very conclusive due to a confusion over roles, lack of implementing decrees for decentralisation laws, conflicts over responsibilities among the various authorities, and a lack of political will. Decentralisation also suffered from political instability and then the civil war during the 1990s. A burst of new energy was injected into the decentralisation process by the Constitution of 2002 that, in Articles 174 to 177, states, among other things, that local governments 'administer themselves freely through elected councils and within the conditions specified by the law.' The Constitution leaves it up to the legislation to specify the responsibilities of local governments. The laws of 2003 completed the decentralisation process with the establishment of two levels of local government: the departments (12 in number) and the municipalities (or 'communes', of which there are six). The most recent local elections held to renew municipal and departmental councils were held on 28 September 2014. However, one must remember that decentralisation only concerns rural areas not administered directly by the central government; basic local government units are therefore not present throughout the country.

Despite this progress, difficulties remain in defining the responsibilities transferred to the municipalities. Several implementing decrees have not yet been issued.

Transfers from the central government to the local governments are mainly the general decentralisation grant, the financial aid from the central government destined to offset the additional expenses in conjunction with the transfer of responsibilities. According to the texts, the general decentralisation grant must fully offset expenses by financing the balance not covered by the transfer of government taxes. In reality, however, payment of this grant is random and *ad hoc*.

Local taxation consists of some primary taxes, including the property tax, business tax and the '*licence*'; it is the exclusive domain of the central government, which sets the base and rates. The deconcentrated central government services are responsible for collecting the revenues from these taxes.

However, local governments receive the revenues from the surcharge ('*centimes additionnels*') on the VAT (5%). The revenue from taxes and local levies accounts for up to 50% of local government revenues.

Local staff do not have the necessary skills to fulfil the responsibilities devolved to the local governments. When it comes to capacity building in local governments, there is no framework of reference defining staff qualifications and responsibilities, and no national strategy for the training of local stakeholders.

The law provides for audits to be conducted to ensure good financial management of local governments, but in practice these audits are not done.

There are also no prescriptions on citizen participation in managing local governments, and no consultation of civil society within the various local governments.

Neither laws nor regulations order local government performance assessments. Local governments are not assessed in regard to their provision of local services.

Finally, Congo does not have an urban strategy to manage the urbanisation process even though the country is one of the most urbanised in Central Africa.

Proposed Reforms

With an overall score of 17 points out of 40, Congo is one of the countries where the environment is generally unfavourable to city and local authority action. The following reforms are necessary to make the environment more favourable to cities and local governments.

- **The first reform** should address compliance with the provisions in the Constitution that create the local governments. Indeed, there is no provision in the Constitution limiting the creation of local governments to urban areas alone. According to the letter of the Constitution, the principle of equality of citizens and their rights to enjoy the same freedoms is in favour of establishing municipalities in both urban and rural

areas. The reform should consist of setting up complete decentralisation and elected assemblies and executive bodies throughout the country.

- **The second reform** concerns the division and clarification of responsibilities between the central government and the various levels of local government. The identical description of responsibilities for municipalities and departments (when the municipalities are contained within departmental territories) creates the risk of jurisdictional conflict. In addition, the reform should help define a systematic transfer instead of the case-by-case procedure recommended in Law No. 10-2003 of 6 February 2003. Indeed, under the terms of this law, 'the modalities by which the local governments exercise the responsibilities transferred are established, as needed, via regulations, after examination, by the technical decentralisation assessment committee of the report from the local government concerned, from the local representative of the central government or of the ministry of which the responsibility transferred is managed.' This occasional, individual procedure implies the multiplication of negotiations with each central administration or ministry for each responsibility to transfer; it is not realistic and not something likely to strengthen the responsibility transfer process. The reform would have the aim of clearing up the vagueness in regard to the assignment of responsibilities to the various levels of local government and make the signature of transfer agreements between the central government and local governments real by creating a structured dialogue through national local government associations.

- **The third reform** should examine the financial transfers from the central government to the local governments. The laws and regulations specify that the basis for evaluating an expense to transfer consists of, first, each local governments' financial capacity based on fiscal potential, and second, the funding need based on the amount of spending arising from the transfer of responsibility. A technical decentralisation assessment committee has been assigned responsibility for evaluating these expenses. In all cases, the resources transferred must be equivalent to those utilised by the central government to exercise the responsibilities prior to the transfer. Furthermore, any new expenses incurred by local governments because of changes in central government rules on the exercise of said responsibilities must be offset by the allocation of resources of equivalent value. Finally, the law specifies that the resources to transfer to offset expenses consist of tax revenue transfers and the general decentralisation grant. This grant must fully offset the expenses by financing the balance not covered by the transfer of taxes. In practice, these laws are not followed. Not only are transfers slow in arriving, but overall they are *ad hoc*, irregular and unstable. The cost of the transferred responsibilities has not yet been evaluated; consequently, the reduction in the national amount of the general decentralisation grant does not take into account any objective criteria. The vertical imbalance to the disadvantage of the local governments is one of the elements that the reform should attempt to mitigate to ensure that decentralisation is financed.

- **The fourth reform** concerns the establishment of mechanisms encouraging transparency in local financial management and better performance by local governments when it comes to the provision of local public services. According to the terms of the decentralisation framework laws, oversight over local government budgets and oversight over authorising officers and accountants is stipulated in the law. This concern is also addressed in Article 34 of Law No. 8-2003 of 6 February 2003 establishing constitutional law relative to the exercise of authority over local governments; it is organised by Decree No. 11 479 MEFB/CAB setting the attributes and organisation of the offices of the Directorate-General of Financial Control ('Direction Générale du Contrôle Financier'). The reform should complete the system by ordering financial audits and assessments of local government performance in the provision of local public services.

- **The fifth reform** concerns urban strategy. In 1954-1955, Brazzaville, Pointe-Noire and Dolisie – all three of which are located in the southern part of the country along the Congo-Ocean railway – had a combined population of 135 thousand, or 16% to 17% of the total population. Even including the populations of small regional capitals and backcountry agglomerations called 'extra-customary centres', this figure would certainly not have reached 20%. Today, the three cities have a combined population of nearly 3,000,000, with approximately 1,888,000 in Brazzaville, 969,000 in Pointe-Noire, and 100,000 in Dolisie. Congo's urbanisation rate is among the highest, at just over 65% in 2015 and projected to reach 78% in 2050 (*World Urbanization Prospects: The 2014 Revision*). This very strong concentration of the population in cities accentuates the impression of demographic emptiness in the rest of this very sparsely populated country. Average population density was barely 12 people per sq. km in 2010. This impression of emptiness is further accentuated by the fact that four-fifths of the urban population is in reality clustered along a single axis, limited to the extreme south of the country. This axis connects the country's two major metropolises: Brazzaville, the political capital and a river port on the Congo River, and Pointe-Noire, a sea port. These numbers show the imperative need to anticipate population shifts and reflect on a better arrangement of the national territory. The reform should pay particular attention to setting up a balanced national urban structure so as to unleash the economic potential of all urban centres and the territories for which they act as hubs. ■

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- Law No. 08-2003 of 6 February 2003 establishing constitutional law relative to the exercise of authority over local governments
- Law No. 7-2003 of 6 February 2003 establishing the organisation and operations of local governments
- Law No. 3-2003 of 17 January 2003 establishing the territorial administrative organisation
- Water, Electricity and Urban Development Project, Project Appraisal Document, World Bank
- Country Profile, Global Observatory on Local Democracy (GOLD), UCLG

Côte d'Ivoire

20/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies and executive bodies are elected, but not necessarily throughout the country	3
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2
9.	Local government performance is not assessed	1
10.	A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking	3

Explanation of the Rating

Côte d'Ivoire has a longstanding decentralisation policy governed by French Law No. 55-1489 of 18 November 1955. This policy was progressively confirmed by various laws passed between 1985 and 2003. A number of implementing decrees were then passed starting in 2005 to make the transfer of responsibilities to the local governments operational. The country's administrative structure then consisted of 19 regions, 58 departments, 245 sub-prefectures headed by appointed sub-prefects, 197 municipalities ('communes'), and 2 cities (Abidjan and Yamoussoukro). The Constitution of August 2000 stipulated in Title XII 'of the Territorial Collectivities' that the local governments were the regions and the municipalities, and that the law determined the fundamental principles of free administration by the territorial governments, their competences and their resources. The socio-political crisis and civil war endangered several of the accomplishments of this lengthy and deliberate decentralisation policy. After the socio-political crisis, the Council of Ministers meeting on 28 September 2011 issued a guiding ordinance on the overall organisation of the administration in Côte d'Ivoire. Under the terms of its provisions, this ordinance adopted three substantial points of modification: the elimination of the department as a decentralised entity and therefore the elimination of the general councils, and the elimination of the district as a decentralised entity; the elimination of the city as a decentralised entity; and the establishment of a new type of deconcentrated territorial entity called the district, consisting of a group of regions. The region and municipality are now the two types of local governments responsible for ensuring the population's full involvement in managing their affairs. As for the district, its mission is, among other things, to conduct major supra-regional development projects and elicit the economic and cultural potential of the major groups thus formed. The second ordinance reorganised the national territory both under deconcentration (in the form of 12 districts, two autonomous districts, 30 regions, 95 departments, 497 sub-prefectures, and 800 villages) and under decentralisation (as 30 regions and 1,281 municipalities). The Council of Ministers meeting on Wednesday 4 July 2012 resulted in the signature of a decree covering the creation of a new region, 12 new departments, and 12 new sub-prefectures in Côte d'Ivoire. The law on the transfer and distribution of responsibilities from the central government to the territorial governments is under discussion. After these discussions, the draft of the revised text will be transmitted to the Council of Ministers for entry into force after the general elections in October 2015. Municipalities have not been created throughout the country, and local elections have not been held in all parts of the country. The latest local and regional elections, held in April 2013, concerned the 197 initial municipalities and the 31 regions.

Financial transfers are set on an *ad hoc* basis, and their distribution among local governments is not transparent. With the socio-political crisis and war in the country, financial transfers have become irregular and erratic.

Article 107 of the financial regulations on local governments stipulates that the 'local government council cannot establish taxes or levies that have not previously been created by law.' Decided upon recently, the centralisation of revenues from local taxes in a common pool, combined with the redistribution of these revenues among the municipalities and regions, has further weakened the financial autonomy of local governments.

In regard to capacity building for local administrations, there is no legislation on and no institute for training municipal staff. However, there are initiatives in this area as part of international cooperation projects and programmes. One should also note that a recent study was conducted and a preliminary draft decree creating an Institute for Local Administration Capacity Building ('Institut de Renforcement des Capacités des Administrations Locales') has been drafted. The location for this institution has already been chosen and the project shall begin shortly.

Audits of local governments are ordered by law and conducted by the supervisory authorities; but these audits are conducted occasionally, despite the recent passage of the law governing transparency in public finances.

In addition, the law does not provide for local government performance assessment when it comes to the provision of local public services.

There are no national laws on people's participation in the management of local governments, but a large number of local governments have spaces for consultation.

With a current urbanisation rate of 54%, Côte d'Ivoire is undergoing a structural urbanisation process that will bring the country to approximately 71% urbanisation by 2050 (*World Urbanization Prospects: The 2014 Revision*). Since the start of the socio-political crisis roughly a decade ago, the considerable financial resources that had been devoted to implementation have dried up. However, the current reconstruction phase is marked by heavy investment in the urban sector.

Proposed Reforms

With an overall score of 20 points out of 40, Côte d'Ivoire is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms.

- **The first reform** should address local government finance. Central government transfers – the General Operating Grant (DGF, 'Dotation Globale de Fonctionnement') and the Urban Development Investment Fund (FIAU, 'Fonds d'Investissement et d'Aménagement Urbain') – need a complete overhaul. Indeed, the elimination of the departments, the creation of the regions, and the ambition to see local governments play a significant role in implementing the emergence plan have led the central government of Côte d'Ivoire to revise several texts: draft law governing the local governments' financial regime (transposing directive 01/2011/CM/WAEMU); draft decree on the modalities for setting rules and the planning and budgeting calendar for local governments' development actions and operations; draft decree on the modalities for setting, calculating and distributing the General Operating Grant (DGF, 'Dotation Globale de Fonctionnement') and the General Decentralisation Grant ('Dotation Générale de la Décentralisation'); draft circular strengthening budgetary dialogue among the local governments and Prefects, supported by the deconcentrated offices of the line ministries and the deconcentrated offices of financial ministries. The reform should bring all these texts into coherence with each other to give greater financial capacities to local governments.

- **The second reform** should address the local tax system. Local taxation in Côte d'Ivoire could be vastly improved. The country is one of the few where local governments do not have their own taxation system. Every year, the finance law sets the taxes whose revenues will be partially ceded to the local governments. It also sets the rules on how taxes will be divided between the central government and local governments, and divided among the local governments. Therefore, there are no local taxes destined exclusively for local governments; all taxes are shared between the central government and the local governments. But, very often, the central government changes the rules on sharing revenue from the main local taxes without consulting the local governments. As a result, local governments find themselves missing large chunks of their resources after the finance bill is passed. The reform should not only provide local governments with real latitude in the area of taxation, but also define conditions for incentives to mobilise resources on the local level.

- **The third reform** could deal with strengthening local administrations. In Côte d'Ivoire, there are no laws on and no institutes for training municipal staff. Local government personnel are hired according to modalities set by the law governing the status of local government staff. In addition, as part of sectoral policy decentralisation, the central government has transferred some national sectoral policy implementation tasks to the local governments. Based on this, the personnel corresponding to the tasks to be transferred to the local governments have systematically been assigned to them. There are many different arrangements for this: the personnel may be paid directly by the central government or by the local governments using funds from the central government. This solution has allowed local public services to be covered by the local governments but does have two disadvantages. First, in practice, these staff owe more to the central government that to the local governments: examples of government staff refusing to take into account the instructions of local governments instead of those of their structures of origin are plentiful. The second disadvantage is that this system makes the question of local government staff capacity building more complex because government personnel assigned to the local level are not sure to continue their careers at that level. The elaboration of a true training strategy and a framework of reference defining local government staff qualifications and responsibilities should lay the foundations for a sustainable strategy on strengthening the human resources in local administrations.

- **The fourth reform** should address transparency in public administration. Local governments' books are audited irregularly, and local government performance in the provision of public services is not evaluated. In addition, the staff of the Treasury Inspector General needs to be increased. The reform could emphasise ways to improve the quality of local public spending in general and make audits and performance assessment operational. ■

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Democratic Republic of the Congo

15/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies and executive bodies are appointed	1
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

After its independence on 30 June 1960, civil war raged in the Democratic Republic from 1996 to 2003. The Global and All-Inclusive Agreement signed in Pretoria, South Africa, on 17 December 2002 following the Inter Congolese Dialogue, contributed to the determination among national stakeholders to begin a new era in the country's governance, one that would be free, pluralistic and democratic. The Democratic Republic of the Congo promulgated a new Constitution on 18 February 2006 after it was adopted in a referendum. This Constitution marked the beginning of the Third Republic. It clearly officialises decentralisation as a new way of organising and administering public affairs in general and local public affairs in particular, replacing the excessively centralised system created on independence. According to Article 3 of the Constitution, 'The provinces and the decentralised territorial entities of the Democratic Republic of the Congo possess legal personality and are managed by local authorities. These decentralised territorial entities are the city, the municipality [la commune], the sector and the chiefdom [la chefferie]. They enjoy administrative freedom and managerial autonomy with regard to their economic, human, financial and technical resources.'

The Constitution of 18 February 2006 institutes three levels of governance: the central government, the provinces, and the decentralised territorial entities. This last category includes cities, municipalities ('communes'), sectors and chiefdoms ('*chefferies*'). For now, the country is divided into 25 provinces and the city of Kinshasa, which has special status equivalent to that of a province, although in reality, the country has long been divided into 11 Provinces. It took until 2015 for a law to legalise the division into 26 provinces, which are: Bas-Uele, Equateur, Haut-Lomami, Haut-Katanga, Haut-Uele, Ituri, Kasai, Kasai Oriental, Kongo Central, Kwango, Kwilu, Lomami, Lualaba, Kasai Central, Mai-Ndombe, Maniema, Mongala, Nord-Kivu, Nord-Ubangi, Sankuru, Sud-Kivu, Sud-Ubangi, Tanganyika, Tshopo, Tshuapa, and the city of Kinshasa.

In addition to the Provinces, the other levels of local government should have been set up in the 36 months following promulgation of the fundamental law on 18 February 2006, after delimiting the territories of the various decentralised territorial entities (DTEs). To date, however, these territories have still not been delimited, and the DTEs set forth in the fundamental law still do not exist. Cities are either provincial capitals or any agglomeration with a population of at least 100 thousand and collective facilities and economic and social infrastructures to which the Prime Minister has granted the status of city via decree. Their chief executives are mayors.

Municipalities ('communes') are either territorial capitals or any subdivision of a city or any agglomeration with a population of at least 20 thousand to which the Prime Minister has granted municipal status by decree. Their chief executives are bourgmestres.

Sectors are usually heterogeneous ensembles of independent traditional communities organised according to custom. Their leaders, chiefs, are elected then confirmed by the central government.

The chieftaincy is a generally homogenous ensemble of traditional communities organised according to custom and led by chiefs who are designated by custom and recognised and confirmed by public authorities.

The devolution of responsibilities to local governments still has to be finalised. Laws and regulations clarifying the responsibilities of DTEs remain to be drafted.

The provinces have assemblies and executive bodies that are elected throughout the country. However, until now, the councils and chief executives of the DTEs have been appointed. Provincial, municipal, urban and local elections are planned for 25 October 2015, and the election of Governors and Vice-Governors is scheduled for 31 January 2016.

The decentralised territorial entities have the right to 40% of national revenues allocated to the provinces. The provinces themselves have the right to 40% of national resources, with 60% for the central government. The decentralised territorial entities therefore have the right to 40% of 40% of national resources.

The DTEs' own revenues consist of the minimum individual tax ('*impôt personnel minimum*'), participation revenues, and local levies and duties. They also contain general interest levies; the distribution key for revenues from

general interest levies among the decentralised territorial entities is not yet set in the law. The central and provincial levels determine and collect the revenues without the involvement of the DTEs.

Institutional capacity building for local governments is an area that needs to be taken up because there is no framework of reference detailing local staff qualifications and responsibilities and no national strategy on local capacity building.

Article 180 of the Constitution stipulates that the Court of Accounts ('Cour des Comptes') verifies, under the conditions set by law, the central government's management of finances and public goods as well as the books of the provinces, decentralised territorial entities and public bodies. It also stipulates that the Court of Accounts shall issue an annual report, submitted to the President of the Republic, Parliament and the Government. These audits are conducted only occasionally, however.

The Democratic Republic of the Congo does not have specific legislation on citizen participation, and there are no local spaces for consultation on municipal level.

The law does not provide for local government performance assessment when it comes to the provision of local public services, and no such assessments are conducted.

The Democratic Republic of the Congo does not have an urban policy despite the considerable challenges that urbanisation and territorial planning represent in this country, one of the largest in Africa.

Proposed Reforms

With an overall score of 15 points out of 40, the Democratic Republic of the Congo (DRC) is one of the countries where the environment is generally unfavourable to city and local authority action. The following reforms may be suggested to make the environment for cities and local authorities more favourable.

- **The first reform** should address the local government taxation system. Several indications raise questions as to the financial autonomy of the decentralised territorial entities (DTEs). The laws and regulations stipulate that the budgets of decentralised territorial entities are integrated, both spending and revenues, in the provincial budget in compliance with the provisions of the Finance Act. In addition, taxes are established in compliance with provincial fiscal law. The distribution key for revenues from general interest levies between provinces and decentralised territorial entities is set by the law creating said levies, after the provincial Conference of Governors has pronounced its opinion. These provisions make the decentralised territorial entities (DTEs) generally dependent on the provinces, which is in line with the spirit and letter of the 2006 Constitution. This can also raise problems for revenue sharing when the provinces have not reached an agreement with the central government on their own revenues. While the law specifies that the decentralised territorial entities' financial resources include own revenues, resources from national revenues allocated to the provinces, resources from the National Equalisation Fund ('Caisse National de Péréquation') and exceptional revenues, no implementing law or regulation spells out the exact details. The laws and regulations note that the taxes specific to each decentralised territorial entity are those taxes levied on local matters not taxed by the central authorities. Finally, the laws and regulations state that the decentralised territorial entities establish their own revenue collection mechanisms but do not specify how. All these issues could be addressed as part of a reform of the local taxation system.

- **The second reform** could concern the financial transfers to the decentralised territorial entities. The division of revenues between decentralised territorial entities is based on the criteria of production capacity, surface area and population size. For now, the law is fairly vague on the resources to share between the provinces and the central government. Moreover, Article 181 of the Constitution provides for the creation of a National Equalisation Fund ('Caisse Nationale de Péréquation') endowed with legal status. The National Equalisation Fund's mission is to finance public capital investment projects and programmes with the aim of ensuring national solidarity and righting development imbalances between the provinces and between decentralised territorial entities. It has a budget funded by the Public Treasury in the amount of 10% of all national revenues owed to the central government every year. A constitutional law sets its organisation and operations. For this fund to play its equalisation role fully, precise regulations defining the mechanisms and implementation modalities of the financial transfers from the central government to the provinces and from the provinces to the decentralised territorial entities must first be elaborated. Drafting this legislation should be the main goal of the reform of the transfer system.

- **The third reform** should address urban strategy. The largest country in Africa and one of the most populous, the DRC has just over 60 million inhabitants. Urbanisation was 42% in 2015 and all projections suggest urbanisation of 60% by 2050 (*World Urbanization Prospects: The 2014 Revision*). The population is distributed unevenly, with a small share of the urban population in Maniema and a large share in Kinshasa, where one tenth of the total population lives. The rate of urban population growth is one of the highest on the continent (7% to 8%), which points to a doubling of the current urban population in the space of 10 years or less. The vastness of the country and the rapid pace of urbanisation argue strongly in favour of elaborating a national urban strategy and a national territorial planning strategy. The fact that the country is prey to recurrent political convulsions with the persistence of rebellions in several regions of the country also obliges one to design a specific strategy for fragile cities that have been exposed to politico-military crises and where the reconstruction of community life in the post-conflict situation calls specifically for the intervention and engineering of local authorities to revive the sense of togetherness within local communities. ■

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Djibouti

18/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies and executive bodies are elected throughout the country	4
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

A country at war in the 1990s, peace returned to Djibouti only after two peace agreements in the early 2000s. The presidential elections that followed marked a return to the normal constitutional order and decentralisation imposed itself as the way out of crisis. The text of the peace agreement provided for the introduction of a complete multi-party system and the implementation of real decentralisation. It was in this context that the country provided itself with a legal system, notably Law No. 174 governing decentralisation and the status of regions. For national decision makers, the aim of decentralisation is to institute consultative and participatory local governance, make central government action more efficient by bringing the administration closer to the administered, promote the participation of economic operators in local development, and allow civil society to participate in management of public affairs. However, until 2006, the central government appointed regional governors and district administrators. In 2006, the first regional elections were held and the resulting assemblies were given a six-year term of office. The organisation of the first regional and municipal elections would in this way inaugurate a new form of governance, one focused on the local level. In 2010, the national assembly through Constitutional Law No. 92/AN/10/6th L of 21 April 2010 revising the Constitution definitively anchored decentralisation in the national institutional landscape. Title X on territorial units stipulates that the local governments are legal entities under public law endowed with administrative and financial autonomy. The local governments are regions, municipalities ('communes') and any other territorial unit with special status. They are administered freely by elected councils. Article 87 of the Constitution states that the missions, organisation, operations and financial regime of the local governments are set by constitutional law. The administrative and territorial organisation of the Republic of Djibouti is based on the deconcentration of central government services. The administrative divisions consist of districts and posts. The districts are governed by Commissioners of the Republic, and the posts by Heads of Posts. For decentralisation, the country has five regions and three municipalities that make up the capital. In January 2012, the second local and regional elections were held, setting up new councils and executive bodies throughout the country.

In regard to the transfer of responsibilities, the only responsibility truly transferred to the local governments is vital records, even despite the decree governing the transfer and distribution of responsibilities among the central and local governments and the establishment of a responsibility transfer monitoring committee. However, the work of monitoring the conditions of and modalities for transferring financial resources to fulfil the responsibilities transferred has not had the expected results. The transfers are episodic and *ad hoc*, and do not provide the local governments with manoeuvring room.

In regard to local taxation, the government's promise to set up an effective tax system provided for in the implementing decree has not been kept. Local taxes consist of the business tax, the license duty, the property tax on developed land, and the property tax on undeveloped land.

Djiboutian municipalities suffer from insufficient institutional capacity to implement programmes. Municipal staff is generally junior staff. There is no framework of reference detailing staff qualifications and responsibilities, and no national capacity building strategy.

In practice, audits are only occasional, despite the fact that the decentralisation regulations provide for regular independent audits of local government books.

There are no spaces for consultation in the local governments to strengthen citizen participation in the management of local affairs; and there are no laws on such participation.

Laws and regulations in Djibouti do not provide for the assessment of local government performance.

The country does not have a national urban strategy.

Proposed Reforms

With an overall score of 18 points out of 40, Djibouti is one of the countries where the environment is generally unfavourable to city and local authority action. To improve this situation, a number of reforms must be undertaken immediately.

- **The first reform** deals with the strategic guidance of the decentralisation process. Beyond the phase of adopting legal and regulatory provisions, a timeline for the implementation of the decentralisation policy should be established along with the objectives, resources, execution phases and a monitoring and assessment system for the institutions set up. In practice, the decentralisation process follows the pace of joint initiatives by the government and donors and is very often triggered by the general political discourse of the Head of State during the run-up to elections and/or by elected local officials' speeches at the end of their terms of office. When the authorities act, notably through normative laws or regulations, we see lags and considerable delays between the time when laws are passed and when they are applied concretely by decrees. In this regard, some implementing decrees for the 2002 Law were published five years later. This delay shows the reluctance of certain central government administrations to follow the decentralisation schedule. In regard to the transfer of responsibilities, the government's promise to set up an effective tax system provided for in Article 5, Paragraph 2 of the decree has not been kept. Causing the process to be steered in a strategic manner implies reviving the Ministerial Committee for Decentralisation (CMD, 'Comité Ministériel pour la Décentralisation'), with the support of a technical committee, the National Committee for Decentralisation (CND, 'Comité National pour la Décentralisation'). These bodies have been created by decree but have not yet been formed. These two committees will design, centrally, all coordination and supervision necessary to guide the decentralisation process. The reform should propose strategic management of the process by identifying the roles of the institutions concerned and suggesting ways to build their capacities.

- **The second reform** should address the process of transferring responsibilities to local governments. The administrative and regional system in Djibouti has traditionally been highly centralised, even despite the election of elected assemblies and executive bodies at the head of the regions and municipalities. The country's five regions are administered by regional governors who are in principle also responsible for coordinating decentralised central government services. In practice, decentralisation is still largely ineffective because of the inadequate transfer of responsibilities to the regions and the decentralisation of financial resources. The situation has brought about regional inequalities, and ineffective policies arising from and causing excessive pressure on central services. Reviving the responsibility transfer process implies revitalising the committee in charge of monitoring the conditions and modalities for transferring responsibilities between the central government and the local governments created by Decree No. 207-0432/PR/MID. Its role would be vital in this area and would make it possible to effectively enforce the schedule set. However, the irregularity and even near-absence of meetings by this body, poor financial and human resources, and the difficulties accessing documents issued by said committee are as many constraints on the transfer of responsibilities between the central government and the local governments.

- **The third reform** concerns fiscal and financial decentralisation. It is central to the process of strengthening the decentralised entities. All other aspects of decentralisation depend on how the financial component is implemented. For example, effective delivery of services depends on the proportionate and appropriate allocation of resources to local governments, as well as the transparent and efficient management of these resources. The process for determining and paying funds, managing and allocating these funds to the planned activities, local revenue generating initiatives, and the involvement of national stakeholders in supporting the process of transferring resources to the decentralised entities help strengthen local governments' financial autonomy. The national amounts to transfer to local governments should be based on an 'equalisation formula' that takes into account the population, the poverty line, distance and resource development potential among other factors. The local governments' ability to plan their actions will depend on the transparency and predictability of these transfers.

- **The fourth reform** deals with urban strategy. With urbanisation at approximately 77% in 2015 and projected to reach 83% in 2050 (*World Urbanization Prospects: The 2014 Revision*), Djibouti's urban development has been uncontrolled. Indeed, despite the efforts by the government and its development partners in recent years, urban poverty and extreme poverty have increased. For instance, in the city of Djibouti, shantytowns are growing rapidly, against all zoning rules. Access to basic infrastructures such as drinking water, a sewer system, housing and transportation is very weak, and unemployment and marginalisation are growing at dizzying speeds. A 'floating' population also contributes to the degradation of public equipment and the urban environment. In Djibouti, urban management is one of the responsibilities shared among three ministries (housing, finance and the interior). The district of Djibouti, which is under the authority of the Ministry of the Interior, is not an autonomous entity. This is the source of many problems, among which the lack of a clear division of responsibilities is not the least. The reform should make it possible to elaborate a national urban strategy and define the involvement of various national and local stakeholders in a coordinated manner. ■

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Egypt

17/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies are elected, but executive bodies are appointed	2
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments	2
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

Decentralisation in Egypt has been a long process. The first progress was made in 1960 when a law created the governorates and delegated many functions to the local authorities. The second stage was the Constitution of 11 September 1971 that provided for local governments with legal status and a certain degree of autonomy (Article 161 of the Constitution). That same year, Law No. 57/1971 promulgated the new constitutional principles and attempted to improve local government efficiency. The third stage in the solidification of decentralisation came in 1975 because two other local governments were created: the borough ('*hai*') and the rural district ('*markaz*'). In the wake of this, a Supreme Council of Local Administration was created in 1981, composed of governors and local council chairs at the governorate level under the direction of the Prime Minister. The fourth stage was the new Constitution of 2014, which emerged from the Arab Spring and devoted an entire section (Section 3) to 'local administration'. However, all the laws and regulations necessary to make the provisions in the Constitution operational remain to be drafted.

The territorial division contains three levels: (a) the 29 governorates; and (b) the 433 districts, the major administrative units under the governorates. These districts do not exist in the governorates of large cities. There are four large cities: Cairo, Alexandria, Port Said and Suez. Alexandria is the exception and contains a district. The urban and provincial governorates and the large cities and districts correspond to the second tier. The last tier (c) consists of the 220 boroughs, provincial cities, cities and village units. All the provincial cities are governorate capitals, except Shubra El-Kheima in the Qalyubia Governorate. The capital of Qalyubia is the city of Banha. The provincial cities are divided into boroughs like the large cities. Village units contain the parent village and surrounding villages. The governor is appointed directly by presidential decree. The head of the district executive body is the district chief ('*ra'isal-markaz*'), appointed by the Prime Minister. The head of the executive body for cities is the mayor ('*ra'isal-madina*'), appointed by gubernatorial decree, as are the village and borough chiefs. Local government councils are, however, elected.

Financial transfers from the central government to the other spheres of governance (governorates, districts and boroughs) are unpredictable, not very stable, and do not allow the efficient provision of local public services.

In Egypt, there are also own revenues and revenues shared between the central government and local governments. The shared field consists of: half the revenues from export and import duties; half the revenues from taxes on securities; half the revenues from taxes on commercial and industrial profits; and one quarter of the revenues from taxes on farmland. Own revenues come from taxes on vehicles and other means of transportation, and taxes on entertainment and leisure activities. In all cases, though, local governments cannot alter the local tax base or rates.

Egypt has a national capacity building strategy for local administrations, and Decrees Nos. 705/2014 and 707/2014 establish national bodies in charge of the human resources of local administrations. However, the country does not have a national framework of reference on the local government staff qualifications and responsibilities. There are few qualified staff in local governments and few local experiments in capacity building.

Many institutions exist and are in principle in charge of verifying financial management by local governments. They are the Supreme Council of Local Administration, and some central institutions such as the Central Authority for Organisation and Administration and the Central Agency for Audits. However, audits are conducted only occasionally.

In Egypt, there are no specific laws on participation and no local spaces for consultation and participation.

There are no laws on local government performance assessment, and such performance is not assessed.

Given the high level of urbanisation and the major city of Cairo (population 12 million in 2015), several initiatives have been developed to support the urban sector and

many programmes have been implemented. However, there has been no reflection on an urban strategy.

Proposed Reforms

With an overall score of 17 points out of 40, Egypt is one of the countries where the environment is generally unfavourable to city and local authority action. Improving the enabling environment for cities and local authorities calls for a certain number of reforms.

- **The first** is to strengthen local autonomy. Because they are appointed, heads of local government in Egypt have a hard time adapting public spending to local preferences. Firstly, while some governors are able to improve territorial application of public policies, the system of vertical organisation of powers as a whole weighs against local preferences. The governor holds financial and administrative power over deconcentrated central government services, but his authority cannot influence changes made by Ministers in the implementation of sectoral policies. Secondly, the heads of deconcentrated central government services are members of the Governorate Executive Council and report to their central ministries. This means that the deconcentrated central government services have few obligations towards governors' initiatives. Thirdly, the line ministries have the power to hire, fire and promote local executives, which strengthens their accountability to the central government. In addition, most governors are appointed from outside the local government sphere (nearly 70% of governors are former members of the armed forces or former police officers). Finally, Egypt is undoubtedly one of the few African countries where a people's assembly is in charge of approving local government budgets and plans. The reform should clarify the content of Article 179 of the new Constitution, which stipulates that the 'law shall regulate the manner in which governors and heads of other local administrative units are appointed or elected, and shall determine their competences.' The reform should then tackle the link between decentralisation and deconcentration in such a way as to strengthen local autonomy.

- **The second reform** should emphasise clarifying the distribution of responsibilities among the various spheres of government. In principle, laws divide up responsibilities but the regulatory texts to detail the different links of responsibility are missing. Moreover, the texts themselves often introduce a dose of uncertainty. For example, according to the law, a service assigned to a sphere of local governance does not mean that the service will necessary be provided by the local level. Indeed, services are often provided by several spheres of governance. In this way, there are many examples of competing responsibility: health (supply is regional or central, distribution is local), social well-being (central pensions, etc.), transportation (national and local roads), the environment (local governments may act as agents for the central government), sanitation (regional sewerage processing but local waste collection), and primary education (educator certification and some aspects of curricula on the central level, educator service standards and pay scales set by the governorates, and school books chosen by schools). The reform shall focus on the distribution of responsibilities between the central government and the various levels of local governance and across these various levels. The reform should pay particular attention to drafting the laws and regulations necessary to make the transfer of responsibilities to local governments operational.

- **The third reform** concerns the financial transfers from the central government to the local governments. Two transfer methods exist. The first is shared taxation. While 50% of the revenue from these taxes is paid to the local governments based on collection site, the remaining 50% are transferred to common funds to be distributed to all governorates, except Cairo and Alexandria, according to a specific formula. The rate of the surcharge is not stable and changes over time. This source of revenue contributes greatly to local fiscal revenues – nearly 40%. The second transfer is the 'Common Fund' administered by the Ministry of Finance. However, how fund resources are distributed among eligible governorates is decided after consulting the Ministry of Local Development. The criteria for allocating funds to governorates take into consideration population size, geographic sector and need. These resources provide nearly 30% of governorate budgets, particularly in Upper and Lower Egypt. Finally, transfers of Suez Canal Authority profits are distributed by the Ministry of Finance to five governorates. These revenues are distributed as follows: 50% to Ismailia, 30% to Port Said and Suez, 10% to North Sinai, and 10% to South Sinai. The reform should adjust the scale of financial transfers from the central government to the other spheres of government (governorates, districts and boroughs) so that they are in line with the cost of the responsibilities transferred. It should make the transfers predictable and stable to allow for the efficient provision of local public services and avoid territorial disparities from worsening (import-export duties, Suez Canal, etc.). ■

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Equatorial Guinea

17/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies and executive bodies are elected throughout the country	4
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7.	No rules or legal provisions on transparency in the running of local governments exist	1
8.	There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

Equatorial Guinea consists of the mainland region (Río Muni) and several islands (Bioko, Annobón, Corisco, Elobey Grande, Elobey Chico, and the adjacent islets). Decentralisation in Equatorial Guinea is the result of the 1995 Constitution that enacted political pluralism.

In Part Four, the Constitution stipulates that local governments shall have legal status. Under the responsibility of the government and the administrative authorities of the regions, they are in charge of social and economic development programmes. Local governments help achieve the central government's development plans. In Article 102, the Constitution stipulates that the law shall determine its responsibilities, operations and legal framework. To date, the laws determining the conditions for local government operations and the implementing legislation have still not yet been passed. One should also note that nowhere does the Constitution affirm the principles of local autonomy and elected bodies.

The Ministry of Interior and Territorial Administration as well as the line ministries active in the provinces and districts are responsible for local governments. The territory is divided into two major regions: the mainland and the islands. These regions are in turn divided into seven provinces: two provinces on the island of Bioko, one province on the island of Annobón, and four provinces in the mainland region of Río Muni. These provinces contain 30 municipalities and a number of traditional chieftaincies and villages. The provinces are governed by governors appointed by the central government for a five-year term. The municipal level is governed by elected councils. The last local elections were held in 2013.

The main constraint on the environment for cities and local governments is, however, the absence of laws and regulations making the transfer of responsibilities operational. The laws on local government still need to be developed and the implementing legislation does not exist, which hinders the assumption of the responsibilities transferred.

Financial transfers from the central government to the local governments are not part of the national financial landscape. The law does not provide for systematic financial transfers to local governments. When these transfers happen, they are due specific events such as the Africa Cup of Nations. No local government can predict these transfers in their budgetary planning.

Local taxation provides local governments in Equatorial Guinea with very little in the way of financial resources. Among other things, it is governed by national provisions, and local governments do not have the latitude to alter the base or rates of local taxes.

Local governments have few capacities and rarely hire conceptual executives. Given the paucity of experiments currently underway, local staff are generally composed of labourers and operational personnel. The country has neither a national framework of reference defining the qualifications and responsibilities of local government staff nor a national strategy to build the capacities of local administrations.

The legislation in Equatorial Guinea makes no mention of verifying financial management of local governments. In addition, the Ministry of Local Government does not provide for ways to audit local books.

Despite the local elections, citizen participation in local public management is not widespread in Equatorial Guinea. No specific laws exist on this subject, and people are consulted only rarely because there are very few local development plans. Finally, there are no local frameworks in which to consult the population.

Local governments have barely any skills when it comes to implementing sectoral policies, and their performance in this area is not assessed. No legislation addresses assessing the performance of local governments when it comes to providing services.

Equatorial Guinea does not have an urban strategy despite an urbanisation rate nearing half the country's population.

Proposed Reforms

With an overall score of 17 points out of 40, Equatorial Guinea is one of the countries where the environment is generally unfavourable to city and local authority action. Several important reforms must be undertaken for Equatorial Guinea to make real progress towards a more enabling national environment for cities.

- **The first reform** concerns local government responsibilities. In practice, local governments do not yet have distinct legal status despite the inclusion of local governments in the Constitution. The municipalities operate in the field like deconcentrated agents of the central government and, as such, have only marginal influence on the elaboration of public policies, including those that concern them. Equatorial Guinea would now like to undertake a more advanced decentralisation process moving towards greater local democracy. This implies considering involving the local level in the development process, granting municipalities legal status and financial autonomy, and designating local assemblies and executive bodies through democratic voting. In all countries, democratically choosing local leaders puts these leaders in the position of having to be accountable to their constituents; this contributes to the quality of local governance. The reform should also officially adopt the principles of free administration by local governments, subsidiarity, respect for differences and diversity, and shared and complementary responsibility with the central government.

- **The second reform** to undertake, as an extension of the first, should address the transfer of responsibilities. The reform should work to elaborate specific legislation that extends and clarifies the provisions in the Constitution. Indeed, local governments have no legal responsibilities and are positioned as relays for the line ministries. The reform should define the responsibilities specific to local governments taking into account geographic and socio-political specificities and the various territorial scales in the country. It should determine which options should be taken in regard to the transfer of responsibilities – general responsibility clause or transfer by bundle of responsibilities– and the timeline for the implementation of these transfers. The reform will define these options in conjunction with the actions of line ministries in the field and the complementarity to establish between the decentralised administration and the deconcentrated administration. Finally, the reform should draw lessons from experiences in other countries, notably as regards the contribution of deconcentrated central government services to strengthening local government contracting authority.

- **The third reform** concerns the financial transfers to the local governments. This reform must go hand-in-hand with the definition of responsibility transfers. It is also explained by the fact that local governments support and facilitate the action of line ministries in the field, they do not implement actions. The first challenge for the reform will be to identify the cost of these responsibilities when they were implemented by the central government, and then to proportion the financial transfers. This exercise should take into account the three levels of local government – the regions, provinces and basic municipalities. This exercise should be based on several principles, including national solidarity, territorial equity, and incentive to create the conditions for the decentralised provision of local services.

- **The fourth reform** should tackle improving governance by local government units by legislating mechanisms for citizen participation in the management of local affairs and for local policy assessment. Today, the central government is exclusively responsible for implementing public policy, including on the local level. This situation unfortunately strengthens the unilateral nature of national decisions to the detriment of territorial particularities that if expressed could help make decisions more relevant. Beyond the quality of local public spending, participation should also help improve the mobilisation of resources for local development. The reform should also specify the modalities to measure local government performance in the provision of local public services. It will indicate modalities for the coaching of local governments by deconcentrated central government services to allow them to progressively improve their performance when implementing sectoral policies. The reform will propose specific legislation on citizen participation, verification of local financial management, and ways to assess local government performance.

- **The fifth reform** concerns urbanisation. Today, urbanisation is estimated at approximately 40%; it will hit 51% by 2050 (*World Urbanization Prospects: The 2014 Revision*). The urban structure is balanced and consists of just under a dozen cities. The cities of Bata (pop. 173,046) and Malabo (pop. 155,963) have close to 200,000 inhabitants, while the other cities are much smaller with Ebebiyín (pop. 25,000) and Aconibe (pop. 11,192) followed by Añisoc, Luba, Evinayong and Mongomo that have a population of roughly 10 thousand each. The urban strategy will endeavour to improve the balance of the urban structure by developing other regional hubs. In this way, it will define the conditions for sustainable urban infrastructure financing to support national development and offer other alternatives to oil. ■

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- Collection of various regulations

Eritrea

21/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies and executive bodies are elected throughout the country	4
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets	3
6.	There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

Formerly a province of Ethiopia, Eritrea has, since its independence in 1991, set up a process to elect assemblies and executive bodies to administer the villages, districts and provinces. Between 1993 and 1997, the central government and local governments underwent a series of reorganisations. In 1996, the territorial divisions in Eritrea were restructured and the country went from 10 provinces to six *zobas* or semi-autonomous regions, each composed of several sub-regions. The *zobas* are administered by governors and have their own local assemblies. On the central level, the Ministry of Local Government watches over local affairs and focuses on formulating policy, regulations and staff identification and capacity building, leaving responsibility for implementation to the regional and local governments.

The Law of 1996 on local government, strengthened in 2004, contains provisions aiming to improve opportunity for women within local government in Eritrea.

In Paragraph 5 of Article 1 'The State of Eritrea and its Territory', the Constitution stipulates that Eritrea has a unitary government divided into local government units, and that the powers and duties of these local governments shall be determined by law.

The laws and regulations have still not been passed, which is a constraint on the proper fulfilment of the duties transferred by the central government.

The 56 sub-regions ('*subzobas*') are placed under the authority of regional assemblies elected for five-year terms of office. The last local elections were held in 2014.

Various financial transfers from the central government to local governments have been set up by the central government. But neither the national amount of these transfers nor the modalities for distributing this total among the local governments are known in advance. This is an important limitation on local autonomy and planning.

Local governments have considerable authority to set policy and issue regulations, raise taxes, approve budgets, and appoint executive staff at their respective levels. The local authorities have discretionary power to raise taxes and rates as 'locally determined in the local government' as long as these taxes 'are not forbidden by central government financial policy'.

Eritrea has neither a national strategy to build the capacities of local administrations nor a national framework of reference defining the qualifications and responsibilities of local government staff. However, a few local capacity building initiatives can be noted in the context of specific international cooperation interventions.

Eritrean legislation does not contain specific laws on auditing the financial management of local governments. However, the Ministry of Local Government approves budgets and audits. Yet, audits are conducted only occasionally, unlike budget approval that follows a specific schedule.

The Constitution of Eritrea gives a large role to the people's participation in central and local government administration. A large number of articles in the Constitution refer to this. However, Eritrea has no laws on people's participation in the management of local affairs. Numerous arenas for consultation do exist, an offshoot of the populist and socialist outlook of the current regime. These arenas for consultation are active in the local planning process.

Eritrea has no specific legislation on assessing the performance of local governments when it comes to the provision of local public services, and no experience assessing local government performance.

There is no national urban strategy in Eritrea.

Proposed Reforms

With an overall score of 21 points out of 40, Eritrea is one of the countries whose progress towards an enabling environment for cities and local governments

would require significant reforms. Four main reforms are suggested to improve the environment for city and local government action.

- **The first reform** should address the transfer of responsibilities to local governments. The administrative and functional organisation of the central Eritrean government is illustrative of the lack of local autonomy and the preponderance of the central government in implementing public policies. Indeed, local managerial staff are accountable before the central government for the implementation of programmes and policies. To this aim, the administrators appointed to the head of the provinces are accountable to the government whereas the deconcentrated central government services located in the local governments are accountable to the Ministerial departments that give them their orders. In this configuration, the central government can apply most sectoral policies directly without considering the local governments. The transfer of responsibilities was slowed by the absence of the laws and regulations that should have organised the transfers. Hence, the model is more one of deconcentration than true decentralisation because, overall, the central administrations have kept the initiative and local populations are mobilised only to give their opinion and suggestions. The reform should help clarify the definition of the responsibilities assigned to the various levels of local government and determine the exact role of the deconcentrated administration, which should itself be better organised and have greater technical capacities. The reform should also propose transfer modalities and the necessary laws and regulations.

- **The second reform** should address the financial transfers from the central government to the local governments. From the perspective of increasing the weight of local governments in public spending, the financial transfers must be proportionate to the cost of the responsibilities transferred to offset the vertical imbalance. These transfers must be unconditional, predictable and stable in order to improve the financial autonomy of local governments. From this standpoint, the reform should also increase transparency in local public management and emphasise modalities by which to conduct financial audits of local governments to improve the quality of local public spending.

- **The third reform** should address urban strategy. After three decades of war, Eritrea has a dismantled urban structure, with urban growth fuelled mainly by refugees, and a completely disorganised economic foundation. The war from 1998-2000 had adverse effects on an already weak economic foundation for cities. According to a November 1995 report by the Urban and Council Affairs Division of the Ministry of Local Government, there were 118,483 households – or approximately 596,537 people – living in urban sectors. This represented approximately 17% of the total population. In 2015, urbanisation is at 22%, and projected to reach 42% by 2050 (*World Urbanization Prospects: The 2014 Revision*). However, less than the pace and intensity of urbanisation which need to be managed, it is the economic vocation of cities that needs to be strengthened. Eritrea contains 20 urban centres: Asmara, Massawa, Assab, Keren, Mendefera, AdiKeih, Akordat, Barentu, Nakfa, Tessenei, Ghindae, Dekemhare, Senafe, Segheneity, Adiquala, Afabet, Hagaz, Debarwa, Ghirmaika and Tsorena. A survey by the Ministry of Trade and Industry counted 223 major industrial units in the country. Most industrial units are located in the capital city of Asmara. Other urban industrial centres are Massawa (salt, cement, seafood), Assab (salt, seafood), Ghinda (tanneries), Dekemhare (batteries, biscuits, aluminium, marble, glue, woven bags), and Debarwa (pasta, biscuits, plastic, aluminium). The country's cities have an important economic role, notably in industrial processing, and as such they attract considerable investments. The urban strategy should place particular emphasis on the functional specialisation of cities and their contribution to national development. It should find suitable solutions to the problem of zoning in Eritrean cities. Indeed, most Eritrean cities are mountain cities located between 1,000 and 2,500 metres above sea level, often with difficult terrain. The fact that urbanisation is above all linear along the main roads or along the coastline calls for greater attention to the shape of cities and their densification, otherwise the Eritrean urban environment could be difficult to sustain.

- **The fourth reform** deals with local government administration capacity building. The current local personnel system is worrying. The various local government levels have very few qualified staff because they are not called upon to implement public policy on the local level directly. The few executives are seconded central government staff. The country does not have a national strategy on local administration capacity building. A framework of reference defining local government staff qualifications and responsibilities needs to be elaborated along with the corresponding staff training plan. Finally, the role should innovate in regard to the role of deconcentrated central government services, which should shift from the role of central government policy and programme practitioners to the role of contracting authority support for local governments. ■

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Ethiopia 20/40

Enabling Environment Rating for Cities and Local Authorities	
1. The Constitution is neutral on the question of local governments	2
2. The legislation is unstable and inconsistent	1
3. Local assemblies are elected, but executive bodies are appointed	2
4. The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula	2
5. Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments	2
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8. National legislation on citizen participation exists but is not applied	3
9. Local government performance is not assessed	1
10. A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking	3

Explanation of the Rating

During the highly centralised Derg regime (1975 to 1991), Ethiopian municipalities were pushed aside and did not operate as independent local authorities. After the fall of the Derg, the new regime adopted decentralisation as the cornerstone of the construction of a democratic and ethnically diverse nation.

Since 2000, the strong socio-political demand to establish local governments has triggered sweeping institutional reform leading to the adoption of institutional and legal frameworks favouring decentralisation. This institutional reform combined with strong commitment to fiscal decentralisation underscores the political will to give local governments direct and transparent power when it comes to public spending. The goal is to create and strengthen the role of local governments so that they can ensure better people's participation in the management of public affairs and greater democracy in decisions on the decentralised provision of public services.

Ethiopia is currently a federal state, with nine regional states, 928 local governments, and two cities that have special status similar to that of the regional states (Addis Ababa and Dire Dawa). The country is fully decentralised, with elected local councils and appointed executive bodies; the last local elections were held in April 2013.

The Constitution of Ethiopia is neutral on the subject of local government; no article addresses decentralisation and/or local autonomy. This neutrality in the Constitution comes from the fact that legislation on local government is the purview of the regional states, not the federal government.

Each region must draw up its own laws on local government taking into account its own unique context. Because of this, the legislation is not always consistent from region to region, nor always in harmony with national legislation. Overall, however, local governments in Ethiopia have responsibilities in the areas of education, health, justice and safety; they take care of urban roads, drainage, solid waste collection and hygiene.

The Ethiopian model gives local governments latitude to set the rates of local taxes within a band set by the central government. However, a large share of local revenues are collected by the central government, making spending more decentralised than revenues. Finally, access to the financial market is not allowed.

The intergovernmental fiscal framework currently includes a few resource transfers to finance local public services. Local governments sometimes receive financial aid from specific projects conducted by development partners and NGOs, and conditional transfers for capital investments from the regional states or federal government. But these resource transfers are unpredictable and often arbitrary.

It should, however, be noted that in some ways Ethiopia has made considerable strides towards establishing an enabling institutional environment for cities. Ethiopia is one of the few African countries where on the regional level all three branches of government – legislative, executive, judicial – are independent from the central government. However, on the local level, fiscal decentralisation is still slight with, in addition, vast disparities between local governments, particularly between urban and rural municipalities.

Aware of the gap in capacities at the local level, the federal government has begun training local government employees in national institutions and has organised various symposiums and conferences. These include training programmes launched by the government for local elected officials with modules on basic management, financial management, integrated rural development, and ethics. The National Capacity Building Programme (NCBP) targets 14 sectors, including notably the reform of the civil service, fiscal reform, judicial reform, decentralisation, information and communication technologies, the private sector, the construction industry, urban management, cooperatives, etc. The government has also set up the

'District Level Decentralisation Programme' in rural areas and 'Urban Management Components' in urban areas to build capacities. In addition, a 'Capacity Building for Decentralised Service Delivery' (CBDSD) project has been set up with the support of the World Bank.

The Constitution of Ethiopia does not provide for the auditing of local government accounts; Article 101 on the Auditor General limits this office's field of action to ministries and other agencies of the federal government.

There are laws on citizen participation in the management of local governments, but no consultative forums for people's participation have been set up in the local governments.

There is no mechanism by which to assess local government performance.

Finally, Ethiopia is implementing a real urban strategy entitled the 'Urban Local Government Development Project' with the financial support of the World Bank. Ethiopia is one of the least urbanised countries in East Africa, but its urban population is growing by 4% per year, two times faster than the rural population. With urbanisation at approximately 22% in 2015, projections suggest urbanisation of nearly 40% by 2050 (*World Urbanization Prospects: The 2014 Revision*).

Proposed Reforms

With rating of 20 points out of 40, Ethiopia is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms. Four main reforms are necessary.

- **The first reform** should emphasise the country-wide harmonisation of legislation on local governments. While the Constitution of Ethiopia details the prerogatives of the regional states within the federation, it makes no mention of local governments. Legislation on the latter is left up to the federated region states without any 'safeguards' in regard to coherence throughout the federation as a whole. In practice, this situation has led to different legislation from one region state to another, and above all to shifting and often inappropriate laws. This means that the responsibilities of local governments often vary greatly from one regional state to the next. For example, in the Ahmara and Oromia regions, legislation on local governments authorises them to hire staff, while in the Afar Region local governments must communicate their human resource needs to the regional government, which is in charge of hiring.

- **The second reform** deals with improving local government performance in the provision of local public services. The current situation – in which the lack of legislation on people's participation in local public administration combines with the practical non-existence of local civil society consultation forums – is not one to foster better allocation of local public spending. What is more, the legislation does not contain any system to evaluate the efficiency and effectiveness of local government performance. Audits are rarely mentioned in regional legislation. In many cases, local elected officials hold civil service jobs, making them both judge and jury. This considerably complicates the process of assessing municipal administration performance.

- **The third reform** concerns local government financing. In theory, Ethiopia has opted for a system in which local own revenues finance local responsibilities. In practice, however, rates are set by the central government and local governments have weak tax bases, particularly in rural areas, which means that the local governments cannot raise sufficient revenues to cover the responsibilities they have been assigned. Because of this, the vertical imbalance tips heavily against local governments. To finance this imbalance on the regional level, the federal government transfers a proportional share of resources to the regional level; and the regions should in turn transfer resources to the local governments. While the national amount of transfers from the central government to the regional governments is known (40% of national revenues), the amounts transferred from the regional governments to the local governments is less well known. How the amount that each region allocates to its local governments and how this sum is divided among the local governments are not known, and this makes all predictability impossible in local government budgets. The reform should help mitigate the flagrant vertical financial imbalance and define transfers that take into account the major urbanisation underway; it should also agree on modalities allowing local governments to borrow, and particularly allow them to access the financial market.

- **The fourth reform** deals with local government administration capacity building. Institutional development levels for local governments in Ethiopia are low. While many initiatives and programmes exist, the national capacity building programme suffers from the lack of a framework of reference defining the qualifications and responsibilities of local personnel. Furthermore, it is more than ever necessary to harmonise these various training courses to ensure greater impact on the institutional development of local governments. ■

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Gabon

23/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	A number of legislative provisions are in conflict with the Constitution, or some provisions in the Constitution are not implemented	2
3.	Local assemblies and executive bodies are elected throughout the country	4
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments	3
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	National legislation on citizen participation exists but is not applied	3
9.	Local government performance is not assessed	1
10.	A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking	3

Explanation of the Rating

The origins of decentralisation in Gabon date back to the colonial period. Indeed, the French Law of 1955 on municipal reorganisation in French West Africa, French Equatorial Africa, Togo, Cameroon and Madagascar elevated Libreville and Port-Gentil to fully-fledged municipalities. Then, Law No. 26/59 of 22 June 1959 created the rural municipalities and set their operating rules. Local autonomy was then introduced at the end of the 1990s in the wake of democracy building and the creation of the Consultative Inter-Ministerial Commission on Administrative Reform (CIRA, 'Commission Consultative Interministérielle sur la Réforme Administrative') in 1997, which laid the foundation for the current decentralisation. Article 112 of the Constitution makes explicit mention of local governments but leaves defining their responsibilities up to the legislation.

Article 112 of the Constitution stipulates that local governments are administered freely by elected councils under the conditions set forth in the law, notably as regards their responsibilities and resources. The country has a two-tier system of decentralisation: municipalities (50), which include urban and rural municipalities (although the latter have not been set up), and departments (47) that are simultaneously deconcentrated administrative units and decentralised local governments. The provinces are deconcentrated units; they are subdivided into departments, which are both administrative units and second-tier local governments. The most recent municipal and departmental elections were held in December 2013.

Throughout the country, local governments are run by two elected bodies: the Council and the Council Bureau. The Constitution of Gabon provides for the drafting of specific laws for decentralisation officialising the principle of subsidiarity. A responsibility transfer process was initiated starting in 2009 – nearly 15 years after decentralisation was launched – but in practice, many responsibilities remain the purview of technical ministries despite the law; the only responsibilities to have effectively been transferred are vital records and sanitation. Article 264 of Constitutional Law No. 15/96 of 6 June 1996 on decentralisation simply stipulates that the transfer of responsibilities planned by this law shall happen as needed on the schedule proposed by the government and adopted by the government. Apparently, there is no specific schedule for establishing these transfers.

However, the entire country is decentralised and local councils consist of members elected by universal suffrage. They elect the bureau members, including the mayor, indirectly.

In Gabon, despite the law, the central government does not transfer a proportional share of national taxes – tax on industrial and commercial profits, tax on income from securities, tax on the profits of self-employed workers, value added tax (VAT) – to the local governments. There are no implementing decrees authorising these transfers.

Decentralisation framework laws define municipal taxation. This covers property taxes on developed and undeveloped land, levies on business taxes and licenses, the housing tax, and the highway tax ('*taxe vicinale*'). But the national assembly sets the base and rates for these taxes.

The level of institutional development among local governments is still low, even very low for a good number of them. Indeed, local public services have large shortfalls in technical and administrative staff. To overcome this inadequacy, the law provides for the seconding of central government personnel to the local governments, but the recipient local governments must cover the seconded staff salaries, which is not always possible. Law No. 1/2005 of 4 February 2005 governing the general status of government employees provides for the establishment of a local civil service, albeit in the broad sense. According to this law, it contains 'civil service agents, local government police officers, local government fire fighters, and local government permanent and contract staff'.

However, one should note that the Constitution of Gabon is one of the few in Africa to anticipate management of conflicts over responsibilities between local governments or between local governments and the central government. These conflicts are 'brought before the administrative

courts by the diligence of the responsible authorities or the representative of the central government'.

The Constitution sets forth modalities for the auditing of local books even though such audits are carried out only occasionally. Indeed, Article 76 of the Constitution stipulates that the Court of Accounts ('Cour des Comptes') punishes management errors by the central government, local governments and bodies under its jurisdiction.

Additionally, the Constitution states that 'Local consultations on specific issues not pertaining to the law may be held on the initiative of either the elected councils or the interested citizens under the conditions set by law.' The elected councils may hold municipal referendums during which the people are asked to weigh in directly on municipal policy. But this provision has never been applied.

With urbanisation at 87% in 2015 and projected to hit 91% in 2050 (*World Urbanization Prospects: The 2014 Revision*), Gabon has elaborated an urban strategy that is being implemented with the support of the World Bank. It covers the six main provincial capitals (Libreville, Franceville, Port-Gentil, Oyem, Lambaréné and Mouila).

Proposed Reforms

With an overall score of 23 points out of 40, Gabon is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms.

- **The first reform** should address clarifying how responsibility transfers are defined. One should recall that in 1996 the logic behind the constitutional law was first to set up a new framework for the organisation and operation of local governments that took into account the new multi-party system. Transferring responsibilities was not a priority at that time. Now that this political culture has taken root, the issue of responsibility transfer should be tackled, applying the subsidiarity principle. Especially since blockages in the field are on the rise as central ministries fear that the transfer of responsibilities will result in cuts to their budgets, which are already inadequate to fulfil their own duties. Great attention should be paid to sharing responsibilities among levels of local government to prevent jurisdictional disputes. In Gabon, where a department's territory can match that of a municipality, such risks of conflict are higher.

- **The second reform** should address the system of transfers to local governments. The individual income tax (IRPP, 'Impôt sur le Revenu des Personnes Physiques'), whose national percentage is set on an *ad hoc* basis (with different percentages for different local governments) and credited to the local governments based on collection site, provides an apt illustration of the need to reform the system. Indeed, Ordinance No. 005/81/PR of 3 March 1981 sets the amount of the proportional share of the individual income tax. In municipalities, the revenues from the IRPP are distributed as follows: 25% for the municipalities, 7% for the equalisation fund, and 68% for the central government. In the departments, the distribution is as follows: 65% for the municipalities, 7% for the equalisation fund, and 28% for the central government. This ordinance is not a paragon of clarity, and many national stakeholders find it unintelligible. However, the local governments are still waiting for the implementing decrees to receive revenues from the taxes on industrial and commercial profits, income from securities and the profits of self-employed workers, and from the value added tax (VAT). The allocation for equipment is, for its part, divided into equal shares among the local governments without any criteria. The awaited assessment of the financial consequences of transferring responsibilities has still not been produced by the technical decentralisation committee chaired by the Secretary General of the Ministry of Finance. The reform should examine these transfers and endeavour to scale them to meet the challenges and ensure that they are transparent and predictable.

- **The third reform** could address ways to increase transparency in local management and improve local government performance. In practice, audits and performance assessments are only occasional. Yet, Law No. 15/96 stipulates all the verifications conducted within the financial supervisory system implemented by the Ministry of Finance, the General Inspectorate of Finance, central government supervision, and courts of auditors. The reform should focus on ways to improve the quality of local spending.

- **The fourth reform** should address local taxation. In Gabon, local taxation is within the purview of the national assembly that sets the field of application, base and rate of local taxes. Among other things, collecting local tax revenues is the responsibility of central government services. The reform should help increase the range of own revenues and provide greater latitude to mobilise local revenues. ■

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Ghana

27/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies are elected, but executive bodies are appointed	2
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2
6.	There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments	4
7.	Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed	3
8.	National legislation on citizen participation exists but is not applied	3
9.	Local government performance is evaluated irregularly	2
10.	A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking	4

Explanation of the Rating

Since independence, the successive governments of Ghana have seen decentralisation as a necessity, not only for socioeconomic development but also to attain the political objectives of improving the legitimacy of the government authorities. Thus, Ghana's history since independence has seen more than 10 parliamentary commissions established to analyse decentralisation reforms.

Ghana is a parliamentary democracy. Articles 240 to 256 of its Constitution make explicit mention of local governments while leaving it up to the law to define the functions of local governments. The last local elections were organised in 2014.

There are several types of local governments, since 2012 they are 216 in total: metropolises (6), municipalities (49) and districts (161). In Ghana, 30% of municipal council members are appointed by the national government after consulting the main local stakeholders. In all cases, in theory, half of these appointed members must be women, and 30% must represent the traditional authorities. Local assemblies thus include the heads of deconcentrated services, traditional chiefs, and deputies, who sit on the assemblies in a consultative capacity. These arrangements with the principle of direct universal suffrage have the goal of ensuring that all the other pre-existing legitimacies rally behind decentralisation. As for the local executive body, the District Chief Executive is appointed by the Head of State although the appointment must obtain the approval of two thirds of the members of the District Assembly. It should be noted, however, that political parties are barred from local elections in Ghana.

In Ghana, deconcentrated government services are placed under the authority of the district assemblies but continue to have strong ties with their parent administrations. First, the merger of line ministry staff into the district assemblies could be seen as a step towards greater decentralisation in the implementation of national sector-specific policies. Secondly, since 2010, every local government establishes its budget about six fields of deconcentrated services (agriculture, community development and social welfare, town and country planning, urban roads and feeder roads) according to its project, and on the basis of an amount estimated by the sectorial ministry. After validation by the sectorial ministries about the allocated amounts per local government, the financial ministry proceeds to the transfer straight to the concerned districts. Finally, in this way, the central government keep still a certain weight through the local budget establishment, even if it has to be well considered that the transfers are done straight from the Ministry of finance to the local governments, without passing via the sectorial ministries.

In Ghana, there are five transfer systems: the District Assemblies Common Fund (DACF), which is conditional; the District Develoment Fund (DDF) constituted by Development Partners Funds and a part of the DACF, attributed on outcomes expected; civil servants' salaries managed (central and local levels) only by the Controler and Accountant General Department (CAGD); 'Grants in Aid' which is donor supports transfers; and 'Ceded Revenue' which concerns revenues from taxes previously belonging to the central government now ceded to the local governments, such as revenues from casinos.

The main part of these systems of transfers is unforeseeable and irregular.

Established by Article 252 of the 1992 Constitution of the Republic of Ghana and made operational by National Assembly Law No. 455, the District Assemblies Common Fund (DACF) is envied throughout Africa. It receives a percentage that cannot be less than 5% of total national revenues (7.5% today) from clearly identified national taxes. This endowment is shared according to a formula that takes into account three important criteria: pressure on demand for services (measured based on population size), the equalisation factor (in terms of equipment and social services compared to the national average), and the accountability factor (how well the District Assembly has attained its own revenue mobilisation target). The DACF now accounts for 60% of local government revenues. In 2009, the District Development Fund was created and

is funded at 20 millions USD by the DACF and also by DAFTD, the AFD, DANIDA and KWF.

Local taxation is composed of property taxes; other taxes are set by the central government Finance Act and local governments.

The framework of reference defining staff qualifications and responsibilities is established by Section 46, Sub-Section 4 of the 1993 Local Government Act (Act 462). For instance, the District Planning Coordinating Units (DPCUs) are comprised of 10 executives from the central administration and sector departments. They exist for each type of local government (metropolises, municipalities and districts). Moreover, the Institute of Local Government Studies (ILGS), a training centre for municipal administration, was set up with the support of the government of the Netherlands to build the capacities of local government staff, particularly personnel in charge of planning, the heads of financial offices, town clerks, and so on. This centre also trains central ministry agents on the national and regional levels who work in conjunction with local governments.

Under the provisions of the 1967 law, infra-municipal structures are established to foster participatory democracy and encourage the population to become involved in the local decision-making process. Civil society organisations have long worked with local governments, notably on the use of public resources and the provision of local public services.

Ghana is undoubtedly one of the few countries where local finances are audited every year by the supervisory authorities.

The legislation provides for the assessment of local government performance, but this does not happen in practice.

With an urbanisation rate of 54% in 2015, Ghana will reach 70.5% urbanisation in 2050 *(World Urbanization Prospects : the 2014 Revision*). Ghana has an urban strategy supported by the World Bank through the "Urban Development Grant", GIZ, Cities Alliance and the AFD under the programme "GUMP – Ghana Urban Development Management Pilot Project". This GUMP support from the AFD represents 40.5 million euros.

Proposed Reforms

With an overall rating of 27 points out of 40, Ghana is one of the countries where the environment is somewhat favourable to city and local government action but where some elements could be improved. Improvements in three areas are suggested to strengthen this enabling environment for cities and local governments.

- **The first reform** consists of setting up elected councils and executive bodies. Indeed, local leaders' accountability to the people is an important aspect of a city enabling environment. In the situation where local government executive bodies are appointed, the risk that these leaders may be more accountable to the central government than to the local population is not small. This practice goes against the letter and spirit of the Constitution and should be corrected.

- **The second reform** concerns the transfers from the central government to the local governments. Elected officials regularly complain about the fog that enshrouds the allocation of financial transfers from the central government to the local governments, and the conditional nature of the DACF. Sometimes the promised transfers never arrive, as was the case with one of the four DACF payments in 2009 – 25% of the total amount planned and approximately 20% of total local finance revenues in Ghana. On average, one third of the DACF amount is really transferred to the local governments. The reform of transfer mechanisms between the central and local governments should make the transfers more predictable and provide the local governments with greater autonomy in the use of the transferred funds. DACF is composed in three parts. About the 1st part, the parliament, constituted by local elected representants (1 or 2 par district), votes every year the attribution criteria of the DACF. The second part is attributed automatically. The third part is reserved for central government for local governments (ex: sanitation, youth employment). Finally, payments to local governments are irregular and invariably affect local plans and budgets, especially when inflation is high.

- **The third reform** could address assessing local government performance in the provision of local public services. The legislation indicates that the President has the power to trigger performance assessments of local government services and in the event of default transfer the local government's managerial power to the body of his or her choice. The Regional Coordinating Council (RCC) is in theory in charge of this function, but reality seems quite different and no assessments have been undertaken. The reform could, in this case, analyse the reasons for this inactivity on the part of the RCC and propose possible ways to revive the institution and clarify how and under what conditions local government performance can be assessed on a regular basis. Note that the main reason, well known, for this inactivity is the absence of financial resources in coherence with the attributed responsabilities. ■

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Guinea-Bissau

14/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution contains provisions that implicitly or explicitly restrict the actions of cities and local governments	1
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies and executive bodies are appointed	1
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments	2
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

Decentralisation in Guinea-Bissau was instituted with the multi-party system and the Supreme Court's legalisation of several opposition parties. The pluralist presidential and legislative elections in July 1994 allowed a return to normal constitutional life.

The decentralisation process began in December 1994 as a complement to the liberalisation process initiated in 1986. The central government made these two changes in order to support the restructuring of the economy while attempting to respond to growing political pressure for greater democracy in the country's institutions. The decentralisation law only went into effect in 1997, however.

From a political and administrative standpoint, the country is divided into eight regions subdivided into 36 sectors or municipalities, and an autonomous sector for the capital.

While Chapter V, Articles 77 to 90, of the Constitution of 2001 covers local government, one must note that it explicitly constrains the action of cities and local governments. Indeed, the principles of local autonomy and of local government management by elected councils and executive bodies are not clearly asserted. Moreover, the principle of subordinating local councils to appointed executive bodies was chosen.

The various articles of Chapter V of the Constitution organise the framework for local government evolution. Laws and regulations were to clarify implementation modalities. Unfortunately, these implementing decrees have never been issued, which limits the scope of the various constitutional articles.

Guinea-Bissau has never held local elections, not even since the launch of the decentralisation policy with the constitutional amendment of 2001. Local authorities are appointed by the President of the Republic.

There are hardly any financial transfers from the central government to the local governments, and the ones that exist are erratic and occasional.

There is very little revenue from local taxation. Local taxation is set by the central government and tax collection is the responsibility of deconcentrated central government services.

Guinea-Bissau don't have a national strategy to build the capacities of local administrations. But there is a national framework of reference defining the qualifications and responsibilities of local government staff.

Guinea-Bissau's decentralisation laws provide for the auditing of local governments' books (Article 82 of the Constitution), but these audits happen only occasionally.

Guinea-Bissau does not have any specific laws on citizen participation in managing local governments; and there are no local spaces for consultation.

Guinea-Bissau's laws and regulations do not provide for local government performance assessment.

Guinea-Bissau does not have a national urban strategy.

Proposed Reforms

With an overall score of 14 points out of 40, Guinea-Bissau is one of the countries where the environment is generally unfavourable to city and local authority action. The country is in a pre-decentralisation phase and four major lines of reform are needed for the country to evolve towards a more city-enabling environment.

- **The first reform** concerns clarifying the institutional elements of decentralisation. One such clarification is the cohabitation of the councils and the committees of state within the same local territories. The first are in principle composed of elected members from the territory, while the second represent the central government in the territory. Their composition is set by law. This duality depends on the scale of national territorial division. First, Article 79 of the Constitution stipulates that 'Within each political-administrative circumscription, the highest local organ of power shall be the Council, whose executive function shall be superior to that of the Committee of State of that respective circumscription.' As for Article 86 of the Constitution, it specifies that the Regional

Committee of State is the executive organ of the region. It therefore seems that on the regional level, the elected assemblies and executive bodies are supplanted by appointed committees that hold regional executive power even though it is specified that the latter are in charge of implementing the decisions of the former. In this regard, the local governments' elected assemblies and executive bodies seem to have kept the initiative for development actions but Article 90 indicates otherwise: 'The Committees of State of circumscriptions inferior to the Region shall have as their mission to carry out in their respective territories the activities of Regional and national programmes and to subordinate themselves hierarchically to the Committees of State of the immediately next highest level, which shall in turn guide them and supervise their activities.' This article assumes that local governments' Committees of State are responsible for implementing national and regional actions. If appointed committees implement development actions, what would the role of local governments' elected assemblies be? Finally, Article 79 of the Constitution states: 'In each political-administrative circumscription, administrative services shall be subordinate to the respective Council, to the Council of State, and to all other organs hierarchically superior within the corresponding administrative branch.' In practice, deconcentrated central government services will be more accountable to their parent administration than to the local government in their territory of jurisdiction. The reform should endeavour to clear up the ambiguities contained in the laws and regulations to make the national institutional environment more understandable in regard to local government initiative and action.

- **The second reform** should concern the definition of the decentralisation strategy to follow. The law on decentralisation assigns new decision-making, execution and control functions to the regions and sectors, while leaving responsibility for managing development finance to the central government. In general, however, these functions are not specifically spelled out, for instance raise citizens' political and civic awareness, act to strengthen the country's defensive capacity, evaluate local resources for the economic development of the region, etc. Decentralisation is theoretical insomuch as neither the intermediary level nor the local level have received any new resources to allow them to fulfil the new responsibilities arising from decentralisation. Indeed, the country is at a stage where the constitutional principles announced have not yet truly been applied. The various political crises undoubtedly explain this situation. Nevertheless, things can be seen with a more positive eye by suggesting a comprehensive revision of the structure of decentralisation, building on a redefinition of the territorial levels of national territorial management, and modalities for their governance that allow the central government to become more efficient, more effective and more legitimate in the eyes of the people. The aim is therefore to design a new system of public governance that takes better into account the people's participation in managing the affairs that concern them, allows the democratic process to take root at the local level, and arranges harmonious coordination between the central and local levels.

- **The third reform** should conceive a national urban strategy. It is true that Guinea-Bissau is less urbanised than the regional trend. The country has done considerable catching up in this area. While the total population increased threefold over the 1960-2010 period, the urban population increased by a factor of 15, and the rural population doubled. Even today, the only city with a population of more than 100 thousand is the capital, Bissau. Today, according to data from the United Nations Department of Economic and Social Affairs (*World Urbanization Prospects: The 2014 Revision*), urbanisation is 49.3% – in other words, nearly one out of every two people in Guinea-Bissau are already living in cities. Various United Nations projections suggest urbanisation of 64.7% by 2050, or more than two out of every three people. Everything indicates that the current pace of urban growth will speed up and several small and large cities will strengthen the national urban skeleton – something that argues strongly for anticipating the phenomenon to better manage this population trend. The reform should help define the outlines of a strategy to anticipate the location of economic activities and people leading to proactive territorial planning throughout the country. The reform should also define the technical and financial resources to implement this strategy.

- **The fourth reform** concerns city and local government finance. At this time, transfers from the central government to the local governments arise more from a deconcentration process than any political will for decentralisation taking into account the responsibilities transferred to the local governments. As for local taxation, it is in its infancy. The revenues from local taxes are characterised by their anecdotal amounts and a counterproductive complexity. They are set at the national level, leaving the local governments with no latitude as to the base and rates. The reform of local government finance should – in a country where public finances in general are in unprecedented crisis – start with a realistic analysis of concrete public revenue sharing possibilities between the central and local levels and evaluate which responsibilities and which resources would be best implemented on the local level in line with the principle of subsidiarity. In a situation where everything remains to be done in this field, it would be appropriate to provide for mechanisms that ensure citizens' effective participation in setting local public spending priorities and the people's ability to hold the local authorities accountable for their financial management and the effectiveness of their local policies. Finally, the reform should more clearly define the range of local governments' own revenues, possibly an area of shared revenues, and a transparent and predictable system of financial transfers from the central government to the local governments. ■

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- Collection of various articles on decentralisation

Guinea-Conakry

17/40

Enabling Environment Rating for Cities and Local Authorities	
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3. Local assemblies and executive bodies are appointed	1
4. Resources are not transferred, or are transferred erratically and irregularly	1
5. The central government defines and collects local government revenues	1
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments	2
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8. There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9. Local government performance is not assessed	1
10. National reflection on urbanisation is underway, but an urban strategy has not yet been defined	2

Explanation of the Rating

The origin of Guinean decentralisation is the Second Republic that, starting in 1986, institutionalised the decentralised local governments and spread them to the entire national territory. The Constitution of the Second Republic of 23 December 1990 makes the existence of local governments official in Article 88. These local governments are the municipalities ('communes') and rural development communities (CRDs, '*Communautés Rurales de Développement*'). Article 89 stipulates that the local governments are administered freely by elected councils. Article 90 for its part institutes the transfer of responsibilities, revenues and resources to the territorial government units.

In the wake of this, the National Assembly passed on 15 May 2006 the local government code bringing together all laws and regulations governing decentralisation in a single document. In the process of elaborating the code, the laws and regulations governing decentralisation and deconcentration were reviewed to remove gaps, omissions and contradictions. Similarly, the legal void around the fundamental principles of the free administration of local government was filled.

There are three types of local governments: the rural community (CR, '*communauté rurale*'), the urban municipality (CU, '*commune urbaine*'), and the capital city of Conakry composed of 5 urban municipalities.

The Constitution of 19 April 2010 stipulates in Title XII, Article 134, that the territorial organisation of the Republic consists of territorial jurisdictions and local governments. The territorial jurisdictions are the prefectures and sub-prefectures. The local governments are the regions, urban municipalities and rural communities. The principle of free administration of local governments by elected councils has been enacted. Guinea is organised in 8 regions, 38 urban municipalities, one city, and 303 rural communities. Municipal elections were held in 1991, in 1995, 2000, and 2005. The next local elections are slated for 2016 and will be organised by the National Independent Election Commission (CENI, 'Commission Electorale Nationale Indépendante').

Sectoral policies (health, water, education, etc.) continue to be implemented by the central administrations due to the lack of implementing decrees for certain laws or a lack of sufficient human and material resources within local governments. The experiments in the provision of primary health care services underway since 2014 in the pilot municipalities of Kindia and Forested Guinea as part of the post-Ebola revival plan should be noted.

In Guinea, the area of taxation belonging to local governments is practically non-existent because the revenues from the main local taxes are shared between the central government and the local governments. These taxes are mainly the Single Professional Tax (TPU, '*taxe professionnelle unique*'), the business tax, and the single property tax (CFU, '*contribution foncière unique*'). Local tax collection is joint. Section 5 of Title V 'Fiscal and Financial Regime' of the local government code on local government revenue collection procedures stipulates that the shared revenue rolls for which 50% or more are allocated to the local government are handled by the local government tax collector, and the shared revenue rolls for which less than 50% are allocated to the local government are handled by the appropriate deconcentrated central government services.

In Guinea, there is no national framework of reference defining the qualifications and responsibilities of local government staff. However, a national local government capacity building strategy was drawn up and approved by the Ministry of Territorial Administration and Decentralisation in 2015.

Guinean law stipulates transparency in local government financial management. Under Article 76 of the local government code, the central government verifies the books of local governments; it also has the right to verify local governments' financial management capacities. However, such verifications are only occasionally done. The Chamber of Accounts ('Chambre des Comptes') issues a decision on local governments' financial management during the preceding year.

Guinea has no national laws on either citizen participation in local government administration or assessing local

government performance in the provision of local public services.

Guinea has been the focus of several projects and programmes targeting urban management, but there is no real national urban strategy. First, there was the Secondary City Promotion Programme (PVS, 'Programme de Promotion des Villes Secondaires') funded by the European Commission from 1998 to 2004. Then, the second phase of the Urban Development Project (UDP III) financed by the World Bank supports urban decentralisation and covers the five municipalities of Conakry, the capital city. According to United Nations statistics (*World Urbanization Prospects: The 2014 Revision)*, the pace of urbanisation is following the average trend for Africa. Indeed, the weight of the urban population within the total population, now 37%, will reach approximately 56.3% by 2050; this points to a strategy to anticipate and manage urbanisation.

Proposed Reforms

With an overall score of 17 points out of 40, Guinea-Conakry is one of the countries where the environment is generally unfavourable to city and local authority action. Three main reforms are needed to launch a dynamic improving this environment.

- **The first reform** should address the transfer of responsibilities to local governments. Under the law, local governments have the following missions: (1) supervise community life so as to foster and guarantee their citizens' exercise of the rights and duties conferred on them by the law; (2) promote and strengthen harmony in relationships between citizens in the lasting and peaceful enjoyment of their land and its resources; (3) manage community goods in the name of their citizens and for the citizens' equitable benefit; (4) promote and foster the economic, social and cultural development of their community; and (5) provide services to their citizens to meet their needs and expectations as far as their capacities and resources allow. Implementing decrees concretely defining provisions on transferring responsibilities to local governments have still not been issued. The corresponding resources for some of the responsibilities to transfer – dealing with primary health, education, road and rural road infrastructures – still have not been transferred, so that these responsibilities are still fulfilled by the line ministries. In practice, most of the responsibilities transferred to local governments by the law are not at all or only slightly fulfilled by the recipients. The line ministries invoke poor knowledge of the law or the lack of local capacities in order to avoid making the transfers. The reform will identify which segments of sectoral policies to transfer to local governments, their cost, and the transfer modalities.

- **The second reform** concerns the transfers of financial resources from the central government to the local governments. Under the local government code, all transfer of responsibilities implies a concomitant transfer of resources that must fully offset the expenses transferred. Article 377 of the code even specifies that the expenses corresponding to the fulfilment of the responsibilities transferred should be evaluated prior to the transfer of the responsibilities in question, and any new expenses falling on local governments because of the central government's modification, through regulations and rules on the exercise of transferred responsibilities, must be offset according the terms set forth in the law. A consultative commission chaired by a magistrate from the Chamber of Accounts and containing representatives of each category of local government concerned estimates spending resulting from expense increases or decreases; this estimate is then noted by joint order of the Minister of Local Government and the Minister of Finance. The consultative commission submits a report to the National Assembly every year during the reading of the year's finance bill that covers all changes in expenses transferred to local governments. The expenses will be offset through transfers of central government taxes or an increase in the amount of the operating grant, or by some combination of the two. Neither of the principles in the local government code – concomitance and fair compensation – are followed; the transfers are *ad hoc* and unpredictable. Furthermore, Article 374 of the code introduces a level of complexity by stipulating that the initial amount of the operating grant is determined by the local government and then written into the finance bill after obtaining the opinion of the National Assembly that has received the evaluation information provided by the Minister of Finance. In practice, the evaluations must therefore be done for each local government – a painstaking task. The code also stipulates that the operating grant is pegged to annual nominal gross domestic product. It is readjusted with each new transfer of responsibilities. Finally, the code creates an exceptional equipment grant for local governments. This unconditional subsidy from the central government is granted occasionally. The reform should clarify and simplify the mechanisms involved in the financial transfers from the central government to the local governments and issue the corresponding implementing decrees.

- **The third reform** should address local taxation. The contribution to local development (CDL, '*Contribution pour le Développement Local*'), which was the only tax that belonged solely to local governments, was eliminated in 2011 and offset by larger transfers. The 'shared revenues' from the central government – the single vehicle tax (TUV, '*taxe unique sur les véhicules*'), the tax on motorboats, the coach station management tax, the slaughterhouse management tax, the market management tax, the single professional tax, the business tax, the single property tax, mine and quarry fees, and forest duties – are not systematically paid to the local governments. The reform should endeavour to expand the scope of local government fiscal revenues, define how revenues from shared taxation shall be divided, and improve coordination with deconcentrated central government services for better mobilisation of local revenues. ■

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Kenya

30/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities	4	
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3	
3. Local assemblies and executive bodies are elected throughout the country	4	
4. The transfer of resources to local governments and their distribution among local governments are clear and predictable, according to a transparent formula and without restrictions on how they may be utilised	4	↑
5. Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets	3	
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments	2	
7. Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied	4	↑
8. National legislation on citizen participation exists but is not applied	3	
9. Local government performance is not assessed	1	
10. National reflection on urbanisation is underway, but an urban strategy has not yet been defined	2	

Explanation of the Rating

Kenya adopted a new Constitution in August 2010 after more than 10 years of national dialogue on the type of governance system that should replace the much discredited centralised system, which was an anachronism inherited from post-independence governance framework that was started in the colonial days.

Article 1 of the Constitution establishes two levels of government, the National and forty seven (47) County Governments. Both levels of government are defined as distinct and inter dependent and are required to conduct their mutual relations on the basis of consultation and cooperation. Article 189 further emphasises the need for government at either level to perform their functions, and exercise powers, in a manner that respects the functional and institutional integrity of government at the other level. Kenya's system of devolved government is therefore based on inter-dependence and cooperation. This combination is referred to as cooperative system of devolved government.

The County Executive Committee which is composed of the Governor, Deputy Governor and County Executive Committee Members (the equivalent of ministers at the national level) and County Assemblies are elected.

The Fourth Schedule of the Constitution clearly defines the functions assigned to the national and county levels of government. A function or power of government at one level may however be transferred to a government at the other level by agreement between the governments. The Transition to Devolved Government Act of 2012 was enacted to facilitate and oversee the transition to the devolved system. The Act established the Transition Authority whose responsibilities include undertaking a functional analysis that is necessary to expedite the phased transfer of functions to county governments as prescribed by law. Most of the functions have been transferred. A few still require unbundling before transfer. The process is ongoing and expected to be finalised before the term of the Transition Authority comes to an end in 2016.

Article 202 of the Constitution requires revenue raised nationally to be shared equitably among the national and county governments. This is further clarified in Article 203 which states that for every financial year, the equitable share of the revenue raised nationally that is allocated to county governments shall be not less than fifteen per cent of all revenue collected by the national government. The County Governments are allowed to borrow both locally and abroad but subject to the guarantee of the National Government. The law prescribes the conditions county governments have to meet before their requests for borrowing may be considered. County governments can only impose two taxes, property rates and entertainment taxes. They may however impose any other tax only with the authority of an Act of Parliament. They can impose charges for the services they provide and business permits.

County governments are required to prepare and submit consolidated financial statements annually to the Auditor General for Audit. The Auditor General consistently audits all accounts of county governments annually.

The County Government Act is divided into fifteen parts out of which three are dedicated to citizen participation, public communication and access to information and cvic education. There is still a big challenge in ensuring all these provisions in law are implemented

The Government developed the National Capacity Building Framework in November 2013, to provide a systematic approach in strengthening the capacity of both the national and county governments to achieve their mandates. However there is no national framework of reference defining staff qualifications and responsibilities

The laws and regulations on decentralisation in Kenya do not explicitly provide for the assessment of county government performance.

Urbanisation in Kenya is very dynamic. According to estimates at the time, one out of every 12 Kenyans lived in urban centres in 1962. At the start of the 2000s, one out of every three Kenyans lived in urban centres. In 2012, almost half (45%) of the population lived in cities. All the projections estimate that approximately 55% of the population will live in urban areas in 2030. It was in this context that the National Urban Development Policy (NUDP) was drafted in 2008 to mark national decision-makers' will to manage this population distribution process and unlock the economic potential of urban zones. This step needs to be made concrete rapidly through the elaboration of an urban strategy that will itself need the human, technical and financial resources for its implementation.

Proposed Reforms

With score of 30 points out of 40, Kenya provides one of the most enabling environments for city and local government action according to the criteria chosen. Much progress has been achieved in implementing the devolved system of government within a relatively short time of two years. There are however some points could be improved; these are:

- Alignment of various legislations to the devolved system of government: various sectoral laws, particularly those whose functions have been devolved or assigned to county governments need to be reviewed in order to align them with the requirements of the constitution particularly on devolution.
- Capacity building: the County Governments are nascent institutions which have been assigned substantial powers, responsibilities and resources. There is need to build their capacity, institutional and individual, in order to effectively undertake their responsibilities. Part of the capacity building should entail development of a common scheme of service for all cadres serving in county governments. This will ensure adherence of norms and standards across the counties in the management of human resources. It will facilitate mobility of staff across counties and national government.
- Representation of County Governments in the Senate: the Senate was as established in the Constitution to protect the interests of county governments. To make Senate more effective in the discharge of its mandate, it is important that County Governments be represented in the Senate so that their interests are effectively articulated. There is currently little structured interaction between the Senate and county governments thus creating an information gap that reduces the effectiveness of Senate to discharge its contemplated role effectively.
- Monitoring, evaluation and ranking: the current legal framework does not provide for monitoring, evaluation and ranking of county governments or cities, municipalities and towns. The reform should establish a legal mechanism for undertaking evaluation and ranking in order to encourage local governments to compete and thus perform better. The rankings will inform the citizens about the performance of their local governments vis-à-vis their peers and thus establish a basis for engaging their leaders on their performance.
- Division of revenue: the National Government has currently a bigger say in determining the equitable share of revenues that should be allocated to the two levels of government. The National Treasury submits the Division of revenue Bill directly to Parliament for approval. County governments have little opportunity to have their say in the Bill other than express their views at the Intergovernmental Budget and Economic Council (IBEC). IBEC was established only as a consultative forum without any executive powers. As an intergovernmental relations structure, IBEC should have its role enhanced so that it directly advises Parliament on the division of revenue. This will increase support of the division of revenue by both levels of government.
- Structured consultations and interactions between Senate, Senators and county governments: Since the Senate is required to protect the interests of county governments, it is necessary that the two institutions have a structured mechanism for consultations in order to have a harmonised agenda. In this manner, the Senate will be conversant with issues affecting county governments and that require their intervention. Similarly Senators, in their individual capacities, have to engage with their respective counties in order to appreciate the issues affecting them and thus be in a position to articulate them effectively at the Senate. A legal mechanism needs to be developed to facilitate such engagements.
- County allocation of revenue: the potential of individual counties to raise own funds locally and the cost of providing services to a determined standard to its citizens should be taken into account when determining the county's share of revenue. The current proxy formula that considers population, poverty, surface area, equal share and fiscal responsibility has substantial weakness as inevitably some counties end up being underfunded.
- Disbursement of funds: currently funds are disbursed monthly by the National Treasury to the Counties. There have been reported cases of delays in the disbursement thus negatively affecting the planned implementation of county budgets. The National Treasury should revert to quarterly disbursements as provided in law. ■

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- The Transition to Devolved Government Act, 2012
- Final Report of the Task Force on Devolved Government
- The National Urban Development Policy

Lesotho

21/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies and executive bodies are elected throughout the country	4
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2
6.	There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments	2
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

Right after its independence in 1966, Lesotho faced considerable political upheaval resulting in the seizing of power by a military regime from 1986 to 1993. The first general elections were held in 1998 and did not allow a return to normal constitutional order. It was the elections held in 2002 and recognised as transparent and fair that put an end to the socio-political instability. The first local elections were held in 2005. The next local elections are slated for 2016.

Lesotho is a constitutional monarchy with two spheres of government: central and local. Article 106 of the Constitution stipulates that Parliament shall establish local authorities to enable urban and rural communities to govern themselves and elaborate and implement development actions. The primary laws are the Local Government Act of 1997 and the Local Government Elections Act of 1998 as amended in 2004.

The system of decentralisation recognises two levels of local government with District Councils as the upper tier, and Community Councils and Urban Councils as the lower tier. The capital, Maseru, has special status as a City Council. There are 10 District Councils, 11 Urban Councils, and one City Council. The number of Community Councils has been reduced from 128 to 64 to correspond to the parliamentary electoral constituencies. Assemblies and executive bodies are elected throughout the entire country.

According to the legislation, local governments are responsible for implementing sectoral policies and the line ministries are responsible for regulation, support-advice and assessment in regard to these policies. The implementing regulations are lacking, however.

Transfers from the central government make up the bulk of local revenues. How the local governments will use these funds is specified by the Ministry of Local Government when it approves their budgets. These transfers are unpredictable and unstable, which in practice is a hindrance to any strategic approach to local spending.

Local authorities are recognised to have own revenue and have the right to change the rates of certain taxes in order to improve mobilisation of their own revenues. These revenues are small overall.

The Ministry of Local Government has set up the Local Government Service Commission in compliance with the provisions of the Local Government Act of 1997. This Commission is in charge of hiring human resources for local government job openings. Each local government must have a council secretary (or Secretary-General in the case of the Maseru City Council). The personnel structure consists of the secretary-general supported by sector managers for health, public works, finance, administration, human resources, legal affairs, etc. Article 74 of the Local Government Act establishes a local civil service. Lesotho does not, however, have a national capacity building strategy. Local government staff in Lesotho come from two initiatives. First, after the first local elections in 2005 and the establishment of the local governments, the central government transferred nearly 3,300 executives from the deconcentrated central government services to the local government administrations. In 2006, more than 1,100 executives were hired to fill job openings in local administrations. The recruitment was facilitated by the fact that at equivalent rank and education level, local administration executives earn salaries 40% higher.

Chapter XII of the Constitution provides for the auditing of local governments; these audits are done only occasionally, however, and do not concern all local governments.

Lesotho does not have any specific laws on the people's participation in managing local governments. However, council members in every local government are obliged to consult the community to elaborate and execute development programmes. A District Development Coordinating Committee exists in each local government. This Committee considers proposed development programmes prepared by the Council and coordinates the decision and implementation process.

Lesotho has no laws on assessing local government performance.

Finally, Lesotho does not have a strategy to manage urbanisation.

Proposed Reforms

With an overall score of 21 points out of 40, Lesotho is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms. Analysis of the national situation suggests the following reforms.

- **The first reform** concerns the responsibility transfer process. The Decentralisation Implementation Programme plans a three-phase transfer process: a two-year transitional phase (2004-2005) leading to the election of local leaders and the decentralisation of a few functions; a five-year development phase (2006-2011) during which additional functions were to be decentralised; and a five-year consolidation phase (2012-2016) during which local government operations, efficiency and effectiveness are to be developed. However, this programme is not at all on schedule. Indeed, the line ministries still have difficulty – either feigned or real – identifying and transferring the budgets for the responsibilities that are now the purview of the local governments. Among other things, the unpredictable and unstable nature the transfers forces local governments to adopt a wait-and-see attitude that is harmful to planning and the provision of local public services. The reform should help clarify the chains of sectoral responsibility to transfer and how local governments will cover them.

- **The second reform** concerns the financial transfers from the central government to the local governments. This legislation on local government provides for local governments' own revenues but the option taken is to finance local governments through massive transfers. Thus, in 2006, under the impetus of a joint working group between the Ministries of Finances and of Local Government, a budget line labelled the 'Development Fund for Councils' was planned in the national budget. Seventy-five percent of this amount is distributed to the local governments according to population, and 25% according to surface area. However, these transfers are unpredictable because the national amount is set on an *ad hoc* basis. Given the weakness of local taxation, the preponderance of these transfers in local budgets is noteworthy. The case of Maseru, the capital, is indicative of the situation: transfers from the central government make up 90% of the local government's budget. This situation shows a worrisome dependency of local governments on the central government, which transforms them into local executing agencies, particularly as these transfers are conditional. And yet, for all that, the transfers are not enough to cover the local government revenue gap, far from it. The reform should help ensure the stability and predictability of transfers and determine their proper proportions, notably by helping the line ministries identify the cost of the chains of responsibility from the ministries that must be transferred to the local governments to comply with decentralisation laws. It should also define the necessary equalisation mechanisms and incentives to ensure territorial solidarity on the national level and healthy competition between territories. The reform could, in this way, emphasise correcting the vertical deficit that obliges local governments to manage permanent shortfalls.

- **The third reform** could address local taxation. Local taxation levels are worrying because revenues from local taxation make up less than 10% of local government budget resources. Local government decisions regarding the base and rates for local taxes are subject to approval by the Ministry of Local Government. However, the structural problem with local taxation is tied to the tax base itself. Indeed, the only local tax collected is the property tax. Local taxes on economic activity are missing and are not offset by various fees and levies collected locally. The reform could address redefining a broader range of own revenues for local governments and defining a range of resources shared between the central government and the local governments.

With a population of 2.2 million, Lesotho has known considerable urbanisation, going from an urbanisation rate of 3.5% in 1960 to 28% in 2015. The urban population is growing at the rate of 3.5% per year, while the total population is growing at the rate of 0.33% (*World Urbanization Prospects: The 2014 Revision*). Of course, Lesotho does not have very large cities. The urban network consists primarily of small cities in addition to the capital, Maseru (pop. 267,559). The other cities are: Hlotse (pop. 47,894), Mafeteng (pop. 43,200), Teyateyaneng (pop. 28,142), Mohale's Hoek (pop. 23,481), and Maputsoa (pop. 23,029). An embryonic urban network is beginning to emerge from the dynamic of growth in these cities, and its proactive structuring calls for the definition of a national urban strategy for Lesotho. ■

Bibliography – Lesotho

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- Local Government Act of 1997 (amended in 2004)
- Local Government Elections Act of 1998 (amended in 2004)
- Country Profile, Commonwealth Local Government Forum (CLGF)

Liberia

11/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution is neutral on the question of local governments	2
2.	The legislation is unstable and inconsistent	1
3.	Local assemblies and executive bodies are appointed	1
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7.	No rules or legal provisions on transparency in the running of local governments exist	1
8.	There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

Liberia has a longstanding tradition of centralisation dating back to the country's creation in 1847; this has not favoured institutional advances to establish a system of local governments with legal status and financial autonomy. The highly centralised central government system has prevented citizen participation and local initiative, particularly for the provision of local public services and the people's accountability in regard to transparency in the management of public affairs. This situation has undoubtedly had a negative influence on economic growth and development, equality in access to social and economic opportunities, and human well-being in both the capital, Monrovia, and the rest of Liberia where the situation was much worse than in the capital. These spatial disparities were, among other things, one of the factors that set off the civil war that ravaged the country for years.

Still scarred by more than a decade or so of civil war, the country is struggling to establish an enabling environment for cities and local governments. Indeed, the civil war killed tens of thousands and almost embroiled all of West Africa, so much so that the Economic Community of West African States (ECOWAS) was obliged to send in a stabilisation force.

After the peace agreements of 2003 and the installation of the authorities arising from the first democratic elections in 2005, the central government's immediate priority was to focus its efforts on consolidating peace and national unity to preserve Liberia's territorial integrity. In executing priority programmes, the government saw decentralisation as one way to revive economic production, alleviate poverty and attain the Millennium Development Goals. The government encouraged a range of discussions that laid the groundwork for institutional reforms aiming to facilitate the adoption of a decentralisation strategy.

The country's Constitution does not have a specific section devoted to local government, although local governments are mentioned in a crosscutting manner in various sections. This constitutional neutrality can be interpreted as a lack of will among national decision makers. However, the 2010 adoption of the 'Liberia National Policy on Decentralisation and Local Governance' reassured national stakeholders by marking yet another step in the political will of national leaders to establish a system of lasting local governments.

Liberia's territorial divisions consist of 68 counties and 102 districts. They are local governments and cover the entire country.

However, legislation on decentralisation in Liberia is incomplete and changing; and its application varies greatly throughout the country.

The President of the Republic appoints both the local government supervisory body and the mayors.

For now, there is no system of clear, predictable and transparent financial transfers to local governments.

Liberia has not defined a taxation system for local governments. The central government defines and collects local revenues.

In Liberia, local governments have very poor institutional capacities. Few local executives are well trained, and the local administration is fairly unstructured, very often in its infancy. There is no national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy to build the capacities of local administrations has not been elaborated.

Unlike other countries, Liberian legislation does not provide for the auditing of local government books. Accordingly, the financial accounts of local governments are very rarely audited. Liberia does not have any specific laws on the people's participation in local administration. Given the low levels of legitimacy among local governments and the appointment of their leaders, local spaces for consultation and difficult to set up and very little credible.

Local government performance assessment does not seem to be on the table for Liberian legislators. No assessment process has been determined as of yet.

Finally, Liberia does not have a strategy to anticipate management of the urbanisation process.

Proposed Reforms

With an overall rating of 11 points out of 40, Liberia is one of the countries where the environment is generally unfavourable to city and local authority action. Several reforms must be undertaken.

- **The first line of reform** is to define the decentralisation policy. Indeed, all the laws and regulations remain to be written. Granted, the Liberia National Policy on Decentralisation and Local Governance was approved in 2010, but it is missing the full range of laws and regulations that are needed to make it operational. The reform should cover a revision of the territorial units, a redefinition of the levels of decentralisation, the definition of areas of responsibility that belong to the local governments and those that are shared with the central government as well as the relationships between local government units and central government services. With this aim, one could envisage establishing the local governments within the geopolitical borders of Liberia's 15 political subdivisions, and accompany this new territorial division with political, fiscal and administrative decentralisation thanks to new legislation and perhaps also constitutional amendments. The reform should also pay particular attention to institution building for local governments to enable them to assume the responsibilities transferred. This reform will aim to bestow on the local governments those responsibilities for which they have a comparative advantage in order to facilitate Liberians' participation in all aspects of managing local affairs to facilitate access to services for all.

- **The second line of reform** could concern fiscal decentralisation. The central government must pass appropriate laws to ensure that financial resources are transferred from the central government to the districts, thus ensuring greater citizen participation in compliance with Chapter 2, Article 7 of the Constitution. This reform shall also endeavour to define a healthy financial foundation for local governments, with identifiable, proportionate and reliable sources of revenue for each county and each district. It will pay particular attention to sharing taxes between counties and districts, and will define the possible financial relationships between the counties and districts as part of promoting cooperative local governance. In executing this reform, all the functions incumbent upon the counties and districts must receive the funds previously implemented by the central government. These funds will be allocated according to a clear and transparent formula taking into account local governments' adhesion to best practices in the area of local government standards.

- **The third line of reform** could concern the transparency and effectiveness of local governments. The framework for and execution of the decentralisation policy must be continuously tracked and assessed to determine its results and impact in order to take new measures if necessary to strengthen the process and ensure its effectiveness. In addition to audits and performance assessment, participatory evaluations by the people themselves could be set up and all local socio-professional categories could take part in them. The reform should also consolidate the ways to allow local populations to participate in administering local government and verify the quality of local public spending in order to bring significant improvements to the provision of basic social services.

- **The fourth reform** should examine management of urbanisation so as to give a second wind to cities destroyed during the civil war and neglected since the end of the war and the return to normal constitutional life. Liberia has had few general censuses of the population because of the civil war raging in the country. One of the challenges for this urban strategy will be to set up an information system to better grasp population statistics. The Africapolis study, for instance, emphasises the partially obsolete nature of population information because of the disasters caused by civil wars. For example, the second largest city in the country, Camp IV, had a population of 49,400 people in 1984. Located in the extreme north of the country, it corresponded to the main location of the iron mine and was totally destroyed in 2003, to the point that its population had fallen to 1,078 by 2005. Several cities have faced similar declines, albeit in variable proportions and at other points in time. This instability of human settlements was, however, not unknown in Liberia before the civil wars. In the past, several locations had shifted from the status of rapidly growing boomtowns to ghost towns. According to United Nations statistics (*World Urbanization Prospects: The 2014 Revision*), urbanisation is now at 50% and will be close to 65% by 2050, which means that more than two out of every three Liberians will live in cities at that time. What is most interesting, however, is the increasing density of the urban network. More than a dozen cities have populations of more than 20 thousand, one of which is the capital, Monrovia, with a population of more than one million in 2010. Ganta (pop. 43,000), Gbamga and Kakata (each with a population of 35 thousand) are the largest, while the rest have between 20 and 30 thousand inhabitants. The urban strategy should help establish ways to catch up from the roughly twenty years of chronic under-investment in each of these cities and set up the conditions for forward-looking management of urbanisation. The urban strategy should also endeavour to define and implement a territorial planning strategy by strengthening regional hubs to offset the weight of Monrovia that currently contains more than 70% of the country's urban population. ■

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Madagascar

20/40

Enabling Environment Rating for Cities and Local Authorities	
1. The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities	4
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3. Local assemblies and executive bodies are elected throughout the country	4
4. Resources are not transferred, or are transferred erratically and irregularly	1
5. The central government defines and collects local government revenues	1
6. There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8. There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2
9. Local government performance is not assessed	1
10. No national urban strategy	1

Explanation of the Rating

In Madagascar, the first steps towards decentralisation were taken in the 1990s when several constitutional amendments were introduced in the aim of facilitating local government autonomy. The public administration was decentralised through the November 2004 Policy Letter on Decentralisation and Deconcentration (LP2D, 'Lettre de Politique sur la Décentralisation et la Déconcentration') and then through the 2007-2012 National Decentralisation and Deconcentration Programme (PN2D, 'Programme National de Décentralisation et la Déconcentration').

In Title V 'The Territorial Organisation of the State', the Malagasy Constitution asserts the principle of financial autonomy and legal status for decentralised territorial governments. It stipulates that the country is organised in municipalities ('communes'), regions and provinces. The (urban and rural) municipalities make up the basic local government units. The executive and legislative functions are fulfilled by district bodies elected by direct universal suffrage. The region-level executive body is headed by a Region Chief ('*chef de Région*') elected by universal suffrage. The Region Chief is responsible for strategy and implementation of all economic and social development actions in his or her constituency. Legislative powers are exercised by the Regional Council, the members of which are elected by direct universal suffrage. The members of parliament and senators from the various constituencies in the region are automatically members of the Regional Council and may vote on council affairs. The province-level executive body is headed by the Province Chief ('*chef de Province*') elected by universal suffrage. The Province Chief is responsible for strategy and implementation of all economic and social development actions in the province. Legislative powers are exercised by the Provincial Council whose members are elected by universal suffrage. The members of parliament and senators from the various constituencies in the province are automatically members of the Provincial Council and may vote on council affairs.

The territorial organisation of the country has also changed over time. Thus, the former six provinces left over from the French colonial period were dismantled in 2002 and replaced by 22 new regions (or '*faritras*') in 2004. These *faritras* are sub-divided into 119 districts responsible for the legal and regulatory supervision of 1,549 municipalities, both rural and urban. These municipalities are each governed by an elected mayor. The *fokontany* (traditional Malagasy village) chiefs are appointed by the District Chiefs. There are 17,898 *fokontanys*, or traditional Malagasy villages; they are the smallest decentralised central government units in Madagascar. The mayors are elected for a four-year term, most recently in November 2006. Since their terms of office ended in 2011, assemblies and executive bodies appointed by the central government are currently what run the local governments. The latest municipal elections, originally slated for 2013, were eventually held on 31 July 2015.

Although provided for in the Constitution, financial transfers to local governments are only imperfectly done. In practice, the transfers are unpredictable. Their national amount and how they are shared among local governments depends on the discretion of the central authorities.

The finance law is what determines local government resource levels. It takes into consideration the proportion of public revenues that should go to the central government and to the decentralised territorial governments, as well as the nature and maximum rates of taxes collected directly into the coffers of the latter.

Financial oversight of local governments is practically non-existent in Madagascar; audits of local governments' books are not performed.

In Madagascar, there is no specific legislation on participation, but spaces for consultation exist locally in the *fokontanys* (Malagasy villages) and municipalities, notably through the participatory budget initiative.

Local governments' performance in the provision of local public services is not assessed, and there is no legislation on this subject.

Madagascar has not yet drafted a national urban strategy.

Proposed Reforms

With an overall score of 20 points out of 40, Madagascar is one of the countries where the environment is generally unfavourable to city and local authority action. The following reforms are necessary to make the environment more enabling for cities and local governments.

- **The first reform** the distribution of responsibilities between the four spheres of government – the central government, municipalities, regions and provinces. For now, the Constitution sets general responsibilities. Thus, according to Article 149, the 'municipalities work for the economic, social, cultural and environmental development of their constituencies. Their responsibilities take mainly into account constitutional and legal principles as well as the principle of proximity, promotion and defence of inhabitants' interests.' Article 153 stipulates that the 'regions have a mainly economic and social vocation. In collaboration with public and private organisations, they direct, stimulate, coordinate and harmonise the overall economic and social development of their constituencies, and ensure territorial planning and development and implementation of all development actions.' For its part, Article 157 defines the responsibilities of the provinces: harmonise and coordinate development actions in the provincial interest and ensure the fair and harmonious development of the decentralised local governments within the province. The provinces implement the development policy in the provincial interest set by decree by the Provincial Council. In collaboration with public and private organisations, the provinces direct, stimulate, coordinate and harmonise the economic and social development of the province as a whole and, accordingly, provide planning, territorial development and implementation of all development actions. The reform should work to clarify these general pronouncements on the responsibilities of the various levels of local government, in conformity with Article 146 of the Constitution. The reform should emphasise clarifying the division of responsibilities between the central government and the decentralised government units, and between the municipalities, regions and provinces.

- **The second reform** concerns decentralised government financing. According to Article 147 of the Constitution, decentralised local government revenues consist notably of: (a) revenues from taxes and levies voted by the Council and collected directly into the coffers of the decentralised local government unit, and the law determines the nature and maximum rates of these taxes and levies taking into due account the expenses covered by these decentralised local governments and the overall fiscal cost to the nation; (b) the share owed to it from the income from taxes and levies collected into central government coffers, with this share automatically taken out on collection and determined by law according to a percentage that takes into account the overall and individual expenses covered by the decentralised local governments and ensuring balanced economic and social development among all decentralised local governments throughout the nation; (c) income from subsidies allocated or not by the central government budget to each of the decentralised local government units to take into account their specific situations or to offset, for these decentralised local government units, the expenses generated by programs or projects decided by the central government and implemented by the decentralised local government units; (d) income from non-repayable foreign aid and the income from grants to the decentralised local government unit; (e) revenue from their property; and (f) borrowing, with the conditions for taking out loans set by law. All these provisions are waiting for the accompanying laws and regulations to be enforceable in compliance with Article 146 of the Constitution. The reform should also address mechanisms by which to ensure the financial supervision of local governments and encourage citizens to take part in this supervision by adopting innovative tools such as the participatory budgets that several Malagasy municipalities have already adopted.

- **The third reform** should should address local administration capacity building, notably from the perspective of a greater transfer of responsibilities. The municipalities suffer from a lack of skills, and field projects remark on and 'suffer from' municipalities' poor capacities. The reform will elaborate a framework of reference detailing the qualifications and responsibilities of local administration staff and a national training strategy for local personnel as well as how it shall be financed. It will define ways to apply this strategy in all local governments in the country.

- **The fourth reform** deals with urban strategy. It is true that in 2015, only one out of every three Malagasies live in cities but according to the United Nations, 55% of the Malagasy population will live in urban areas by 2050 (*World Urbanization Prospects: The 2014 Revision*). In 2011, the World Bank produced, with the support of development partners, a status report on urbanisation in Madagascar titled 'L'urbanisation ou le nouveau défi malgache' (urbanisation or the new Malagasy challenge). The reform should be based on this study, the research by UN Habitat and the Institut des Métiers de la Ville (Île-de-France Regional Council) and the lessons from the first urban forum held in 2013 to initiate a policy dialogue with the aim of defining, with actors nationwide (central ministries, local governments, civil society, other local stakeholders), the main outlines of a settlement management strategy and evaluate the human, technical and financial resources and arrangements necessary to implement the urban strategy. ■

Bibliography – Madagascar

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- Law No. 96-173 of 6 March 1996 reorganising the autonomous maintenance service of the City of Antananarivo
- Law No. 94-039 of 3 January 1995 amending and completing the provisions of Law No. 93-005 of 28 January 1994 establishing the general policy guidelines on decentralisation
- Law No. 95-005 of 21 June 1995 on the budgets of decentralised local government budgets

Malawi

24/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3	
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3	
3. Local assemblies and executive bodies are elected throughout the country	4	↑
4. Resources are not transferred, or are transferred erratically and irregularly	1	
5. Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial market	2	
6. There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1	
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2	
8. There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2	↑
9. There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments	3	↑
10. A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking	3	

Explanation of the Rating

The 1994 Constitution adopted a multi-party system. It also officialised the decentralisation policy in Articles 146 to 151. The constitutional provisions were clarified and completed by the Local Government Act (LGA) of 1998. Malawi has only one level of local government units, classified as urban (7) and rural (28) districts. The LGA provides for the participation of traditional chiefs in the work of the municipal councils as non-voting members.

In 2000, the heads of the district councils were elected for a five-year term of office. Since the end of this term of office in 2005, however, the local elections scheduled for 2005 have regularly been pushed back. The local government councils and executive bodies that had been elected were replaced by appointed civil servants until May 2014 when tripartite elections were held to elect heads of councils. Progress towards decentralisation seems very slow and limited. The next elections will be in 2019.

Although decentralisation legislation recommends transferring five percent of net national revenues in the form of unconditional grants, the central government has transferred at best two percent of net national revenues. Two thirds of this grant are distributed to urban local governments on the basis of a known formula and one third goes to rural local governments according to a formula that takes into account four factors: population, surface area, illiteracy, and infant mortality. There are also several other transfer mechanisms: the Agricultural Fund, the Education Fund and transfers from line ministries, the national amounts and distribution of which among local governments are determined on an *ad hoc* basis. In addition, the central government has created a Local Development Fund (LDF) to finance local governments.

Local taxation is composed of the property taxes, commercial taxes and other local taxes, but these revenues provide less than a third of local budgets. Local taxes are determined by the central government but local governments have latitude as to tax rates.

In Malawi, there is neither a national framework of reference defining the qualifications and responsibilities of local government staff nor a national strategy to build the capacities of local administrations. Initiatives by local governments in this area have not been seen.

The Constitution provides for the establishment of the National Local Government Finance Committee (NLGFC) whose mission is to assist local governments with the preparation of their budgets and distribute central government subsidies to local governments. It also is mandated to supervise financial control over local governments and audit local books in the framework of parliamentary decisions. Audits are not systematic, however.

Malawi does not have any specific laws on the people's participation in managing local governments. But, the Local Government Act has some provisions on citizen participation. At local level, consultations are done through Area Development Committees, Village Development Committees, etc.

Malawi has legislation on local government performance assessment. Assessment of local government performance is done through the Local Authority Performance Assessment (LAPA) which is jointly done by Ministry of Local Government and Rural Development (MoLG&RD) and the Local Development Fund (LDF)

With 16% of the population living in urban areas in 2015, Malawi is undergoing strong urbanisation and the urban population is growing by more than five percent per year. According the United Nations statistics, the urbanisation level will be 30% around 2050 (*World Urbanization prospects: The 2014 Revision*). To manage this urbanisation, Malawi elaborated the 'Malawi City Development Strategy and Slum Upgrading Programme' with the support of Cities Alliance. This programme's objectives are, among other things, to develop management strategies for the cities of Blantyre Lilongwe, Mzuzu and Zomba, improve the national institutional framework, and set up a sustainable financing system for local governments.

However, implementation of this strategy does not have adequate technical and financial means.

Proposed Reforms

With a below-average overall rating of 24 out of 40, Malawi is one of the countries that do not really provide an enabling environment for city and local government action. To make drastic progress in this area, Malawi needs to undertake the four reforms discussed below without delay.

- **The first line of reform** should clarify local government responsibilities. Article 22 of the LGA assigns classic responsibilities to local governments such as roads, parks, libraries and other cultural facilities, drinking water, wastewater and public health (e.g. food inspection, slaughterhouses), markets, and emergency services (e.g. ambulances and fire brigades). But the line between central government and local government responsibilities is not clear. Already during the elected mayors' first term of office, this gray zone in the division of responsibilities led to duplicated functions. For instance, health services, environmental and forest management, road maintenance, and agriculture and irrigation services were provided by both deconcentrated central government offices and by local governments. Business permits are issued simultaneously to private entrepreneurs by the Ministry of Trade and Industry and by local governments. The issue of the assignment of responsibilities (and the corresponding financial transfers) deserves to be reviewed. The second aspect of this reform could be to promote asymmetrical decentralisation. The aim is to stimulate the delegation of responsibilities able to strengthen the capacities of local governments. Finally, the reform could review some assignments of responsibilities that clearly cannot be fulfilled satisfactorily on local government level alone – such as hospitals, housing and habitats, and water and energy management – and that must at minimum be shared with the central government.

- **The second line of reform** should address the financial transfers from the central government to the local governments. The financial transfers from the central government account for more than two-thirds of local government resources. Conditional transfers make up 85% of total transfers from the central government to the local governments; they account for 95% of rural local government resources. However, these transfers are still not able to cover the cost of the responsibilities transferred – far from it. The funds transferred to the local governments represent a bare bones share of the budgets of the various line ministries, and these ministries largely predetermine their use. With the exception of the Ministry of Health that transfers more or less all its budget to local governments, the other ministries lag far behind: the Ministry of Education transfers, the Ministry of Agriculture transfers, and the other ministries transfer are weak event if progress have been made over the past 10 years; these line ministries have a lot to do in transferring its budgets to local governments. Since the end of the elected mayors' term of office, the increased level of funds from sectoral policies transferred to the local level is not necessarily an indication of advancing decentralisation. The reform should work towards greater autonomy for local governments in regard to local public spending decisions. Indeed, it is more than ever important to re-scale the financial transfers so that local governments can cover the cost of the responsibilities transferred. For this reason, the reform should first assess the cost of the responsibilities transferred when they were fulfilled by the central government, then align the transfers with the transferred responsibilities, and finally define clear, transparent transfer mechanisms that allow stability and predictability in the transfers.

- **The third line of reform** should address the local tax system. The excessive dependency of local government budgets on transfers from the central government does not work in favour of true autonomy in local government, notably in determining the base for local governments' own revenues. Local governments could, for example, extend the property tax to rural municipalities, notably those that neighbour cities; there is very likely a growing number of large housing units and commercial buildings (e.g. stores, offices, factories) that could be taxed. Surcharges on a few national taxes could be envisaged. Moreover, taxes on tourism, automobiles, and even on gasoline or beer could be considered. The base for these taxes is local by nature. The reform should consequently tackle expanding the range of taxes belonging to local governments and the range of taxes shared with the central government.

- **The fourth line of reform** should address transparency in local government administration and the establishment of mechanisms to measure their performance in fulfilling their mandate. Although required by laws and regulations, local governments are only occasionally audited. One of the reasons for this gap in the accountability of local government administration is the spreading out of responsibility for verification between the National Local Government Finance Committee, the National Audit Bureau, and the Ministry of Local Government and Rural Development's Accounting Service Division. For this last division, the climate in which audits are conducted is often adverse. In the field, tensions are numerous between staff auditors and municipal councillors and/or municipal executives, and it is often very difficult to conduct independent audits. Furthermore, there is no provision for assessing local government performance. This must be rectified. ■

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Mali

23/40

Enabling Environment Rating for Cities and Local Authorities	
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3. Local assemblies and executive bodies are elected throughout the country	4
4. The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula	2
5. The central government defines and collects local government revenues	1
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments	2
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8. There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2
9. Local government performance is not assessed	1
10. A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking	3

Explanation of the Rating

In Mali, the decentralisation reform grew out of the twofold crisis that hit the country in the early 1990s with the Tuareg rebellion in the north and the 'revolution' in the south. The national conference in 1991 – which was imagined as the way out of this twofold crisis – opted for a multi-party system and decentralisation, with the latter seen as a way to re-found a central government lacking legitimacy. One unique aspect of Malian decentralisation is also how the basic local government units were created: the people themselves drew the boundaries of their future municipalities after inter-village consultations, and did so without any major conflicts as less than 10% of cases were brought before the government for arbitration.

The new Constitution that emerged from this national conference stipulates in Title XI 'The Territorial Collectives' that the 'Territorial Collectives shall be created and administrated according to the conditions defined by law' (Article 97) and that these local governments 'shall administer themselves freely by elected Councils and according to the conditions established by law' (Article 98). Diverse laws and regulations extend these constitutional provisions.

From 19 local governments concerned by local elections in 1995, the number of municipalities grew to 703 basic local government units in the 1999 elections with the creation of 684 new, mostly rural, municipalities. The decentralisation process then entered its operational phase through the transfer of responsibilities for basic services from the central government to local governments in 2002 and, in 2005, the adoption of a national policy framework paper on decentralisation (DCPND, 'Document Cadre de Politique Nationale de Décentralisation'). A new 2015-2024 version of this framework paper is in the process of final approval. However, some of the responsibility transfers have not yet been implemented.

Mali now has three levels of local government throughout the country, for a total of 761 territorial governments: 703 municipalities (37 of which urban and 666 of which rural), 49 circles, 8 regions, and the district of Bamako, the capital, which has special status. All of these local governments are run by elected councils and executive bodies.

The recent crisis in northern Mali showed the local governments' resilience compared to other central government administrative authorities because, despite the occupation of the northern regions of the country, the local authorities remained in place and were not contested.

The National Agency for Local Government Investment (ANICT, 'Agence Nationale d'Investissement des Collectivités Territoriales') has since 2007 provided financial and accounting management for the National Local Government Support Fund (FNACT, 'Fonds National d'Appui aux Collectivités Territoriales'). It consists of five (5) endowments that are determined by a formula and devoted respectively to investments, loan guarantees, technical support, operations and inter-communality.

Local taxation is entirely determined by the national assembly, and local taxes are collected mostly by deconcentrated central government offices.

Mali began to make its local civil service operational, notably by setting up the planned statutory bodies, defining profiles for key staff, organising professional entry exams, and elaborating and distributing staff management tools. However, the country does not have a national strategy on local administration capacity building despite the existence of the Local Government Training Centre (CFCT, 'Centre de Formation des Collectivités Territoriales') since 2007.

Articles 226 to 228 of the local government code emphasise the requirement of regular, independent audits of local governments; but these audits are only occasionally conducted, which does not contribute to transparent management of local finances.

There is no specific legislation on citizen participation. However, the law does list a certain number of subjects on which municipal councils are obliged to consult village councils, fraction councils, or neighbourhood chiefs in advance of undertaking any action within the territory under their jurisdiction.

Mali does not have laws on assessing local government performance.

With 40% of the population living in urban zones in 2015, Mali is ranked among the countries undergoing high urbanisation; projections suggest 60% urbanisation by 2050. Mali has a countrywide city development strategy elaborated in 2009 by the Ministry of Urban Planning, and a city development strategy focusing on 'secondary cities' and 'frontier cities' since their appearance in the wake of cross-border cooperation. This strategy is now anchored by a national policy on cities adopted in 2014.

Proposed Reforms

With an overall score of 23 points out of 40, Mali is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms. The path to a city enabling environment requires reforms in three directions.

- **The first** is the effective division of responsibilities and resources among the various spheres of government. This reform is seen as being all the more necessary given the secessionist demands coming from northern Mali. Several voices can be heard claiming that incomplete implementation of decentralisation has encouraged the emergence of these demands. Hence it is important to truly examine the division of responsibilities across the four spheres of public governance (the nation, regions, circles and municipalities). In practice, only a few responsibilities such as vital records, archives and documentation, administrative police, and sanitation have been fully transferred. In regard to specific responsibilities, the transfer process has turned out to be more complex. Indeed, according to the legal system in force in Mali, notably Law No. 93-008 of 11 February 1993 amended, and Law No. 95-034 of 12 April 1995 amended, the progressive and modulated transfer of responsibilities and resources to local governments is planned in key areas such as education, health, hydraulics and natural resource management. The law on the free administration of local governments stipulates that 'all transfer of responsibilities must be accompanied by the concomitant transfer by the central government to the local government of the resources and means necessary for the normal fulfilment of these responsibilities' in compliance with Articles 14, 83 and 131 of the Local Government Code. Despite the establishment of decentralisation and deconcentration support units and the identification of which responsibilities to transfer to the municipalities from the roughly ten ministerial departments, few skills and responsibilities are managed by municipalities. In this regard, the regionalisation process undertaken by the central government should re-focus on transferring extensive responsibilities to the region municipalities.

- **The second reform** addresses the issue of the internal financing of decentralisation and the financial autonomy of local governments. In the context of the Algiers Peace Agreements, building the capacities of local governments to provide local public services was chosen as a way to strengthen national unity. The reform should therefore tackle making the political promise of transferring 30% of public resources to local governments operational. There are three transfer mechanisms: the general decentralisation grant ('Dotation Générale de Décentralisation'), the equalisation fund grant ('Dotation du Fonds de Péréquation'), and special state subsidies ('Subventions Spéciales de l'État'). None of these transfers are predictable as the national amount is determined on an *ad hoc* basis and the distribution among local governments is not transparent. Only the equalisation fund mentions the use of a formula based on 'local government characteristics' for the distribution of the national amount. A rapid evaluation of the financial transfer system from the standpoint of the local governments shows that the amount of these transfers is very small. Their payment is often late, which is prejudicial to local governments' budget predictability. In this regard, equalisation is largely theoretical. What is more, the low collection rate for local governments' own tax revenues can be explained above all by a gap in the information system on local economic activities and a lack of dialogue with the people. Legislation in favour of citizen participation in local public spending decisions (such as participatory budgets) would be of a nature to improve local elected officials' credibility in action.

- **The third reform** concerns financial supervision and the effectiveness of city and local government action. When it comes to financial audits of local governments, Articles 226 to 228 of the Local Gov ernment Code prescribe modalities to verify local governments' financial management. The verification is done under the management of the authorising officer and that of the receiver or payer in compliance with the laws and regulations in force. Verification of the authorising officer's management is done by the Ministers of Local Government and of Finance, the government audit office, and the Court of Auditors of the Supreme Court. Audits of payers' books are done on site and by the appropriate bodies of the government audit office. In general, however, these audits are only occasional. Similarly, the assessment of local governments' performance in the provision of local public services is not part of the national institutional environment; no laws or regulations order such assessment. The reform should propose a mechanism by which to assess local government performance. ■

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Mauritania

23/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3	
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3	
3. Local assemblies and executive bodies are elected throughout the country	4	
4. The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula	2	
5. Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2	
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments	3	↑
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2	
8. There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	2	↑
9. Local government performance is not assessed	1	
10. No national urban strategy	1	

Explanation of the Rating

In Mauritania, as part of the democratic process, Ordinance No. 87-289 of 20 October 1987 first organised municipal decentralisation in Mauritania by granting the municipalities legal status and financial autonomy. However, it took until 1991 for the central authorities to opt for the recommendations from international organisations, which saw in decentralisation a very suitable response to the drop in budget resources and a way to continue to restructure the economy, as had been started with the privatisation process launched the same year.

In Article 98, the Constitution of 1991 stipulates that the local governments are municipalities and any entities that the law designates as local governments; they are administered by elected councils under the conditions set forth in the law. Legislation is in charge of setting the functions, resources and autonomy of the decentralised entities. The Mauritanian territory contains two types of administrations: a central administration that subdivides the national territory into 12 regions ('*wilayas*'), Nouakchott (considered to be a region), and 55 departments ('*moughataas*'); and a municipal administration with 218 local government units. The most recent local elections were held in November 2013.

In compliance with the Constitution, an abundant body of laws has been drafted along with legislation and regulations. However, there are many vague points and local governments find it hard to exercise their responsibilities because of the parallel activities of the line ministries and the powers of the governors ('*wali*') and prefects ('*hakem*') – hence the need for additional regulations.

The transfer system is composed of two funds: the Regional Development Fund (FRD, 'Fonds Régional de Développement') and the Inter-Municipal Solidarity Fund (FIS, 'Fonds Intercommunal de Solidarité'). The national amount of the FRD is set based on the following distribution key: 30% for operations, specifically a lump sum at 10% and a share distributed based on the poor population at 20%; 68% for equipment and capital investments (50% municipal population share and 18% for equipment delays); and 2% for FRD monitoring and assessment. The FIS for its part is allocated in an *ad hoc* manner to local governments. Local governments therefore cannot predict how much they will receive from these two funds, and these amounts are characteristically unstable.

Mauritanian municipalities' financial resources consist of the income from poorly established taxes (property tax, housing tax, business tax) because the central government has retained the bulk of skills needed to identify, register and collect these local taxes. However, adjustments have been made by the General Tax Code (CGI, 'Code Général des Impôts') that allow greater autonomy in fiscal affairs, notably in the absence of fiscal offices in rural municipalities or at the request of the mayor. Local governments have some latitude for certain tax rates.

There is a framework of reference detailing the qualifications and responsibilities of local government staff in Mauritania, as well as a national strategy to build the capacities of local decentralisation actors.

Oversight of local governments consists of, among other things, verification of local governments' financial management by the Ministry of Finance. However, local government books are audited only occasionally.

Mauritanian legislation does not provide for mechanisms by which citizens can participate in the management of local affairs. There are, however, local spaces for consultation – the citizen consultation committees (CCCs, 'comités de concertation citoyeenne') – that are operational in the context of local development plan elaboration (see MIDEC Decree No. 680 of 17 April 2011 defining the modalities for the preparation and implementation of municipal development plans).

Mauritanian law does not provide for local government performance assessment when it comes to the provision of

local public services. However, a performance assessment framework is currently being set up.

Mauritania does not have an urban strategy despite having one of the highest levels of urbanisation in the region.

Proposed Reforms

With an an overall score of 23 points out of 40, Mauritania is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms. Several reforms are suggested to improve the enabling environment for cities.

- **The first** concerns the system of financial transfers from the central government to the local governments. There are two funds: the Regional Development Fund (FRD, 'Fonds Régional de Développement'), and the Inter-Municipal Solidarity Fund (FIS, 'Fonds Intercommunal de Solidarité'). The FRD envelope is distributed among municipalities according to a formula that takes into account the following criteria: demographics, poverty rate, infrastructure gap, resource mobilisation efforts, monitoring and assessment, and deconcentrated administration capacity building. The FRD envelope is broken down as follows: 30% for the operating grant, 68% for the equipment grant, and 2% for monitoring and assessment and administration capacity building. The Operating Grant (DF, 'Dotation de Fonctionnement') is composed of two parts: a flat-rate portion equivalent to 15% of the FRD. This is distributed equally among the municipalities. The equivalent of 15% of the Fund envelope is allocated proportionally to each municipality based on demographics and the poverty rate in the region ('*wilaya*'). The Equipment Grant (DE, 'Dotation d'Equipement') is also composed of two parts: 50% of the envelope is allocated in proportion to the municipal population, and 18% based on lags in the municipalities' equipment rates. After calculation, FRD credits are paid directly into the municipalities' budgets. Payment is, however, conditional on the production of administrative accounts for the previous year. The second fund is the Inter-Municipal Solidarity Fund (FIS, 'Fonds Intercommunal de Solidarité'). The contribution rate is set in function of the size of municipal budgets: 1% of ordinary revenues for budgets less than or equal to five million; 2% of ordinary revenues for budgets greater than five million but less than 20 million UM; and 3% of ordinary revenues for budgets greater than 20 million UM. FIS funds are destined to fight public disasters and accidents, depending on needs. They can also be allocated to certain municipalities when they are unable to run their administrations. They are allocated by the Ministry of the Interior. As we can see, the national amount of the FRD is determined on an *ad hoc* basis whereas with the FIS it is the distribution among municipalities that is done on an *ad hoc* basis. Among other things, these funds do not reabsorb the vertical imbalance because the FRD does not take into the slightest account the cost of the responsibilities transferred by the central government and does not provide additional resources but rather municipalities' contributions from their own budgets. The reform should help scale these transfers to take into account the cost of the responsibilities transferred, take into account territorial solidarity in a country where spatial disparities are considerable, and ensure predictability and latitude for local public spending decisions.

- **The second reform** could address the division of responsibilities between the central government and the local governments. In Mauritania, local governments have both general and specific responsibilities. While the laws and regulations officialise the existing division of responsibilities, the line ministries continue to conduct the central government's capital investment programmes on the local level, backed in this by international aid modalities. Indeed, through these modalities – budgetary aid and sectoral programmes – ministerial action fosters the re-centralisation of sectoral policies – such as in education, health, water and sanitation, among others – by concentrating financial resources in the ministries without taking into account the new responsibilities assigned to local governments. For instance, in Mauritania, only 4% of capital investments within municipalities and in the framework of the responsibilities devolved to them pass through municipal circuits and are covered by their budgets. This reveals the crushing activity by central administrations and their deconcentrated services: these administrations implement more than 90% of local public spending directly – undermining the principle of municipalities' free administration. The reform should propose a structure for the division of responsibilities and the corresponding resources for local governments and elaborate the appropriate regulations.

- **The third reform** could emphasise anticipating settlement patterns and population growth. Mauritania is undoubtedly among the African countries with the strongest urban dynamics. The urbanisation rate rose from 7% in 1960 to more than 50% at the start of the 2000s, increasing its urban population 13-fold and the population of its capital 18-fold. The urban population has increased by a factor of 2.5, and cities have hosted more than 70% of the population growth. In 2015, the urban population was estimated to be 60% of the total population; it is projected to be 74% by 2050 (*World Urbanization Prospects: The 2014 Revision*). These data show the pressing need to anticipate demographic trends and develop a true territorial planning strategy; the reform could propose an urban strategy and the accompanying (technical, human and financial) support measures. ■

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- National Strategy on Decentralisation Stakeholder training, adopted in March 2011

Morocco

31/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3	
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3	↓
3. Local assemblies and executive bodies are elected throughout the country	4	
4. The transfer of resources to local governments and their distribution among local governments are clear and predictable, according to a transparent formula and without restrictions on how they may be utilised	4	
5. Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets	3	↑
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments	3	
7. Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed	3	↑
8. National legislation on citizen participation exists but is not applied	3	
9. Local government performance is not assessed	1	
10. A clear national urban strategy exists, along with the financial and technical arrangements and capacities necessary to implement it	4	

Explanation of the Rating

Immediately following independence (1956), the Kingdom of Morocco, a unitary state and constitutional monarchy, opted for progressive decentralisation in several stages: the birth of the decentralisation process (1959 to 1963) with the adoption of a series of founding texts; the consolidation of the process (1976-1996) amid a favourable political and economic context; the renewal of decentralisation (2002-2010) through the passage of a new legal framework governing local governments; and the second renewal of decentralisation in the framework of the implementation of the 2011 Constitution and advanced regionalisation.

The distribution of responsibilities between the central government and LGs was progressively clarified. These LG responsibilities may be their own responsibilities exercised based on the principle of free administration, shared with the central government, or transferred by the central government based on the subsidiarity principle. In this way, the LGs have, within their respective areas of responsibility and territorial jurisdictions, regulatory power in the performance of their duties. However, certain regulations are still in the process of adoption or elaboration.

The territorial map is composed of 12 regions, 13 prefectures, 62 provinces, and 1,503 municipalities. While the prefectures and provinces have the same legal status, the prefecture of Casablanca was subdivided into eight district prefectures (deconcentrated structures), and the six municipalities (of more than 500,000 inhabitants – Casablanca, Rabat, Tangier, Marrakech, Fez and Salé) hold the status of municipalities subdivided into district councils (for a total of 41 district councils that are not LGs).

Local assemblies and executive bodies are elected and cover the entire country; the most recent elections were held in September 2015.

Transfers from the central government are composed mainly of the equivalent of at least 30% of VAT revenues to municipalities, provinces and prefectures, as well as 1% of the corporate tax and 1% of the income tax to the regions, for a total of 54% of local government resources. These transfers are distributed according to transparent formulas.

The new legal framework on local governments adopted in 2015 stipulates that the regions will receive financial transfers from the central government of approximately 5% of the revenues from the corporate tax, 5% of revenues from the income tax, and 20% of the income from taxes on insurance contracts, in addition to the credits from the central government's general budget that will hit a ceiling of 10 billion dirhams by 2021. In addition, they can count on their own resources, including local taxes (taxes on hunting licenses, mines and port services).

For its part, local taxation covers two categories of resources: local taxes the base for which is ensured by central government offices on behalf of local governments and which is made up of the professional tax, the housing tax, and the tax on municipal services (for approximately 17% of local government resources) and local taxes consisting of taxes, duties and fees for which the establishment, base, collection modalities and rates of certain taxes and levies are ensured by the local governments themselves, in accordance with the deliberations of their councils (for approximately 24% of their overall resources). However, the central government must approve the base of certain taxes assigned to the local governments as well as any recourse to borrowing and the financial market, notably by analysing debt capacity.

A framework of reference defining local government staff qualifications and responsibilities, and a national training and skills development strategy have been drawn up and implemented by the Ministry of the Interior's Administrative and Technical Executive Training Office (DFCAT, 'Direction de la Formation des Cadres Administratifs et Techniques) although implementation does not concern all LGs in Morocco.

The various audits – by the Ministry of the Interior (General Inspectorate of Territorial Administration), the Ministry of the Economy and Finance (General Inspectorate of Finances and the Kingdom's General Treasury), the Court of Accounts and the Regional Courts of Accounts – are often not coordinated or conducted in an integrated manner; some follow a precise schedule.

In the context of implementing the constitutional principle of participatory governance, several dialogue and consultation mechanisms are planned for LGs to foster citizens' and civil society's involvement: opening local government sessions to the public, creating standing consultation bodies, exercising the right to petition at the local level, the right to petition and the right to present motions on legislative affairs, and the involvement of women in local bodies (quotas of at least 30%).

There are no laws on assessing LGs' performance in the provision of local public services, knowing that no assessments of this type are conducted. However, the assessment of public policy has been drawn up as a constitutional principle and is provided for in the new legal framework governing LGs.

Since 2005, Morocco has had an urban strategy executed through numerous programmes, including the national initiative for human development (INDH, 'Initiative Nationale pour le Développement Humain'), on a contractual basis or in partnership with LGs, thus forming a true driver of territorial, local and human development. The human, financial and technical resources indispensable for implementing the strategy are provided.

Proposed Reforms

With an overall rating of 31 out of 40, Morocco has one of the most favourable environments for cities and local governments to perform their duties, although a certain number of improvements are needed.

- **The first improvement** deals with finalising, within a reasonable timeline, the legal arsenal governing decentralisation, adopted in 2015 as part of the implementation of the 2011 Constitution, notably by drafting all the implementing decrees to which it refers. Although a period of 30 months was set by the legislature, any delay in this area would deprive local governments of the exercise of their powers and hinder them from fulfilling their pledges (particularly to citizens).

- **The second improvement** relates to the relations between the central government and the LGs, which must be re-examined in depth in the spirit of the 2011 Constitution, to move from relationships of vertical authority that imply the notion of supervision to relations based on legality, dialogue, consultation, convergence, integration, cooperation and partnership that require a new concept of authority, the modernisation of the central government, and the principles of free administration and subsidiarity. This implies, among other things, promoting real local autonomy, establishing a true support, training and capacity building strategy for all central administrations to bring them up to speed and allow them to lead the change (rather than resist it), and conceptualising the new role of the *walis* and governors as representatives of the central authorities.

- **The third area of reform** deals with the conceptualisation and implementation of a new roadmap for training, development and capacity building for local elected officials and human resources (directors, managers and agents) that works to enhance them, provide them with qualifications, and increase their professionalism. Motivating statuses in terms of attractiveness, lifelong training, career prospects and working conditions are now an inescapable need.

- **The fourth improvement** should address subsidiarity within the public sphere. Indeed, not only are most expenditures, notably those relating to public investments (infrastructures, education, health, housing, solid and liquid sanitation, etc.) still covered by the central government, but LGs show an inability to utilise all of their resources – due to management issues more than political will – and LGs are unable to take advantage of all their fiscal potential. Some of the criteria used to distribute transfers are questionable and may even be counterproductive in relation to the goals sought. The criteria and modalities for the distribution, transfer and release of the share of VAT revenues must be reviewed to adapt to the new context of decentralisation and the challenges of advanced regionalisation.

- **The fifth improvement** deals with the cross-subsidisation and solidarity mechanisms to mitigate geographic imbalances and lessen financial disparities and inequalities among LGs. To date, the system in effect in Morocco has been founded exclusively on vertical solidarity mechanisms through transfers from the central government to the LGs, and these mechanisms have shown their limits, given rise to (unhealthy) lobbying circuits between the central administration and LGs, poor governance on the local level (see the Court of Accounts reports, www.courdescomptes.ma), and inertia among local elected officials. This system would benefit from being strengthened by a horizontal solidarity system, notably in the framework of the social upgrading fund ('Fonds de Mise à Niveau Sociale') and the inter-regional solidarity fund ('Fonds de Solidarité Interrégional'). ■

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- Dahir n° 1-09-02 du 22 safar 1430 (18 février 2009) portant promulgation de la loi n° 45-08 relative à l'organisation des finances des collectivités locales et de leurs groupements (BO n° 5714 du 5 mars 2009).
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- Dahir n° 1-06-15 du 15 moharrem 1427 (14 février 2006) portant promulgation de la loi n° 54-05 relative à la gestion déléguée des services publics.
- Décret n° 2-15-40 du 1er joumada I 1436 (20 février 2015) fixant le nombre des régions, leurs dénominations, leurs chefs-lieux ainsi que les préfectures et provinces qui les composent (BO n° 6340 du 5 mars 2015).
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Mozambique

17/40

Enabling Environment Rating for Cities and Local Authorities	
1. The Constitution contains provisions that implicitly or explicitly restrict the actions of cities and local governments	1
2. A number of legislative provisions are in conflict with the Constitution, or some provisions in the Constitution are not implemented	2
3. Local assemblies and executive bodies are elected, but not necessarily throughout the country	3
4. Resources are not transferred, or are transferred erratically and irregularly	1
5. Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2
6. There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8. National legislation on citizen participation exists but is not applied	3
9. Local government performance is not assessed	1
10. No national urban strategy	1

Explanation of the Rating

After a tragic civil war, Mozambique has since the 2000s undertaken deliberate decentralisation. For instance, the 2004 Constitution places particular emphasis on local authorities.

Mozambique is one of the few countries where deconcentrated state services are covered in the Constitution on equal footing with local authorities. Indeed, Chapter IV of the Constitution and Articles 262 to 264 set forth the definition, organisational principles and functions of deconcentrated state services. Finally, Article 263 of the Constitution states that deconcentrated state services must participate in work of the local authorities' deliberating assemblies. The fact that deconcentrated central government services are explicitly mentioned in the Constitution along with a description of the missions and operating modalities generally recognised as belonging to local governments creates a degree of ambiguity in regard to decentralisation. In such a context, it is more than probable that sector-specific deconcentration could be assimilated with political decentralisation. Concretely, the Mozambican Constitution contains the seeds of *de facto* conflict between deconcentrated central government services and local governments.

Ultimately, the transfer of responsibilities has begun and must continue. Arguing the poor institutional capacity of local authorities, the central administrations have delayed the responsibility transfer process. In the same vein going against the spirit of the Constitution, local elected assemblies are not yet present throughout the national territory; the population in the 43 local governments in the county (and the 10 new local governments in the process of being setup) is estimated to be less than 40% of the national population. Yet, no provision in the Constitution forbids this. On the contrary, the Constitution provides for two types of local authorities: municipalities in urban areas, and settlements for administrative posts. Moreover, the Constitution stipulates that other categories of local authorities may be established. For the moment, however, only the first type of local authorities – the municipalities – have been established. It should be noted that the municipal heads of executive bodies and municipal assemblies are elected through direct universal suffrage, and that candidates may belong to political parties or coalitions or be independent candidates.

In Mozambique, there is no framework of reference for or national strategy on capacity building. The local elaboration and implementation of development strategies are constrained by poor qualifications among local staff and inadequate transfer of staff from the central government to the local authorities.

Article 271 of the Constitution states that the objective of local administration shall be to organise the participation of citizens. Meetings with associations and NGOs are held regularly in nearly all municipalities to determine their preferences as to municipal infrastructures and services, and obtain their suggestions and participation in local development tasks. But these actions are few and far between and depend on whether or not the municipal councils see the people's participation as a positive or negative thing. Clearly, this constitutional recommendation lacks implementing legislation to make application systematic and codified.

Mozambique does not have a local performance assessment system.

Mozambique does not have an urban strategy.

Proposed Reforms

With a score of 17 points out of 40, Mozambique is one of the countries where the environment is generally unfavourable to city and local authority action. To advance in the establishment of a more enabling environment for cities and local government, Mozambique should rapidly initiate and implement a series of major reforms.

- **The first of these reforms** should be to comply with the provisions of the Constitution by establishing local authorities throughout the entire country. In addition to municipalities, the settlements should be set up and their operating conditions should be defined.
- **The second reform** should clarify the division of responsibilities between the central government and the

local authorities. Despite the Municipal Finance Law of 1997 revised in 2008, which clarifies the areas of responsibility for local authorities, the central government has been dragging its feet in regard to the transfer of responsibilities. After several deadlines set for line ministries to turn over responsibilities, the discussions on which responsibilities to transfer remain to be had. The central administrations point a finger at the institutional weakness of the local authorities when it comes to fulfilling their current responsibilities and warn against the risk of deteriorating service quality if they are assigned additional duties. The responsibility transfer request procedure at the initiative of local authorities that has also been proposed is problematic as well. It stipulates that the transfer of responsibilities can be done at the initiative of the local authority council. In this case, the chairman of the municipal council, with the approval of the municipal assembly, must submit a substantiated request to assume responsibilities to the provincial governor (except for the municipality of the city of Maputo), indicating the (human, financial and material) resources available locally and those expected from the national government to implement the new responsibilities requested by the local authority efficiently. The provincial governor then submits the final proposal to the line ministers for decision. This procedure contradicts the spirit and the letter of the Constitution by making the process of transferring responsibilities to the local authorities a hostage of the central administration. To put an end to this situation, structured dialogue on the subject of responsibility transfer would need to be organised between the central government and the local authorities.

- **The third reform** should address local administration capacity building. On average, the vast majority of municipal staff members have barely more than a primary education. Matola, Beira, Nampula and Maputo are the few local authorities whose employees have university degrees; although in Beira and Nampula, most qualified executive staff are employed in education and health; the other sectors administered by the municipalities are usually steered by deconcentrated state services (except in Matola and Maputo). The latitude afforded to the local authorities to improve their human resources is hindered by the small amounts of funding allocated for this purpose. Even today, there is no national framework of reference or national capacity building strategy, and local authorities have little possibility to define frameworks of reference detailing staff qualifications and responsibilities in an autonomous manner or to elaborate staff capacity building programs.

- **The fourth reform** should address urban strategy. Indeed, although urbanisation (particularly the provision of suitable housing and financing for urban infrastructures) is addressed in Article 91 of the Constitution, the urban sector is not the subject of any true strategy. Yet, the urbanisation process is particularly dynamic in Mozambique. Annual growth in the urban population is 4% – or twice that of total population growth. In 2015, 32% of the national population can be considered to live in urban areas, and all projections show that half (50%) of the population will live in cities by 2050. Although now seen as one of the least urbanised countries in Southern Africa, along with Swaziland, Lesotho and Malawi, experts estimate that by 2050 or thereabouts, Mozambique will be one of the most urbanised countries in the region; only Botswana, South Africa and Namibia will have higher urbanisation rates. But urban issues in Mozambique should also be analysed in light of cities' contributions to national development. Indeed, urbanisation is not driven by demand for labour in industry and services but rather largely by the effects of the civil war, which displaced people from rural areas to the cities. Only a small proportion of the people displaced by war have returned to their rural places of origin. Some cities that had been growing rapidly before the civil war do not seem to be recovering their prior population levels. One example is Mocuba, in Zambezia Province, whose population was 90,000 at the end of the civil war, and whose population a decade later is estimated at 70,000. The urban strategy should not only take more seriously into account Mozambique's urban future, but endeavour to foster the emergence of an urban structure for the country that could facilitate opportunities for economic growth and competitiveness in Mozambican cities. In this post-conflict situation where the economy is characterised by a fragile foundation, a proactive and well thought out urban policy could usefully contribute to improving national macroeconomic indicators as much as the development of efficient local and national markets. Urban areas must serve as levers to boost surrounding rural areas and thereby contribute to poverty alleviation and improved access to essential services for the majority of the country's population.

- **The fifth reform** address fiscal decentralisation. There are four transfer funds in Mozambique: the Municipal Compensation Fund (FCA, 'Fundo de Compensação Autárquica'), which is unconditional, and its national amount and distribution among local authorities are known; the Road Fund ('Fundo de Estradas'); the Local Initiative Development Fund (FIIL, 'Fundo de Investimento de Iniciatives Locais'); and the Extraordinary Transfer (TE, 'Transferência Extraordinária'). The last two transfers are unpredictable. These instruments deserve to be overhauled entirely, not only to reflect the real cost of fulfilling the responsibilities transferred, but also to ensure the predictability and transparency necessary for territorial equity and budgetary planning by the local authorities. The reform could also promote greater latitude for local authorities in regard to local taxation. ■

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Namibia

25/40

Enabling Environment Rating for Cities and Local Authorities	
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2. All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place	4
3. Local assemblies and executive bodies are elected throughout the country	4
4. Resources are not transferred, or are transferred erratically and irregularly	1
5. Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets	3
6. There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7. Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied	4
8. There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2
9. Local government performance is evaluated irregularly	2
10. No national urban strategy	1

Explanation of the Rating

Independent in 1990, Namibia is a unitary state that has included decentralisation in its priorities regarding public governance options. This option is mentioned in the Constitution, which leaves it up to the legislation to define local government responsibilities. This option arises from a lengthy historical process that started with the hyper-centralisation of the colonial authorities, then the Bantustan policies, the emergence of the new Namibian state after a pitched liberation struggle, and the necessary consolidation period for the new nation-state during the first years following independence. The decentralisation process itself started with deconcentration, then moved to delegation and then devolution. In 1996, the central government approved a decentralisation programme that was ratified by the National Assembly in 1997.

Decentralisation is one of the priorities in the second national development programme. Articles 102 to 111 of the Constitution make explicit mention of local governments, but leave defining their responsibilities up to the legislation. A series of laws and regulations deriving from the Constitution have been passed to make the political will for decentralisation a reality. They are: the Local Authorities Act of 1992 (amended in 2000), the Regional Councils Act of 1992 (amended in 2000), the Decentralisation Enabling Act of 2000, and the Trust Fund for Regional Development and Equity Provisions Act of 2000.

Namibia hurried to abolish the ethnic borders corresponding to the principles behind the 'separate development' policy of the colonial period. The territorial division consists of two levels of local government: the regions (of which there are 13), and the local councils composed of municipalities (16), towns (17) and village councils (19). Local government assemblies and executive bodies are elected throughout the country.

The decentralisation policy has developed municipal responsibilities without increasing their budgets to such an extent that many municipalities resort more and more to delegating services to the private sector as an alternative solution to providing essential services to the population. For instance, local governments count on implementing partnerships to deliver local public services as an alternative form of service supply. From this standpoint, local governments would seem to be regulators of service delivery rather than the providers of the services thus regulated.

In Namibia, local governments have their own revenues with classic local taxes (on developed property, economic activities, etc.). They have latitude to set local tax rates under the control of the Ministry of Local Government (Art. 73 of the Local Authorities Act).

Namibia has neither a national framework of reference defining the qualifications and responsibilities of local government staff nor a national strategy to build the capacities of local administrations. However, local authorities have the ability to define frameworks of reference detailing staff qualifications and responsibilities in an autonomous manner and to undertake staff capacity building programmes. Local governments have the right to hire and fire their staff.

Namibian law sets forth a system to verify financial management by local governments with the establishment of several public and/or independent institutions responsible for this. These audits are performed annually.

Namibia does not have specific laws on citizen participation in local government administration, although the Decentralisation Enabling Act of 2000 encourages consulting the main local stakeholders before any major decisions are made at the local level. In compliance with these provisions, local governments have set up local spaces for consultation in the field.

Namibia has no legislation on assessing local governments' performance in the provision of local services and no such assessments have been performed to date.

Namibia has not elaborated a national urban strategy, although one out of every two Namibians lives in a city.

Proposed Reforms

With an overall score of 25 points out of 40, Namibia is one of the countries whose progress toward an enabling environment for cities and local governments would require significant reforms.

- **The first line of reform** could address the financial transfers from the central government to the local governments. While local governments have their own revenue sources and the ability to determine the base and rates of local taxes, the transfer system is less relevant, with *ad hoc*, unpredictable and irregular amounts. The main source of transfers is the Trust Fund for Regional Development and Equity Provision set up by law in 2000. The aim of this fund is to fight institutional capacity disparities between regional and local authorities. Population density and overall social and economic demands determine the size of the transfers. The Local Authority Act of 1992 stipulates that the regional authorities must transfer five percent of their revenue to the local governments. The central government provides grants to newly established village councils, regional councils and city councils that do not yet have a sufficient income base. The central government also allocates a few infrastructure grants on the request of the local governments; these grants are conditional and may be allocated for equipment and operational spending. The reform should focus on clarifying these various transfers and ensuring their complementarity to make them more effective. A prerequisite to this reform is, however, estimating the cost of the responsibilities that must be transferred to the local level in order to offset the vertical imbalance between spheres of government.

- **The second line of reform** concerns a clarification of the responsibility transfer process. First, the responsibilities that the line ministries must transfer to local government should be defined, and then territorial divisions should be reviewed with an eye to sectoral logic and political-administrative logic. Indeed, the decentralisation policy must first focus on how to better divide up the duties and functions that the line ministries have already identified into regional responsibilities and budgets. Then, the second challenge is to move from the division in operational regions to decentralised regions that do not necessarily match the first, notably in the areas of health and education. The issue of local government capacity building must be envisaged as part of this movement. Consequently, the line ministries must be invited to enumerate the staff allocated to implementing the responsibilities to be transferred so as to also envisage transferring this staff to accompany the transfer of responsibilities, and set a schedule for this staff transfer. The plan must concentrate not only on the possibility of transferring additional human resources that exist in the various ministries to the local governments but also hiring new staff when personnel cannot be obtained from the line ministries. The reform should promote cooperative governance between local governments and codify implementation modalities by proclaiming the principle of non-subordination of one level of local government to another. The reform should also take an interest in defining a progressive plan for the transfer of responsibilities to local governments in conjunction with local administration capacity building. Finally, the reform shall study the possibility of introducing a degree of imbalance in the process of progressive transfer of responsibilities to local governments.

- **The third line of reform** could concern improving the quality of local public spending. To do so, the audit system must be reinforced to improve financial management by local governments. According to the various laws and regulations, three institutions are responsible for auditing the books of local governments: the Office of the Ombudsman, the Office of the Auditor-General, and the Namibian Financial Institutions Supervisory Authority. If the laws and regulations make audits both systematic and mandatory, they should also provide for the population's involvement in local government administration. The reform should place these concerns at the fore, and also prescribe assessment of local government performance in the execution of its mandate to serve the people.

- **Finally**, Namibia does not have an urban strategy although its Vision 2030 devotes considerable attention to the issues of migration, urbanisation and population distribution. In 2015, the country's level of urbanisation is on the order of 46%, and experts predict that it will be 68% in 2050 (*World Urbanization Prospects: The 2014 Revision*). The main factor encouraging rapid urbanisation in the country is rural-to-urban migration, mainly among young men and women seeking better social and economic opportunities. Efforts should be made to structure the country's emerging urban network, which is currently composed of the capital, Windhoek (pop. 296,000 in 2008, just over half the country's urban population), and the cities of Walvis Bay (pop. 52,000), Swakopmund (pop. 42,000), Ondangwa (pop. 44,413), Lüderitz (pop. 30,000) and Otjiwarongo (pop. 19,000). These cities should play a driving role in national development and should receive particular attention in terms of capital investment and financing. The urban strategy will make the urban structure a true tool for territorial planning and the balanced development of the country. ■

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- Electoral Act of 1992 (Act 24 of 1992)
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- Trust Fund for Regional Development and Equity Provisions Act of 2000
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- Country Profile, Commonwealth Local Government Forum (CLGF)

Niger

24/40

Enabling Environment Rating for Cities and Local Authorities	
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3. Local assemblies and executive bodies are elected throughout the country	4
4. The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula	2
5. The central government defines and collects local government revenues	1
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments	3
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8. There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2
9. Local government performance is not assessed	1
10. A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking	3

Explanation of the Rating

In Niger, decentralisation is a relatively old process. It was already planned in the Constitutions of 12 March 1959 (Title IX, Article 57) and 8 November 1960 (Title X, Article 68) before being placed on the back burner for a long time. It wasn't until 1994 that a special commission was mandated to reflect on a new administrative division. In 1996, the parliament passed a law on the fundamental principles of free administration by the regions, departments and municipalities; this law defined their respective responsibilities and resources. Implementation of decentralisation was delayed several times, and the municipal elections of 1999 were cancelled because the results were heavily contested by a large segment of the political class. The change in regime that happened thereafter led the country to new general elections in 2004 which ushered into office the heads of 265 municipalities, 213 of which rural. A new law – Law No. 2008-42 of 31 July 2008 – states that the 'territorial collectivities are human groups geographically located on a portion of the national territory on which the State has conferred legal status and the power to administer themselves freely by elected authorities.' After another interruption in the democratic process, the Constitution of the Seventh Republic stipulates the creation of freely administered local governments in Title IX 'The Territorial Collectivities.' After the government directive, draft decrees are available for the ministries concerned and the local government levels but they have not always been signed.

The current administrative map of the country contains seven (7) regions, which are both administrative jurisdictions and local governments, sixty-three (63) departments as the deconcentrated level for central government services, and two hundred and fifty-five (255) municipalities, four (4) of which have special status (cities) with a total of fifteen (15) municipal boroughs. The elections in 2011 established the second term of office for local elected officials throughout the country. The next local elections are slated for 2016.

Since 2014, the National Agency for the Financing of Local Government Investments (ANFICT, 'Agence Nationale de Financement de l'Investissement des Collectivités Territoriales') has managed the financial transfers from the central government to the local governments. In this way, it makes equalisation funds and resources from the Decentralisation Support Fund (FAD, 'Fonds d'Appui à la Décentralisation') available to local governments. Distribution keys are used to determine the amounts for each local government.

The National Assembly sets the base and rates of local taxes (business tax, license, property tax and civic tax); the revenues from these local taxes are collected by deconcentrated central government services.

Niger has a national training strategy targeting decentralisation stakeholders. Its main purpose is to serve as guidelines for the direction, organisation, harmonisation, monitoring and verification of the interventions by the central government and partners in the field of capacity building for decentralisation stakeholders. Among other things, the government created a Local Government Administration Training Centre (CFGCT, 'Centre de Formation en Gestion des Collectivités Territoriales) within the National School for Administration to take over the training of decentralisation stakeholders. However, not all local governments have received this training yet.

Nigerien law provides for the regular auditing of local government books. In practice, however, these audits are rare and the financial supervisory authorities for local governments – i.e. the Ministry of Finance – lack human and financial resources.

Nigerien laws do not contain provisions on citizen participation in managing local affairs. Nevertheless, a few arenas for consultation have been set up as part of international or decentralised cooperation interventions.

Niger does not have any laws or regulations on assessing local government performance in the provision of basic social services; no assessments have been done.

With urbanisation at 18% in 2015, Niger is only in the initial phase of population re-composition. Urbanisation of

roughly 35% of the total population is expected by 2050. The projections suggest that Niger's cities will welcome two times as many people over the next 20 years as they have during the past 60 years. This means that anticipating the arrival of new city dwellers is much more than a necessity. One of the priorities included in the Poverty Reduction Strategy Paper (PRSP), urbanisation is also addressed in Law No. 2001-032 of 31 December 2001 guiding the territorial planning policy that insists on the importance of restructuring the urban skeleton to secure the country's harmonious and balanced development. Thus, the urban development strategy drafted in 2004 targets the following objectives: promote better relations between cities and the countrysides; ensure better urban and land management; improve facilities in urban centres; and promote better socioeconomic integration of poor segments of the population. However, this strategy does not have adequate technical and financial means for its implementation.

Proposed Reforms

With an overall score of 24 points out of 40, Niger is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms.

- **The first reform** should address local government responsibilities. Niger initially opted for the devolution of responsibilities from the central government to local governments to be organised by a general responsibility clause based on the principle of subsidiarity; later, it opted for the transfer of bundles of responsibilities. Devolution through bundles of responsibilities calls for the passage of complementary laws and regulations, notably implementing decrees to set transfer priorities and ensure the transfers are operational. The government has not to date drafted or adopted these texts. In practice, the institution of local government has not yet been 'understood' as being a crucial element of the nation's organisation. This is all the more true as, invoking its existence prior to decentralisation, the 'community-based' approach, heavily anchored in local project and programme methods, is still dominant and does not seem to have evolved to take into account the emergence of local governments. This poor consideration of municipalities' prerogatives leaves them squeezed between deconcentrated central government services and community initiatives. This situation is also used to justify limiting transfers from the central government to the local governments. In addition, national sectoral policies are conducted without always taking into account the role of local governments in development. Local governments should undoubtedly be included in sectoral policy implementation to better take into account their territorial dimension. The reform should clarify decentralisation laws and regulations, and provide a more specific definition of local governments' responsibilities.

- **The second reform** should address how decentralisation is financed, both through transfers and local taxation. There has been a Decentralisation Support Fund ('Fonds d'Appui à la Décentralisation') and an Equalisation Fund ('Fonds de Péréquation') in place since 2014. Budgetary planning in the strict sense does not exist for transfers in Niger; there is a theoretical line item labelled 'decentralisation support' in the central government budget but it is unstable and amounts are rarely respected. This situation is linked to the financial difficulties that have plagued the government of Niger in recent years. In addition, the criteria currently in use are transitional. This is why it is important that the National Agency for Financing Municipalities (ANFICT, 'Agence Nationale de Financement des Collectivités Territoriales') commission a study on local governments' baseline situations to define the elements to use in calculating grants to local governments. Indeed, taking into account the criteria of equalisation, population, good management and mobilisation of financial resources requires the collection of a certain number of statistics and indicators to make the chosen criteria operational. The law provides for taxation to be transferred from the central government to the local governments. For instance, the central government is supposed to cede to the municipality all or part of the taxes and duties paid as fees or dues collected by the central government when all or part of the services that these taxes or duties cover are provided by the municipality. In regard to shared taxation, the municipalities generally receive only bare bones, with 80% going to the central government budget and 20% to local government budgets. The reform should also pay particular attention to strengthening the fiscal purview of local governments.

- **The third reform** will address transparency in local public administration. For the time being, there is no mechanism for reporting to the population about local government books, although the regulatory arsenal does provide for informing the population on municipal council work and decisions. In most cases, council deliberations are not publicly posted and the public is not consulted; mayors and council members content themselves with holding occasional village and neighbourhood meetings. As for financial management, local governments should be audited every year. In practice, however, these audits are only occasional. The reform should foster the conditions needed for healthy, participatory and transparent local administration. ■

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Nigeria

24/40

Enabling Environment Rating for Cities and Local Authorities	
1. The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities	4
2. The legislation is unstable and inconsistent	1
3. Local assemblies and executive bodies are elected throughout the country	4
4. The transfer of resources to local governments and their distribution among local governments are clear and predictable, according to a transparent formula and without restrictions on how they may be utilised	4
5. Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments	2
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8. There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2
9. Local government performance is not assessed	1
10. National reflection on urbanisation is underway, but an urban strategy has not yet been defined	2

Explanation of the Rating

The 1999 Constitution forms the foundation for decentralisation in Nigeria; it makes explicit mention of local governments and specifies their roles and responsibilities. However, the Constitution leaves it up to the discretion of the states in the federation to establish the legislation on local government within their jurisdiction. Each state therefore defines the regime governing 'its' local governments, the operating rules for such local governments, and the supervision it exercises over these local governments. This situation, in which the legislation on local government areas varies from state to state, creates a level of instability and inconsistency within the legislation on decentralisation. For instance, local elections are held on different dates in the various states, and the terms of office for local elected officials vary from one state to the next. The states' supervisory powers over local government and the additional responsibilities assigned to local government units also vary from state to state.

In Nigeria, the Constitution acknowledges three levels of government: the federal government, the states, and the local government areas. There are 774 local government areas. They are administered by elected assemblies and executive bodies; the local government chairpersons are elected by universal suffrage. The latest local elections were held in April 2015.

The national revenue sharing between the three levels of government is clearly defined in the Constitution. The Constitution sets the share of national revenue allocated to (i) the federal government, (ii) the states, and (iii) the local government areas. Rules are also set on state level to organise the financial relationships between the state and the local government areas. Every year, the National Revenue Mobilisation Allocation and Fiscal Commission (NRMAFC) establishes the distribution of national income among the federal government, states and local government areas in accordance with the provisions of Section 164(1) of the Constitution of 1999. In accordance with the provisions of Sections 162(3) and 162(7) of the Constitution, 20% of federal government revenues and 10% of state revenues are transferred to local government areas every year. Another source of income for the local government areas is the revenue from the Value Added Tax, 35% of which goes to the local government areas. This share of the VAT is distributed to local government areas according to transparent criteria. Furthermore, Nigeria has adopted the principle of derivation, under which 13% of oil revenues are retroceded to the producing states. Thirty percent of this 13% of oil revenues is then distributed among the local government areas according to well established criteria.

In Nigeria, local government areas have their own revenues, determined either by the federal government or by the states. Local government areas collect their taxes and levies, although these taxes and fees are set by the federal government or the states.

In Nigeria, local government areas do not have a framework of reference defining local government staff qualifications and responsibilities. The country does, however, have a national capacity building strategy defined and implemented by the Local Government Service Commission.

The legislation on decentralisation provides for the auditing of the local government areas' financial books. In practice, however, these audits happen only occasionally.

Nigerian law does not provide for either local government performance assessment or citizen participation. Local forums for consultation do exist, however.

A highly populous country known for its large cities, Nigeria has an urban strategy that needs to be reviewed and updated. A report on the state of Nigerian cities is being prepared with the support of the Cities Alliance. This exercise should give rise to broad consultation among all concerned stakeholders to define a new national urban strategy for the country.

Proposed Reforms

With an overall score of 24 points out of 40, Nigeria is one of the countries whose progress toward an enabling environment for cities and local governments would require significant reforms.

- **The first line of reform** is legislation on cities and local authorities. The system of local government run by democratically elected councils is guaranteed in the Constitution. Consequently, the government of each state, in compliance with Section 8 of the Constitution, must ensure their existence under a law that provides for the establishment, structure, composition, finance and functions of the local councils. In this way, the federal government has defined the responsibilities of the local governments but leaves it up to the states to define the conditions under which the local governments exercise these responsibilities. As a result, the local governments have become more dependent on the states whereas they are fundamentally governed by the Constitution. The consequence of this duality is more complicated relationships between levels of government, since the state governments are often seen as hindering the autonomy of the local government areas, and the federal government as powerless in the face of gaps in the states' strict compliance with constitutional provisions. The reform should endeavour to clarify the relationships between the various levels of governance, and undoubtedly work to introduce greater harmony and stability in laws on local government areas within the various states, including the production of handbooks for states and local government areas. A structured dialogue will need to be instituted by law between the Forum of Governors and the Association of Local Governments of Nigeria (ALGON) to re-think the ways in which more peaceful inter-government relationships can be organised.

- **The second reform** addresses the institutional capacities of local government areas. While the states of the federation have full autonomy, local government supervisory staff are hired, trained and dispatched by a government agency known as the Local Government Service Commission (LGSC). Originally designed during the Local Government Reform of 1976, the LGSC is an independent agency acting in the name of all local governments within each state to support the development and deployment of qualified staff. In practice, however, the LGSC continues to play a primary role in developing and training professional skills on the local level, but has also become an instrument for the states' hiring of executive-level local government personnel. In practice, executive staff owe more to the state than to the local government. The reform should help review how local staff are hired and deployed, increase accountability of the hires to local governments, and set up training modules based on a framework of reference defining local government staff qualifications and responsibilities.

- **The third reform** covers some of the fiscal decentralisation mechanisms introduced by the Constitution. Section 162(5) of the 1999 Constitution provides a perfect pretext for the states to manage financial transfers from the federal government to the local government areas. Indeed, this section stipulates that financial transfers from the federal government to the local government areas must necessarily pass through the states via the State Joint Local Government Account (SJLGA) whose board of directors is run by a state commissioner for local government areas (appointed by the governor of the state). It meets every month to determine the disbursement of federal transfers to the local government areas. In practice, however, this account has allowed the states to keep for themselves considerable revenues normally intended for the local government areas. This holding back by the states of federal transfers destined for the local government areas concerns the salaries and pensions of teachers and local government staff and funds destined for the traditional authorities such as those devoted to local government staff training. The reform should place particular emphasis on SJLGA operations and clarify effective transfer modalities from this fund to the local government areas.

- **The fourth reform** deals with transparency in the execution of local public policy. The financial responsibility of local governments is subject to external auditing by the independent Auditor-General. In practice, however, these auditors present in all the states encounter difficulties fulfilling this important role: low levels of available expertise, small budgetary endowments, lack of official support from the federal government, and an absence of up-to-date yearly accounts from the local government areas. There are also other constraints in connection with the local governments' in-house capacities to properly execute local public spending and prepare and issue adequate bookkeeping for the audits to be completed on time. Finally, some local government areas systematically refuse to submit their books for audits. Nothing is undertaken to assess local government performance in the provision of local public services. Finally, no legislation encourages people's participation in local affairs.

- **The fifth reform** concerns the definition of a national urban strategy for Nigeria. With nearly 48% of the total population in 2015, urbanisation will be 67% in 2050 (*World Urbanization Prospects: The 2014 Revision*). Given the weight of Nigeria's urban population, West Africa's urban future is largely dependent on the strategy that Nigeria will adopt to manage its urbanisation process. Hence the importance of considerable intellectual investment on the subject of Nigeria's urban future, which should also include the study of sub-regional urban corridors the dynamics of which are largely fuelled by population flows from Nigeria. ■

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Rwanda

28/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place	4
3.	Local assemblies and executive bodies are elected throughout the country	4
4.	The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula	2
5.	Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2
6.	There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments	2
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	National legislation on citizen participation exists but is not applied	3
9.	There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments	3
10.	A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking	3

Explanation of the Rating

In Rwanda, decentralisation was adopted in May 2000 as a way to fight poverty and officialised by Articles 3 and 167 of the Constitution of 2003. The aim is to improve the quality and accessibility of services for the population as close as possible to their daily lives. Title VI of the Constitution on the existence of decentralised authorities leaves the precise definition of decentralised government responsibilities to the law. It notably stipulates that 'A law determines the establishment, boundaries, functioning of and collaboration between these organs and various other organs which have a role in the administration and development of the country. A law shall also determine the manner in which the Government transfers powers, property and other resources to decentralised entities.' Rwanda has two spheres of governance – the central government (with the provinces as deconcentrated administrative units), and the local governments. Local governments, called districts, are sub-divided into sectors, cells and villages. Rwanda has 30 local governments and one municipality with special status: the City of Kigali, the capital of Rwanda. Local governments all have legal status and are financially autonomous. The next local elections are planned in 2016.

The articulation between sectoral policies and decentralisation has been established and the transfer of responsibilities is a reality today. The education sector is a good example of this taking over of sectoral policy by local governments. The ministerial department is in charge of national policy and salary policy. Personnel management (hiring, advancement, etc.), however, is handled by the districts. In addition, the successful articulation of decentralisation with deconcentration prevents jurisdictional disputes between the central government and local governments because the deconcentrated ministerial offices operating within the districts are integrated in the district administrations. Because of this, it is no longer possible for a minister to maintain a deconcentrated service within district territory because all the local services of technical ministries (education, health, water and sanitation, agriculture, infrastructures, etc.) are integrated in the district administration.

The transfer of resources, for its part, is largely accomplished through the Local Administrative Entities Development Agency (LODA), the annual amount of which is a percentage of national revenues but whose formula has continuously evolved to adapt to a changing context. Until 2004, the principle of equality between districts prevailed. Each district, including the City of Kigali, received an equal share (total amount to distribute divided by the total number of districts plus Kigali). Since 2005, this formula has evolved to take into account the specific characteristics of each district in relation to the others. Four factors are considered in this formula: population, district size, level of equipment and the provision of water and electricity services, and the level of well-being among the population. The 2006 reform reconfigured the districts, bringing their number down from 104 to 30. This change made it necessary to update the data on service levels (water and electricity) and the size and well-being of the population in each district. Until these data have been updated, only the factors tied to territory size and population have been used to distribute former CDF grants to the districts.

Finally, in additional to permanent financial support institutions, the government implements a number of projects and programmes destined to provide the districts with specific support. One such project is the Decentralization and Community Development Project (DCDP). The DCDP was a bipartite project supported by the government and the World Bank. It aims to meet districts' needs for capacity building in the fields of participatory and operational planning and project elaboration. The pilot phase was launched in 11 districts, and the programme was then extended to 39 districts in 2005. A new phase with funding in the amount of 20 million US dollars was

launched in December 2005. However, the administrative reform redrew the districts and the programme has now been amended to cover the entire country, requiring adjustments to costs and implementation strategy. The annual amounts that each local government receives from the former CDF and the DCDP are not predictable, which is a strong constraint on local development action planning.

Rwanda has elaborated a new policy on local human resources so that the municipalities may take on all responsibilities and improve living conditions for the population.

In Rwanda, when it comes to own revenues, local governments have latitude to determine the rates of local fees and charges within a band defined by the central government. They do not, however, have any latitude in regard to the local tax base and tax rate, which is the purview of the central government.

Rwanda is one of the few African countries where performance contracts ('*imihigo*') are signed between the central government and local governments and make it possible to evaluate how well local governments perform their duties. These contracts are currently assessed annually by the Institute for Policy Research (IPR).

Probably one of the least urbanised countries in Africa with 29% of urbanisation in 2015, Rwanda will strengthen its urbanisation with a level of 52% by 2050. However, its urban strategy is not accompanied by adequate financial and technical means.

Proposed Reforms

With an overall rating of 28 points out of 40, Rwanda is one of the countries where the environment is somewhat favourable to city and local government action but where some elements could be improved.

- **The first area** that could be improved is fiscal decentralisation. The Ministry of Finance ensures that ministry budgets no longer contain budget lines destined to cover spending relative to the provision of local services; but the transfers from various ministerial departments in the districts are conditional even if they are predictable. The Local Administrative Entities Development Agency (LODA) grants conditional transfers to finance the districts' economic projects and receives a yearly endowment equivalent to 10% of all national revenues (domestic central government revenues) of the previous fiscal year plus contributions from bilateral and multilateral cooperation. It is divided among local governments based on the criteria of population size, area and poverty level (based on EIVC3 data, MINECOFIN, 2014-2015 Districts Earmarked Guidelines). A third transfer is the district operating grant. Its national amount is equal to five percent of national domestic revenues; it is distributed among districts based on the number of sectors, population and poverty level. However, the various stakeholders concerned (national authorities, members of parliament, local elected leaders, NGOs) believe that these transfers are still do not cover – far from it – the districts' recurrent needs, particularly as the revenues from the mobilisation of own local resources are still inadequate. Furthermore, the desire to set up a solid dose of equalisation in a context where spatial disparities are considerable was felt and resulted in the establishment of an equalisation fund. The government has committed to elaborating an equalisation formula to better ensure the balanced development of the districts in a spirit of national solidarity but this formula does not yet exist. The plan is for the formula to take into account the specific situation of each district in regard to its level of economic development, infrastructure level, demographic weight, etc. The most disadvantaged districts should receive a larger share of the equalisation grant to catch up with the other districts. Effort must be made to provide greater clarity as to these different instruments and unite them if needed. The improvement here could address evaluating the cost of the responsibilities transferred and implementation of additional transfers to make up the gap, like the district equipment upgrading fund.

- **The second point** to improve is to make use of the Citizen Report Card (CRC) and Community Score Card (CSC) systematic and widespread so that they become monitoring-and-assessment and performance assessment tools for government provision of local public services. These two instruments created in 2005 allow regular assessment of local authority performance by citizens by collecting citizen's opinions on the quality and accessibility of services provided by the local administration and/or its partners. The opinions collected are used as the basis for adjustments if appropriate. The reform could also overhaul Public Accountability Day when voters demand accountability from the local authorities in regard to the quality and accessibility of public services – to make them more efficient in relation to citizen control. Finally, improvements could also address the requirement that regular, independent audits of local governments be done (Article 183 of the Constitution).

- **The third point** to improve is the issue of local government debt, which is not yet taken into consideration by either transfers or local taxation. A special case compared to their African counterparts, local governments in Rwanda are heavily indebted without having really borrowed. In fact, these debts were inherited from the former districts. Nearly one quarter of this debt comes from arrears in the payment of social security contributions for municipal employees. The local debt amounts to almost the equivalent of annual CDF transfers. If it is not cleared up, this situation could sow the seeds of a threat to the financial viability of Rwandan local governments. ■

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São Tomé and Príncipe

19/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities	4
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies and executive bodies are elected throughout the country	4
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

The Democratic Republic of São Tomé and Príncipe is an archipelago located some 300 km off the coast in the Gulf of Guinea. It consists of two islands, the largest of which is São Tomé. Under the provisions of the Constitution of August 1990, the Democratic Republic of São Tomé and Príncipe is a multi-party republic with a semi-presidential system. But it took until the Constitution of 2003 for decentralisation to take root in the national institutional landscape. In Title XI on the regional and local authorities ('Órgãos do Poder Regional e Local'), the Constitution sets forth the principle of local autonomy and elected assemblies and executive bodies. Article 143 specifies the responsibilities of local and regional governments.

Law No. 4/2010 was passed in 2010 and updates the politico-administrative status of the autonomous region of Príncipe. It entered into force on 17 August 2010.

The Constitution divides the national territory into two provinces and seven districts. The largest island in São Tomé is divided into six districts (Aqua Grande, Cantagalo, Caué, Lembá, Lobata and Mé-Zóchi); the district of Aqua Grande corresponds to the capital territory. For its part, the island of Príncipe is simultaneously one of the two provinces and one of the districts; it has had autonomous status since 1995.

São Tomé and Príncipe has lengthy experience with local elections as the first were held in 1980. The district assemblies are elected through direct universal suffrage for a term of five years; the most recent local elections were held in July 2015.

The districts have limited decision-making powers; public policy decisions are made at the ministerial level. These sectoral policies are implemented on the central level, and the deconcentrated central government services steer their execution on the local level. Many laws and regulations are lacking to clarify exactly which responsibilities are transferred to local governments.

The Constitution does not cover financial transfers from the central government to the local governments. In practice, financial transfers are unpredictable and unstable and raise huge planning problems for local governments.

Local taxation is heavily controlled by the central government, and local governments have very little latitude in this area. Among other things, revenues from local taxation are small and do not ensure local financial autonomy.

São Tomé and Príncipe is faced with a lack of capacities on the local level. Central administrations continue to conduct government programmes. There is neither a national strategy to build the capacities of local administrations nor a national framework of reference defining the qualifications and responsibilities of local government staff. A few local governments have elaborated staff capacity building programmes, notably as part of international cooperation projects or programmes.

National legislation provides for the auditing of local financial books; in practice, however, this national legislation is not enforced because audits of local finances are done only occasionally.

São Tomé does not have any specific laws on the citizen participation in administering local affairs. However, in the framework of international cooperation support, local spaces for consultation have been set up.

Decentralisation framework laws do not provide for the assessment of local government performance in the provision of local public services. Such performance assessments have not been attempted.

São Tomé does not have a national urban strategy.

Proposed Reforms

With an overall score of 19 points out of 40, São Tomé is one of the countries where the environment is generally unfavourable to city and local authority action. Several reforms are needed to improve the institutional environment for city and local authority action and initiative.

• **The first reform** concerns local government responsibilities. Article 143 of the Constitution of São Tomé lists four responsibilities for local governments: (i) meeting the basic needs of their respective communities; (ii) executing development plans; (iii) driving all activities likely to increase the productivity and economic, social and cultural progress of the population; and (iv) offering to the national authorities all suggestions and initiatives leading to the harmonious development of the territories. The same article specifies that the specific responsibilities and operating modes of local governments will be set by law. However, the laws and regulations needed to make this provision operational are missing. Article 143 announces the same responsibilities for both districts and provinces, whereas they are different spheres of local government. Assigning the same responsibilities to the provincial and local levels will cause problems in making these responsibilities operational, particularly when province and district boundaries are the same as is the case with the island of Príncipe that is both a province and a district. In addition, this effort to determine local government responsibilities should be completed with the full deconcentration of the national territory to accompany local governments in their role as development agents. The reform will address identification of responsibilities by scale of local government and propose the laws and regulations specifying transfer modalities. It will formulate proposals for a strategy to deconcentrate the central administrations in the national territory and for intelligent coordination between deconcentration and decentralisation to improve the people's living conditions.

• **The second reform** will deal with the financial transfers from the central government to the local governments. This reform will emphasise fair compensation for the responsibilities transferred. The work should be done in three phases: first, specifically define the responsibilities to transfer to each level of local government; then assess the cost of the responsibilities to transfer based on current implementing costs to the central government, possibly corrected for inflation and other economic and financial considerations; and finally, set up a responsibility transfer endowment fund to house the funds allocated to the responsibilities slated to be transferred and currently implemented by the central government. The reform will propose a timeline for responsibility transfer within each line ministry, in conjunction with the central administrations. As part of this dynamic, the reform will identify the line ministry staff that could be transferred to the local governments to facilitate the local governments' assumption of these responsibilities. The reform will also propose mechanisms and modalities for the transfer of financial resources to the local governments taking into account certain obligations such as incentive, equalisation and territorial planning. Indeed, the districts and provinces that are located far from the capital, São Tomé, complain that they have been abandoned when it comes to economic and social infrastructures, transportation, urbanisation and job-creating activities, and suggest greater decentralisation of government decision-making in these critical areas, better identification of each location's resources and potential and how this potential can be harnessed, and better economic and social infrastructures. For national stakeholders, turning these aspirations into reality contributes to greater integration and coordination of activities in each location within the integrated national development process. The reform will propose a specific incentive mechanism for proactive development of the territory, with a strong dose of equalisation to shore up national solidarity.

• **The third reform** will place particular emphasis on urban strategy. A small island country spanning 1,000 sq. km, São Tomé must – more than other countries – have forward-looking management of its settlement patterns to minimise the ecological and environmental problems often caused by urbanisation. This country is particularly concerned by the effects of climate change, notably rising sea levels. For all these reasons, the country owes it to itself to anticipate these structural changes. According to the Africapolis study, São Tomé and Príncipe had only one agglomeration with a population of 62,000 in 2010, located in the north-eastern portion of the island of São Tomé. According to national statistics, São Tomé's population is growing by 11,000 people per decade, which is causing a slow rise in the rate of urbanisation. For its part, the island of Píncipe (pop. 6,450 in 2010) does not have an urban agglomeration. Its capital had a population of 1,100 in 2010, which corresponds to the annual average increase in the capital's population. According to United Nations data, urbanisation is 65% in 2015; projections suggest urbanisation of 75% by 2050 (*World Urbanization Prospects: The 2014 Revision*). The urban strategy should emphasis forward-looking management of urbanisation and rising levels of urban capital investment. The urban strategy should also pay close attention to all districts in the country based on their potential and taking into account regional imbalances. The reform in this area must also promote balanced territorial development by stimulating the production capacity of the various territories.

• **The fourth reform** should concentrate on improving the quality of local public spending. From the standpoint of transferring greater responsibility and resources to local governments, the conditions to verify transparency in local governments' financial operations must be organised and codified. For this reason, the reform will propose a system of regular financial audits of local governments, a procedure to assess performance in the provision of local services, and ways to increase citizen participation. ■

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Senegal

25/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies and executive bodies are elected throughout the country	4
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2
6.	There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments	2
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	National legislation on citizen participation exists but is not applied	3
9.	Local government performance is not assessed	1
10.	A clear national urban strategy exists, along with the financial and technical arrangements and capacities necessary to implement it	4

Explanation of the Rating

Since 1872, when the municipality of Gorée was created, Senegal has been involved in an irreversible process of consolidating local democracy and continuously strengthening decentralisation. In 1972, one century after the first municipalities were created, Senegal began with the creation of rural communities promoting deconcentration and the regionalisation of planning – the precursor of more asserted local freedoms. In 1996, in order to increase the proximity of the central government and cultivate the responsibilities of local governments, the legislature created regions and transferred powers in nine (9) areas. More than 140 years after the launch of this historic decentralisation process, and after effective practice of this irreversible policy, the assessment undertaken by 'Act III' clearly revealed the limits of central government action, on both the central and deconcentrated levels, as well as those of local governments. In rural areas, it seems urgent to take in hand not only the development of agricultural and pastoral activities but also needs in the areas of infrastructures and access to drinking water, electricity and basic social services. In urban and periurban areas, notably as regards suburbs, the same urgency exists to fight unemployment, flooding, insecurity and precariousness of all types. After an analysis of factors hindering territorial development initiatives in Senegal, the reform of Act III of Decentralisation announced during the first delocalised Council of Ministers meeting, held in Saint-Louis on 7 June 2012, embodies the major overhaul of territorial action by the central government and targets four (4) fundamental objectives: (i) anchoring territorial coherency for a simplified administrative structure; (ii) clarifying powers between the central government and local governments; (iii) developing modes of contractualisation between these two levels of decision-making; and (iv) modernising public territorial management, with a solid reform of local finances and on-going promotion of quality in human resources.

After eliminating the Regions, the reform structured the national territory in 5 Cities, 42 Departments and 557 Municipalities. The most recent local elections were held in June 2014.

In Senegal, there are several mechanisms for financial transfers from the central government to the local governments: central government resources transferred to local governments are composed of the Decentralisation Endowment Fund (FDD, 'Fonds de Dotation de Décentralisation'), the Local Government Equipment Fund (FECL, 'Fonds d'Équipement des Collectivités Locales'), and the internal resources of the decentralised Consolidated Investment Budget (decentralised BCI, 'Budget Consolidé d'Investissement Décentralisé'). These transfers are supposed to represent a known percentage of national taxes but this percentage is not set in advance. The FDD and the FECL are transfers based on the Value Added Tax (VAT). What is more, the distribution among local governments of the sums transferred is not transparent. In other words, local governments cannot predict these transfers, which is problematic for local planning.

Local governments in Senegal have their own taxation system. This taxation is set by the central government but local governments have latitude in regard to the rates of certain local taxes. However, revenues from local taxes are collected exclusively by the deconcentrated central government services.

Senegal has a national framework of reference defining local government staff qualifications and responsibilities and a national training and communication strategy drawn up by the ministry in charge of local governments.

The Ministry of Finance's supervision of local governments takes the form of, among other things, auditing the books of these local governments. However, these audits are not systematic.

Senegal has national laws (general code on local governments); the operation and organisation of consultation frameworks are set by decree.

Senegal does not assess the performance of local governments when it comes to their provision of local

services. However, citizen assessment initiatives are being tested in some municipalities with the support of the NGO Transparency Senegal. A local government performance assessment system has been set up in some regions by development partners and in the framework of the adaptation of results-based management for local administration.

Senegal has an urban strategy, implemented with World Bank support. Implementation of this strategy is notably supported by the Urban Development and Decentralisation Programme for Senegal (PAC, 'Programme d'Appui aux Communes'), a joint initiative of the Senegalese government, the World Bank (IDA) and the Agence Française de Développement. As part of this strategy, 55 billion CFA francs (75 million USD) are allocated to supporting municipalities.

Proposed Reforms

With rating of 25 points out of 40, Senegal is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms. Several reforms are suggested to improve this enabling environment for cities and local governments.

- **The first reform** concerns financial transfers to the local governments. In Senegal, decentralisation transferred nine responsibilities to local governments in the following areas: the environment and natural resource management; health, population and social action; youth, sports and leisure; culture; education; planning; territorial planning; and urban planning and housing. To date, however, no more than two responsibilities have been the subject of financial transfers. Thus, the Decentralisation Endowment Fund (FDD) that was supposed to represent, every year, a given percent of the value added tax (VAT) is set in an *ad hoc* manner by the central government. Among other things, the shifting nature of FDD distribution criteria does not allow for any stability or predictability. The reform should ensure that financial transfers from the central government to local governments increase significantly. To do so, it should emphasise the size of the transfers to take into account the responsibilities transferred, and the method for determining the national amount in order to make the transfer mechanisms fairer, more transparent and more stable. Thus, a committee to evaluate expenses transferred to the local governments should be created and the National Committee on Local Finances should be consolidated. In addition to the bold reform of local taxation, in conjunction with local elected officials, the reform should comprehensively generalise the decentralisation of the Consolidated Investment Budget (BCI) that currently concerns only health and education. The reform should explore other paths of innovative financing alongside classical financing modalities – the Decentralisation Endowment Fund (FDD), the Local Government Equipment Fund (FECL), the Consolidated Investment Budget (BCI), and decentralised cooperation.

- **The second reform** could address taxation shared between the central government and the local governments: 50% of the Automotive Vehicle Tax (TVA, '*Taxe sur les Véhicules Automobiles*'), 50% of the revenues from the Tax on Capital Gains from Real Estate (TPVI, '*Taxe sur la Plus-Value Immobilière*'), 60% of the Single Tax Payment (CGU, '*Contribution Globale Unique*'), and 60% of the income from criminal fines issued by courts in the municipalities and rural communities are returned to the local governments based on origin. Shared taxes are collected by the central government, which must pay local governments their share. One of the problems with this taxation is the delay in payment by the central government, and even its refusal to pay. For instance, on just the annual tax on vehicles and the capital gains tax on real estate transactions, the central government owed municipalities the sum of 8 billion CFA francs in 2009, but only paid out 1.5 billion CFA francs. What is more, the transaction was completed only two years after these taxes were effectively collected. Similar examples are plentiful for the other elements of this shared taxation. The reform should find more transparent modalities to estimate and pay out these shared taxes to local governments.

- **The third reform** could address improving the quality of local public spending by performing audits and local government performance assessments. For the audits, Article 246 of the Local Government Code stipulates that the Prime Minister may at any time conduct outside audits or enquiries into the transparency of and compliance with the procedures set for the elaboration, awarding and execution of government contracts and contracts with public establishments and local governments. This phrasing emphasises the verification aspect of assessments instead of its pedagogical and support-advice aspects, which should be favoured and help instil a culture of accountability in the standard managerial practices of local governments. In practice, most audits are occasional and local government performance is not assessed. The reform could emphasise these two dimensions of the institutional environment.

- **Finally**, the fourth reform should make it possible to enhance human resources, notably by making the general status of local government civil servants operative in order to substantially improve the professional situation of local government agents and better guarantee their rights. In any case, good local governance will be sped up by strengthening citizen oversight of public action alongside the territorialisation of public services. ■

Bibliography – Senegal

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Seychelles

15/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution is neutral on the question of local governments	2
2.	The legislation is unstable and inconsistent	1
3.	Local assemblies and executive bodies are appointed	1
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7.	Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied	4
8.	There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

The history of decentralisation in the Seychelles dates back to the 1950s and British colonisation; the district of Victoria, the capital, was created with the aim of providing basic local public services to the people.

In 1991, the Seychelles started down the path of a multi-party system and a degree of liberalism, notably allowing greater privatisation. The law on local government was passed in 1991 in this context, and no less than eight local elections were held the Seychelles in 1991; mayors were national assembly members in addition to being the chief executives of local governments. The third republic unfortunately repealed the law on local government in 1993. The Constitution of 1993 is neutral on the subject of local government; no chapter discusses it.

The Seychelles is composed of 115 islands and islets and has a total land area of 450 sq. km. These islands fall into two categories: the inner islands (Mahé, Praslin and La Digue) and the outer islands, located 400 to 1,200 kilometres from the inner islands. The outer islands are very sparsely populated and, accordingly, are not included in any of the administrative subdivisions in the Seychelles. The inner islands are divided into 25 administrative regions, each governed by an administrator appointed by the central government. The island of Mahé contains the eight districts that surround the capital Victoria (La Rivière Anglaise [English River], Mont Buxton, Saint Louis, Bel Air, Mont Fleuri, Roche Caïman, Les Mamelles and Plaisance). The rest of the island is divided into 14 districts, and the islands of La Digue and Praslin consist of one and two districts respectively. The local authorities are administrators, appointed by the central government. The assemblies (12 members), including resident national deputies, and heads of the executive branch are appointed for a period of two years. The Ministry of Social Affairs, Community Development and Sports supervises the local governments.

Local governments in the Seychelles do not have any own revenues. There is no system of district taxes, which precludes the existence of local taxation.

Local government operations are funded by financial transfers from the central government. These transfers are unpredictable and determined on an *ad hoc* basis, but they are also massive and cover operating expenses and capital investments.

In the Seychelles, the District Administrators are appointed by the Ministry of Local Government for a two-year contract. The District Administrator hires the other municipal personnel and submits the hires for ministerial endorsement. The Seychelles has neither a national framework of reference defining the qualifications and responsibilities of local government staff nor a national strategy to build the capacities of local administrations.

The internal auditor of the Ministry of Local Government and the auditor of the Ministry of Finance examine the books of each local government. The General Auditor also verifies the accounts, in compliance with provisions in the Constitution. All these audits are done in a timely manner. The Ombudsman may intervene and launch inquests if there are complaints about specific transactions.

The Seychelles does not have any specific laws on the people's participation in local administration. However, arenas for consultation are organised under the principle of democratic consultation and participation. Annual public meetings are held in all local governments to respond to the concerns of the local population.

The law in the Seychelles does not provide for local government performance assessment in the area of local public service provision.

The Seychelles does not have a forward-looking strategy to manage the urbanisation process.

Proposed Reforms

With an overall score of 15 points out of 40, the Seychelles is one of the countries where the environment is generally unfavourable to city and local authority action. Several reforms must be undertaken to make the national environment more favourable to cities.

- **The first reform** concerns local government autonomy. Local governments in the Seychelles are closer to deconcentrated administrations than local governments. Indeed, the local governments are not financially autonomous (district budgets are drawn up by the central government) and do not have a legal status distinct from that of the central government. Finally, local governments do not administer themselves freely because their heads are appointed by the central government. Today, however, decentralisation is part and parcel of the democratic legitimacy of local authorities and in all countries setting up elected local councils is the rule. When local authorities are elected, this implies a form of accountability by these local elected officials to their constituents, the local population. This election legitimacy above all shifts the target of accountability from the central government to the voting population. This triggers a virtuous circle in which the population is more inclined to pay taxes because they are involved in defining and implementing public policies. Decentralisation is thus strengthened by the existence of elected local authorities that are distinct from the central government administrative authorities and that exercise, within the scope of the law, their own responsibilities for which they have a degree of autonomy under the supervision of the central government. The modern concept of decentralisation is, hence, inseparable from the principle of democracy.

- **The second reform** to set up is the transfer of responsibilities. With the Constitution's neutrality on local governments and the repeal of the Local Government Act of 1991, local governments in the Seychelles do not legally have any responsibilities. They operate as local branches of the central administration without their own duties. The reform should begin work defining the responsibilities to transfer. The identification of responsibilities to transfer should take into account the unique nature of the Seychelles, a territory scattered over approximately one hundred islands and islets, some of which unoccupied. The reform should consider three parameters. First is the principle of subsidiarity, which should place the emphasis more on local government's comparative advantage in better exercising responsibilities previously exercised by the central government. Second is the principle of hierarchy that takes into account certain effects of responsibilities, notably economies of scale (advantages linked to the large-scale production of a good) and externalities (advantages or disadvantages associated with the production of a good and which affect people not directly involved). Third is the principle of technicity, which transfers responsibilities to local governments taking into account the level of technical expertise necessary to offer the service adequately. Of course, the reform will examine the meaning of these parameters in the context of the Seychelles, and suggest an intelligent division of responsibilities between the central government and the local governments.

- **The third reform** concerns the financial transfers to local governments. In the current configuration, the local governments are entirely funded by the central government. The Ministry of Local Government coordinates, supervises and directs the day-to-day operations of local governments based on its own objectives. It provides support-advice and the necessary financing. The Ministry also ensures that a high level of service provision is maintained in all offices. In short, it is responsible for building local management capacities. Concretely, when it comes to financing local government action, the Ministry of Local Government pays a sum in advance every quarter to the local governments. Each local government receives an annual allotment to cover operating expenses. Staff emoluments are not included. Local governments also receive an annual contribution for small community projects. With the prospect of an overhaul of the local government system and the definition of responsibilities, the financial transfer system remains to be invented. The financial transfers must be reviewed and indexed to the cost of the responsibilities transferred; they must take into account territorial equity in a country of scattered geography and place particular emphasis on adapting services to the population.

- **The fourth reform** should emphasise citizen participation. With 'deconcentrated' local governments, the central government appoints members of the councils to which are added the local government assembly members. The other council members represent the infra-municipality level. The District Social Committee (DSC) and the District Team are both chaired by the appointed administrator. The DSC's main objectives are to coordinate programme planning and execution, facilitate dialogue, optimise resources, and ensure unity in local action. Great effort is therefore made to involve the private sector. In practice, however, this mobilisation in favour of participation has a hard time gaining traction because of a lack of legitimacy among local leaders who depend more on the Ministry of Local Government than on the people themselves. Electing local assemblies and executive bodies will help build the legitimacy needed to develop citizen participation. The reform will propose specific legislation on citizen participation and practical modalities for citizen consultation.

- **The fifth reform** concerns urbanisation. Currently, 54% of the population of the Seychelles lives in an urban area; and urbanisation is projected to hit 65% by 2050 (*World Urbanization Prospects: The 2014 Revision*). The capital, Victoria, contains more than 30% of the country's total population and nearly 70% of the national urban population. This concentration in the capital and the relative emptiness that characterises the other islands must be one of the points addressed in the urban strategy. The strategy should also emphasise equitable access to local public services throughout the country and define the technical, human and financial arrangements necessary for its implementation. ■

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Sierra Leone

23/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution is neutral on the question of local governments	2
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies and executive bodies are elected throughout the country	4
4.	The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula	2
5.	Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2
6.	There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	2
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	National legislation on citizen participation exists but is not applied	3
9.	Local government performance is evaluated irregularly	2
10.	No national urban strategy	1

Explanation of the Rating

After a decade (1991-2002) of brutal civil war that killed or displaced thousands of people, Sierra Leone set out on the path of reconciliation, reconstruction and the stabilisation of its economy and the nation. Since the end of the civil war, the country has held parliamentary, presidential and local elections, all of which were seen as free and fair. In so doing, the country made a lasting commitment to returning to normal constitutional order.

Decentralisation was confirmed as a priority programme for Sierra Leone during the post-war consultations. Thus, in 2002 a consultative group meeting agreed that the exclusion and deprivation suffered by the rural masses were one of the root causes of the civil war and that decentralisation was the right response for local autonomy and to increase citizen participation.

The government of Sierra Leone therefore launched a decentralisation programme in 2004 with the aim of appeasing political tensions, improving the governance environment at all levels, and establishing an equitable and transparent resource transfer system from the centre to the local level to lessen income inequalities among the regions.

To strengthen the new local governments, the country began the Decentralised Service Delivery Project Phase I and II with the support of the World Bank. These programmes emphasise a reform of public financial management and the development of local governments' institutional capacities. Financing the functions transferred to the local governments remains one of the government's priorities and an important element in consolidating the peace process.

The Constitution of 1991 does not contain any chapters or articles on decentralisation. The main legal document on decentralisation is the Local Government Act of 2004. This neutrality in the Constitution is criticised by certain national stakeholders who recommend a constitutional revision to take into account the national decentralisation policy paper drafted in 2010.

Sierra Leone has 19 local governments, called local councils: five city councils and one municipal council in urban areas, and 13 district councils in rural areas.

The latest local elections were held in November 2012 throughout the country; the next elections will be held in 2016.

Sierra Leone has several transfers to local governments. However, the modalities by which national amounts and/or distribution among local governments are determined are not known in advance, making the amounts to be expected by each local government unpredictable.

Local taxation in Sierra Leone is determined on the national level, notably by the Ministry of Local Government. The same holds for the collection of revenues from these taxes, which is largely out of the hands of local governments. Finally, local taxation is characterised by frequent interventions by the central government, for instance to set rules on sharing.

In Sierra Leone, there is no national framework of reference detailing staff qualifications and responsibilities and no national capacity building strategy for local administrations, but the local authorities may define frameworks of reference detailing staff qualifications and responsibilities in an autonomous manner and elaborate staff capacity building programmes. Moreover, a system to support local government contracting authority was set up as part of the Decentralised Service Delivery Project Phase I and II. It consists of financing the support-advice that the line ministries provide to local governments for the implementation of their responsibilities in the fields of water, health, sanitation, etc.

Sierra Leone legislation indicates that six months after the end of the fiscal year, local governments must submit their books to the Auditor General. However, audits are conducted only occasionally for various reasons. In addition, the Local Government Act of 2004 stipulates the

establishment of an internal audit department within each local government.

The Local Government Act of 2004 provides for citizen consultation on the elaboration and revision of the local development plan. In addition, spaces for consultation have been set up on the infra-municipal (ward) level. However, this provision of the law is not applied in all local governments.

In Sierra Leone, a local government performance assessment system was set up in 2006, the Comprehensive Local Government Performance Assessment System (CLOGPAS). It measures local government performance in the provision of local services. A subsidy is even linked to local government performance. This mechanism was revised in 2010.

Sierra Leone has not drafted an urban strategy.

Proposed Reforms

With an overall score of 23 points out of 40, Sierra Leone is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms. Three major reforms must be undertaken.

- **The first reform** concerns inter-governmental financial transfers. In Sierra Leone, transfers to local governments are of two kinds: vertical and horizontal. There are three major types of vertical transfers: administrative transfers, responsibility offsets, and the Local Government Development Grants (LGDGs). The first two types are stipulated in the Local Government Act of 2004, and are financed exclusively by the central government. The LGDGs are co-financed by the central government and its development partners. They help local governments undertake development projects in their area to meet their citizens' priority needs. All these transfers are conditional, except for the LGDG. For the offset, the vertical transfer from the central government includes ordinary spending and local development spending. The recurrent component covers the non-wage costs of the responsibilities transferred, and the operating (administrative) cost of local government. The local development component serves to fund local governments' local development projects; it is financed by donors and the central government. The vertical allocation is not formula-based. It is based on the cost of the function when it was performed by the central government to ensure that the transfer of responsibility does not result in a drop in quality. The law indicates, among other things, that the transfers are indexed to the increase in the central government operating budget. Without a formula to determine the national amount of the financial transfers, *ad hoc* methods and negotiations will be used. This practice of negotiating with the line ministries will continue until the exact cost of the responsibilities transferred has been estimated. The second type of transfer is horizontal; these transfers consist of a range of conditional transfers based on different formulas and criteria depending on the purpose of the transfer. For instance, the criteria or formula to distribute primary education transfers are different than those used to distribute transfers for waste management or primary health. The vertical and horizontal transfers are paid out quarterly, and the funds are paid directly to the local governments. The local governments must submit monthly or quarterly technical financial reports to the Ministry of Finance. The reform should emphasise the cost of the responsibilities transferred to better scale the transfers; it should also emphasise ways to give local governments greater latitude to make public spending decisions.

- **The second reform** should address local governments' own revenues. The local taxation system in Sierra Leone consists of a per capita tax (the local tax), the property tax, licenses, market dues, mining royalties, and other taxes. Some of the revenues from local taxes are shared with the traditional chieftaincies; the Ministry of Local Government and Community Development sets the distribution rules. There are three tax collection methods: taxes shared with the traditional authorities (local tax, market dues, mining royalties) are collected by the latter; taxes are collected by the local governments; and taxes are collected by central government services. This shared local tax system creates tension, particularly with the traditional chieftaincy, which poses a constraint on the mobilisation of local revenues. The reform should give particular attention to increasing the financial autonomy of local governments, particularly through land and mining and better mobilisation of local revenues.

- **The third reform** should be a strategy to manage urbanisation. Sierra Leone is 40% urbanised, but forecasts – 55% in 2050 – indicate an intensification of the urbanisation process, albeit in a less pronounced manner than in some countries in the region (*World Urbanization Prospects: The 2014 Revision*). The decade of war has had harmful consequences both on city facilities, particularly as the efforts needed to meet urban growth have been slight, and on the information system on cities and urbanisation. The urban strategy will define the level of urban capital investment needed and define a territorial planning policy based on strengthening regional balancing hubs. ■

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- Local Government Act of 2004
- Local Government (Assumption of Functions) Regulations of 2004
- Decentralized Service Delivery Programme II Project, Project Appraisal Document, World Bank
- Country Profile, Commonwealth Local Government Forum (CLGF)

Somalia

12/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	The legislation is unstable and inconsistent	1
3.	Local assemblies and executive bodies are appointed	1
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7.	No rules or legal provisions on transparency in the running of local governments exist	1
8.	There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

Somalia's history has been turbulent since its independence, with a revolutionary regime at its head that governed the country for roughly thirty years. In July 1977, the Ogaden War created major institutional dysfunctions and ended in crushing defeat. In 1979, the new Constitution was promulgated and elections for a people's assembly were held. With the regime's isolation and totalitarianism in the 1980s, resistance movements, encouraged by Ethiopia among others, were born throughout the country and later led to civil war. In 1991, the war ended with the fall of the regime and the installation of a coalition. Very rapidly, however, this diverse coalition began to splinter and plunged the country into chronic instability that encouraged separatist movements in Puntland and Samaliland. For two decades, fleeting governments followed one after the other and the country was left to armed gangs. In 2010, a consensus supported by the international community made it possible to set up a government of national union and draft a new constitution.

Somalia has always been a heavily centralised country. In 1960, the country was composed of 12 districts. In 1968, the country contained eight provinces. Then, in 1982, Somalia adopted two levels of division: the regions and the districts. Until 1982, Somalia had 16 regions, and would have 18 starting in 1984. Today, the country has 18 regions and 146 districts. However, until now, local autonomy has not been recognised and local governments do not have financial autonomy or distinct legal status.

Article 48 of the new Constitution drafted in 2012 proposed a two-tier structure of government: the federal government, and the federal member states and their local governments. This proposal of a federation was a political answer to the pro-independence tendencies in Somaliland and Puntland. The Constitution does not create any federal member states; their creation and borders are legislated by the national assembly. Each federal member state is composed of several regions and no single region can become a federal member state on its own. The Constitution emphasises the importance of collaboration between the various levels of governance and sets up a framework for consultation between the federal government and the federal member states, notably in regard to sectoral policy implementation.

Article 54 of the Constitution stipulates that the division of responsibilities shall be established jointly by the federal government and the federal member states. However, it sets the responsibilities that shall be the exclusive purview of the central government: foreign affairs, national defence, citizenship and immigration, and monetary policy.

Two points should be emphasised, however. First, Article 54 of the Constitution only stipulates the division of responsibilities between the federal government and the federal member states. This implies that there will be a later division of responsibility between the federal member states and their local governments. Second, according to Article 48 of the Constitution, local governments are not recognised as spheres of national governance, because they are assimilated with the federal member states. This means that the legislation on local governments will be up to each federal member state. This situation could generate instability and countrywide inconsistency in the legislation on local government.

Given Somalia's unique situation, all local assemblies and executive bodes are appointed.

The financial transfers from the federal government to the regions and districts are more than uncertain, they are haphazard. In all cases, they are unpredictable and unstable.

The fiscal field belonging to local governments in Somalia is composed of the property tax and a multitude of small, not very profitable, taxes. Local taxation is set at the national level, and local governments have very little latitude in this area.

Local administration capacities in Somalia are still in their infancy; there are few qualified staff in local government. The country has neither a national strategy to build the capacities of local administrations nor a national framework of reference defining the qualifications and responsibilities of local government staff. There is little local experience with capacity building.

In Somalia, the legislation on local government does not provide for oversight of financial management by local governments; local government books are not audited.

There were local arenas for consultation during the revolutionary period, but these arenas are no longer functional. Somalia does not have any specific laws on the citizen participation in managing local affairs. Somalia does not have an urban strategy.

Proposed Reforms

With an overall score of 12 points out of 40, Somalia is one of the countries where the environment is generally unfavourable to city and local authority action. Improving the national institutional environment so that it is more favourable to cities and local authorities suggests the following reforms.

- **The first reform** deals with the responsibilities transferred. According to the new Somalian Constitution, the country has two spheres of government: the federal government, and the federal member states and their local governments. With the exception of a few basic government functions ascribed to the federal government (notably diplomacy and national defence), the federal government and federal member states shall jointly review all sectoral policies, and there is every indication that the federal member states will have extensive autonomy. While the principle of a division of responsibilities between the federal government and the federal member states is written into the Constitution, the Constitution is silent on the division of responsibilities between the federal member states and their local governments. The reform shall tackle this institutional process to offer a few safeguards governing the vertical allocation of responsibilities between the federal government, the federal member states and the local governments. The first is comparative advantage. Depending on the scale of governance and the public service to provide, one level of governance will offer a better comparative advantage than another. The second is consideration of economies of scale (advantages linked to producing a good in large quantities) and the externalities (advantages or disadvantages associated with the production of a good that affect people who are not directly involved) linked to the production of a good. The larger the economies of scale and the greater the externalities, the higher the appropriate scale of governance will be. Finally, technical implementation capacity at each level of government will, of course, be taken into account to avoid any interruption of local public service provision. The reform will endeavour to bring objectivity to the division of responsibilities among the various spheres of local government; in addition, it will propose common threads for the laws on local government in the various federal member states to avoid huge differences.

- **The second reform** deals with financial transfers. Among the principles of federalism set forth in Article 49 of the Constitution, the principle of equitable distribution of national resources among the various spheres of governance has a prime spot; in this way, the entire structure of inter-governmental fiscal relations is to be invented. The first prerequisite is to establish an initial distribution of responsibilities across the various scales of power and then agree on intergovernmental fiscal relations. Based on the allocation of different responsibilities, the reform should examine restoring vertical balance between the federal government and the federal member states, and between the states and the local governments. While constitutional provisions require a division of responsibilities, one must ensure that this concern is also respected in the laws of the federal member states. Then, the reform shall address horizontal imbalances between the federal member states and the local governments; it shall do so in a context where spatial disparities between federal member states and/or local governments can fan separatist desires. Finally, the reform will pay particular attention to making intergovernmental financial transfers more transparent, predictable, efficient and equitable.

- **The third reform** will focus on transparency in local public administration. After more than twenty years of war, all government structures and institutions have almost disappeared, particularly those that supervise use of public resources. Yet, greater decentralised provision of local public services is inseparable from the establishment of on-going oversight over the financial management of public institutions. For this reason, the reform will examine the modalities for financial audits by the Anti-Corruption Commission, the Ombudsman, and the Ministry of Finance. The reform shall contain a component on citizen oversight over the action of these public spheres. Finally, it will give the final push in the definition of a taxation system unique to each level of government and a system of shared taxation between the federal government and the federal member states, between the federal member states and the local governments, and between the federal government, the federal member states and the local governments.

- **The fourth reform** will address local government administration capacity building. The local governments have low institutional development levels, which may hinder local governments efforts to fulfil their responsibilities. The reform will elaborate a national framework of reference defining the qualifications and responsibilities of local government staff and a national strategy to build the capacities of local administrations.

- **The fifth reform** deals with the urban strategy. In 2015, urbanisation is 40%; it will be 58% in 2050 (*World Urbanization Prospects: The 2014 Revision*). The capital, Mogadiscio, which has a population of just over 2 million in 2015, will have a population of more than 4 million in 2050. The urban strategy should propose a strategy to manage settlement patterns and the associated technical, human and financial resources. ■

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- Consolidation and Decentralization of Government Institutions

South Africa

36/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities	4	
2. All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place	4	
3. Local assemblies and executive bodies are elected throughout the country	4	
4. The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers)	3	↑
5. Local governments have total autonomy to determine tax base, rates and fees, and to collect the corresponding revenues; access to financial markets is allowed	4	
6. There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments	4	↑
7. Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied	4	
8. National legislation on citizen participation exists and is applied	4	↑
9. Local government performance is assessed irregularly	3	
10. National reflection on urbanisation is underway, but an urban strategy has not yet been defined	2	↓

Explanation of the Rating

The Constitution of South Africa provides for three spheres of governance: the central government, the provinces (9 in number), and local governments (of which there are 278). There are three types of local governments: 8 Metropolitan Municipalities (category A), 226 Local Municipalities (category B), and 44 District Municipalities (category C). The powers of the local governments are set forth in Articles 151 to 164 of the Constitution. Moreover, the Constitution states that local governments may acquire additional powers as they build greater institutional capacity. Indeed, Section 156.4 of the Constitution specifies that the central government and the provinces delegate some of their functions to the municipalities, provided that they have the capacity to carry out these functions. Powers are devolved gradually, as the municipalities progressively strengthen their capacities and become financially viable. South African metropolises and large cities take advantage of this provision to increase their range of powers, to the point where some cities have larger budgets than their surrounding provinces.

There are local governments throughout the country, and these are led by elected executive bodies and councils. However, each province chooses one of three types for the administration of its local governments: the collective executive system (executive authority is exercised by a mayor and executive committee appointed by Council); the individual executive system (executive authority is exercised by an executive mayor assisted by executive committee that he/she appoints); and the plenary system (executive authority is exercised by a municipal council).

There is local government legislation that provides for community participation in governance. The legislation outlines obligations for municipalities to ensure participation of communities in governance, provides for mechanisms and structures for communities especially in areas such as planning, budgeting, implementation, monitoring and evaluation. The culture of citizen participation in governance is now commonplace and fully entrenched In South Africa, resources are distributed among the three levels of government (central government, provinces, and local governments) on the basis of formulae and a series of intergovernmental consultations. The principle of cooperative government allows for consensus on the amounts to be allocated to each level of government to be reached. The amounts are allocated on the basis of a pre-determined formula based on statistical factors such as poverty index, population size, infrastructure backlogs, etc. The formula is continuously revisited based on new data, reviews by inter-governmental bodies such as the Finance and Fiscal Commission and through inputs from the central state departments, provinces and local governments through its association, the South African Local Government Association (SALGA), based on the principle of cooperative governance. The amounts are allocated on a three-year budget cycle and this thus enables certainty about the amounts allocated to the respective levels of government annually.

Local governments exercise total control over their tax base. They collect local taxes and have (regulated) access to financial markets.

The framework of reference for local administration staff identifies five departments. The first fulfils the main functions of strategic integrated planning, urban planning and economic development. The second is finance fulfilling functions such as budgeting, revenue collection and financial management. The third is corporate service that carries out internal support functions (information technology, Internet, communications, evaluation and follow-up). The fourth is community services that deals with services to citizens: public safety, social development, libraries, sports and recreation, etc. The fifth is infrastructure and services that include provision of water, sanitation, electricity and roads and storm water.

The conducting of local government audits and performance assessments is one of the strong points in South Africa's cities. The Constitution states that local governments are

to be audited by two bodies: the National Treasury and the office of the Auditor-General. The former is responsible for improving management of public institutions, and the latter is responsible for oversight and control of public finances in general. Performance evaluation of local governments is provided for by a provision in Article 155 of the Constitution, although the two requirements for transparency and efficient performance are not regularly observed. However, the National Treasury imposes rigorous budgetary discipline and control over all public policies. In response to concerns about the financial viability of local governments, the Department for Cooperative Governance and Traditional Affairs (GoGTA) set up the Project Viability, a monitoring system on the financial status of local governments. Financial oversight of local governments is further strengthened by the Municipal Finance Management Act and Division of Revenue Act that regulate the modalities by which provincial governments and the national government may intervene to restore the financial balance of local governments.

In South Africa, more than two-thirds of the population lives in urban areas – one of the highest levels of urbanisation in Africa. The six major urban hubs play a large role in the pan-African urban settlement layout, and their economic potential has a huge impact on national and regional growth. The central government is currently developing a comprehensive Integrated Urban Development Framework (IUDF) for consultations with key stakeholders.

Proposed Reforms

With a rating of 36 out of 40, South Africa provides one of the most enabling environments for city and local government action according to the criteria chosen. However, certain areas could be improved.

- **The first improvement** would be to see how the existing Presidential Coordinating Council (PCC) – a forum where the President, Premiers and SALGA sit – could be used as an instrument for intergovernmental planning and coordination for local government. Indeed, the Integrated Development Planning initiative is the basis for greater cohesion between inter-governmental planning, the activities of ministries and provinces, and the programmes of the local governments. However, while the positions of the state and local governments are represented in IDP negotiations by the Department of Provincial and Local Government and the South African Association of Local Governments (SALGA) respectively, there is still a lack of organised representation from the provinces that could be overcome by the PCC.

- **The second area for improvement** concerns the streamlining of mechanisms to transfer financial resources from the central government to local governments. Out of fifteen types of resource transfers, only one – the Equitable Share – is unconditional. Not only are all the other mechanisms conditional, they are also determined on the national level. For the most part, there are transparent formulas for the distribution of these resources. The situation can be improved in order to strengthen the autonomy of local governments, not only in their spending decisions but also to increase the predictability of transfers and facilitate local budgetary planning. Distribution formulas – where they do exist – could be made simpler, as is the case for the Equitable Share. There are no less than six components within this formula: basic services, development, strengthening institutional support, adjustment and alignment, correction, and stabilisation. A similar situation can be seen with the subsidies to enable the poor to have access to basic services. There are two levels of support: a full subsidy for poor households connected to municipal networks, and a partial subsidy for those not yet connected. This system is costly to apply and difficult to monitor. South Africa has decided that each household should be entitled to six cubic meters of water free of cost. This is also difficult to implement at the local level, due to the limited capacities of local government personnel.

- **The third area for improvement** is local government capacity building as their weaknesses have negative repercussions on their execution of the functions assigned to them. A significant capacity-building effort must therefore be made to bring the capacities of municipalities up to scratch. This applies, in particular, to the small municipalities. Since municipalities lack expertise in developing projects and implementing investments, some of the funds available at the central government level are not transferred due to a lack of satisfactory projects. This situation strengthens the positions of those municipalities that have a high level of institutional development and weakens those with a low level of expertise. The issue of harmonising the salaries of municipal employees is being addressed. Indeed, municipal staff are hired through public advertisements and salaries are determined on hiring. This causes disparities in municipal staff salaries. Efforts to harmonise staff salaries should be undertaken.

- **The last item for consideration** is the financial situation of small local governments in rural areas. In South Africa, the bulk of local resources come from the additional revenue earned on utility bills from public and private operators (for water, sanitation and electricity). While these account for more than half of the revenues of large cities, they amount to less than 10 percent of the resources of small cities and rural towns. Better systems of financial realignment must be set up for small local governments in rural areas. This will be the major focus of this reform of local government taxation. ■

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Sudan

12/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	The legislation is unstable and inconsistent	1
3.	Local assemblies and executive bodies are appointed	1
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	The central government defines and collects local government revenues	1
6.	There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7.	No rules or legal provisions on transparency in the running of local governments exist	1
8.	There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

Sudan knew only war from its independence in January 1956 to the peace agreement in 1972, and then war again in 1983. In this context, Sudan faced institutional instability in which 'people's revolutions' were followed by military regimes and where ideology ran the gamut of capitalism to communism to Muslim fundamentalism. Sudan is one of the largest countries in Africa. It is multi-racial, multi-lingual and multi-religious; its people, resources and natural conditions are all extremely diverse. To preserve the country's unitary nature, the solution to the problems of the country's size and diversity was found in the principle of administrative decentralisation to the provinces and, later, in the creation of regions to which responsibilities were transferred. The principle of administrative decentralisation to the provinces led to the establishment of the people's local government in 1971. Regional autonomy was granted to the southern region in 1972, following the Addis Ababa Accord. The Law of 1980 created regions outside the northern provinces, and responsibilities were transferred to the Regional Councils. The unrelenting trend since independence has therefore been to grant greater responsibilities to local governments out of administrative necessity and in response to the legitimate aspirations of ethnically and culturally diverse populations.

However, the most distinctive feature of Sudan is the different treatment granted to southern provinces in the Constitution, which offers them expanded responsibilities – quite the opposite of the northern regions. Indeed, identity-based claims were strongest in these southern regions and the civil war did the most damage there. This different treatment of various parts of the territory is strongly reaffirmed in the interim Constitution of 2005. The Constitution reaffirms the federal structure of the nation by institutionalising these regional, ethnic, cultural and linguistic differences.

The local government system has also shifted over time. First, the Local Government Act of 1961 introduced the regional and local governments, which were immediately abolished in 1969 by community structures. In 1991, a large change was made with the introduction of a federal structure. The federal decree divided the country into nine states. The states were subdivided into 66 provinces and 218 local government sectors or zones. Then, the constitutional decree of 2 February 1994 created 26 states, subdivided into 66 provinces and 218 zones.

Prior to Southern Sudan's independence, the country had 25 states ('*wilayas*'); then, following a referendum on self-determination from 9 to 15 January 2011, Southern Sudan (composed of 10 states) became independent on 9 July 2011.

The interim Constitution acknowledges each state's right to define its own legislation for its local governments, which makes decentralisation law highly changeable and unstable over time and space.

Local assemblies and executive bodies are appointed by the central authorities.

Financial transfers to local governments are uncertain given the socio-political situation in the country.

Local taxation varies greatly from state to state given cultural and legal differences. All in all, local taxes are largely controlled by the states and do not bring in very much. In most local governments, very little local revenues are mobilised.

In Sudan, local administration capacities are still in their infancy; there are few qualified staff in local government. The country has neither a national strategy to build the capacities of local administrations nor a national framework of reference defining the qualifications and responsibilities of local government staff. There is little local experience with capacity building.

The legislation on local government does not provide for oversight of financial management by local governments; local government books are not audited.

Sudan does not have any specific laws on citizen participation in managing local affairs; there are no local spaces for consultation.

Despite urbanisation of 34% in 2015 and a projected 50% in 2050 (*World Urbanization Prospects: The 2014 Revision*), Sudan does not have an urban strategy.

Proposed Reforms

With a score of 12 points out of 40, Sudan is one of the countries where the environment is generally unfavourable to city and local authority action. Improving the national institutional environment so that it is more favourable to cities and local authorities suggests the following structural reforms.

- **The first reform** deals with the responsibilities transferred. Sudan is a federal country in which the federated states have extensive autonomy, including legislative autonomy. In addition to these two spheres of power, there are the local governments, which stand out for their geographic and ethnic diversity and the diversity in laws and regulations governing them. According to the decentralisation framework laws, spending responsibility for basic services (primary health, basic education, water) has been transferred to the states and the local level. In theory only, because in practice roll out of these sectoral policies is done by the line ministries and to a lesser extent by the states. But, generally speaking, the division of responsibilities between the federal government and the states and, more importantly, between the federal and local levels is not very clear. In all cases, local governments are confined to basic tasks, such as in public health, because of a lack of financial resources. More worrying, the Constitution gives the states the latitude to draft their own legislation on local government. Most states have not, however, drafted new laws governing local government powers and responsibilities. This gap is one of the constraints on the national institutional framework; it complicates real assumption of responsibilities. The reform should attempt to overcome this institutional gap and clarify responsibilities by determining the vertical allocation of responsibilities between the federal government, states and local governments. In conclusion, the reform will endeavour to clarify and coordinate a very complex institutional framework for the division of responsibilities across the various spheres of local government.

- **The second reform** deals with financial transfers. Sudan is characterised by a huge disconnect between the role that the Constitution attempts to assign to the local governments and the national revenue allocated to these local governments. This vertical imbalance also exists between the federal government and the states. It is caused by the gap between the large number of responsibilities transferred to the local governments and the associated compensation transferred. This imbalance can also be explained by the difference between the states' own revenues (they have small revenue streams) and the revenues of the federal government (which has major revenue streams, e.g. oil, income tax). The reform should also address horizontal imbalances between states and between local governments. These horizontal imbalances are caused by differing abilities to collect own revenues (differences in people's needs because of different levels of development, population, etc.) and the different costs involved in providing local public services due to different local conditions. The reform shall work to make the line ministries' actions more compatible with fiscal decentralisation; it will pay particular attention to making intergovernmental financial transfers more transparent, predictable, efficient and equitable. Greater fiscal decentralisation is inseparable from the establishment of modalities to ensure oversight over local governments' financial management. For this reason, the reform shall also tackle how the central government can audit local books and how citizens may exercise oversight over local government action to improve the quality of local public spending. Finally, given the need to increase the financial autonomy of local governments, the reform will develop a component on local governments' mobilisation of own revenues.

- **The third reform** will address local government administration capacity building. First defining the specific responsibilities of local governments and then elaborating a framework of reference defining staff qualifications and responsibilities and a national strategy to build local administration capacities will help develop local institutional capacities. In addition to traditional interventions to establish the administrative and managerial capacities of local authorities, fostering local accountability and transparency implies improving other key areas, including the level, quality, availability and relevance of information for local decision making, improving the intervention framework to allow citizens to be proactive in identifying community concerns, and developing local governments' own revenues. The reform shall examine local capacity building, particularly as concerns bookkeeping and reporting.

- **The fourth reform** deals deals with the urban strategy. Urbanisation has been very dynamic but little documented in Sudan since independence. One of the main objectives of the urban strategy would be to document urbanisation by setting up an information system on the national urban structure in order to determine its form and size. Then, a second objective would be to describe urban centres to elaborate differentiated development strategies. The strategy will propose a strategy to manage settlement patterns and the associated technical, human and financial resources. ■

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Swaziland

↑ 25/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution contains provisions that implicitly or explicitly restrict the actions of cities and local governments	1	
2. All ressponsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3	↑
3. Local assemblies and executive bodies are elected, but not necessarily throughout the country	3	
4. The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula	2	↑
5. Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets	3	
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments	2	
7. Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed	3	
8. There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2	
9. Local government performance is assessed irregularly	2	↑
10. A clear national urban strategy exists, along with the financial and technical arrangements and capacities necessary to implement it	4	

Explanation of the Rating

The Kingdom of Swaziland is a constitutional monarchy with two recognised spheres of power: the central government and the local governments. The history of decentralisation is short in Swaziland. In all, the country has had three local elections, the first in 1994, the second in 2008 and the third in 2012. But it was the ratification of the new Constitution by the Head of State King Mswati III in 2005 that gave decentralisation its second wind. This new Constitution does not establish a lasting system; instead, it specifies a transition rather than a definitive situation. Articles 218 to 226 of the Constitution explicitly acknowledge local governments and set a deadline for a reform of the system. In Article 226, it explicitly assigns Parliament the job of defining responsibilities, control and supervision, elections, etc. Swaziland is nevertheless a unique case. The two categories of local government – urban (12) and rural (55) – do not have the same institutional existence. There are three types of urban municipalities: two municipal councils, five town councils, and five town boards. While these urban municipalities have the right to administer themselves freely, the rural local governments, called '*tinkhundla*', have very little autonomy. The legislation setting the operations of urban municipalities is the Urban Government Act No. 8 of 1969.

On the legislative framework side, the Urban Government Act and Regulations need to be amended to incorporate the new laws and policies and regulations, like the National Procurement Act, the Public Finance Management Bill, Tinkhundla & Administration Bill, etc.

Another unique aspect to Swaziland is the exclusion of political parties from local elections, although this is heavily criticised by a growing number of national stakeholders. The new Constitution of 2005 legitimises this retreat from the principle of local autonomy by specifying that local governments may be run by elected, appointed, or partially elected and appointed officials (Art 220). This provision also goes against the principle of free administration by local governments.

Transfers to local governments are both conditional and unconditional; they are stipulated in Article 86 of the Local Government Act. The national amount is allocated using night time population and is disbursed on a quartely basis.

Local governments are authorised to set taxes and levies within their borders and collect the corresponding revenues.

For key personnel the qualifications are defined in the Urban Government Act. However there is no Human Resources Development Framework; each Municipality develops its own.

Chapter XI of the Urban Government Act is largely devoted audits, but they are not systematic.

The Urban Government Act does not contain any provisions on participation. But budgeting is now participatory, and regular ward meetings are held.

Local government performance assessment does not appear in the law. However, a performance / appraisal system has been introduced through the Swaziland Local Government Project (SLGP).

Swaziland is of course a mainly rural country (70% of the population lives in rural and semi-rural areas), but urbanisation is underway. While the Ministry of Economic Planning and Development's National Development Strategy (NDS) does not contain the word 'urban', Swaziland has emphasised territorial development with the implementation of the Local Government Project. The aim of this project is to help the Kingdom of Swaziland institutionally strengthen rural local governments ('*tinkhundla*') and urban local governments. It has three components. The first is infrastructures in the *tinkhundlas* and capacity building support. The second component has two sub-components: it provides (a) incentive grants for small-scale infrastructures in local governments; and (b) capacity building support.

Proposed Reforms

With an overall score of 25 points out of 40, Swaziland is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms. Several reforms are envisaged.

- **The first reform** should support the new reform of local government written into the Constitution. Indeed, the Constitution of 2005 stipulates that the Parliament must, within five years, establish a single local government system based on the '*tinkhundla*' system that is hierarchically organised based on the scope or complexity of the service to provide so as to avoid the rural/urban dichotomy. The territorial division could, according to the Constitution, (a) consider the territories of traditional chiefs; (b) take into account tinkhundla borders; (c) integrate urban and rural zones if needed; and (d) take into account (i) population, physical size, geographic features, economic resources and existing or planned infrastructures in each sector, and (ii) the possibility of facilitating the most reasonable management and use of resources and sector infrastructures with the aim of ensuring that local governments have interesting opportunities to become economically sustainable. This reform will have the advantage of being directly integrated in the national institutional and constitutional system.

- **The second reform** concerns transfers to local governments. Two factors argue for a total overhaul of the local government transfer system. The first is the lack of clarity in the current system. The various overall and specific grants allocated to local governments cannot be known in advance. For those grants for which the Government uses night time population to determine the grants, apparently the statistics used are outdated as the census is not done frequently. The national amount of these transfers is generally determined in an *ad hoc* manner, and distribution formulas, when they exist, are elaborated by the Minister of Local Government's cabinet without any consultation of the local governments. The second factor arguing in favour of an overhaul of the transfer system is the prospect of the overhaul of the local government system ordered by the 2005 Constitution. The shift from 12 urban municipalities to 77 municipalities (adding the 55 rural municipalities) will probably require a complete overhaul of the system to take into account new issues dealing, for instance, with the financial situation of the *tinkhundla*, the level of institutional development, and development delays to cite only a few areas. The third factor is the growing tension opposing local governments and the central government because of regional integration. Indeed, local governments are directly affected by the challenges facing the national treasury because of the drop in revenues from regional customs duties (the Southern Africa Customs Union – SACU), which make up to 60% of the national budget. Because of the crisis, grants to local governments have been cut by 10% or more. The fourth factor is the local governments' shift from yearly to 5-yearly planning, which raises other constraints notably in regard to the predictability and stability of local government revenues. All these factors argue for a complete overhaul of the system and the consideration of certain concerns such as incentive and equalisation. This will be the main objective of the reform..

- **The third reform** concerns managing public spending on the local level. All local governments are supposed to submit their books for annual audits. According to the Urban Local Government Act, at the end of each budget year, each local government must designate an outside independent auditor with the approval of the Ministry of Local Government. If a local government does not do so, the Ministry may designate an outside auditor at the local government's expense; but this disposition of the Urban Local Government Act is not applied. In practice the audits are done through the conditional grant of the Swaziland Local Government Project (SLGP). One of the requirements to qualify for the grant is the annual audit and it should be done on time and presented to the Ministry of Housing & Urban Development before the expiry of 6 months after the financial year end. The system to assess local government performance in the provision of local public services must be improved. At this time, it's based on provision of local public services which includes participatory budgeting as well as annual reporting. There is no specific legislation on citizen participation in local administration, even if there is a participatory budgeting process and regular ward meetings. These three dimensions could be the subject of a reform that would aim to strengthen and improve the quality of local public spending.

- **The fourth reform** should emphasise capacity building. Swaziland is a country in the process of populating. The urban population is growing roughly twice as fast as the total population. The emergence of new urban centres and inhabited zones raises huge challenges for municipal institutions. Questions of safety, access to services, planning, etc. require high levels of capability that go beyond the current institutional level of the municipalities. For rural local governments, the question is even more acute. Indeed, rural government structures are still in their infancy and will need time to develop. They do not even have a framework of reference defining staff qualifications and responsibilities, and this compromises the proper fulfilment of their future responsibilities. In conjunction with the Ministry of Local Government, elaborating a sound capacity building strategy for both urban and rural municipalities and implementing it will be the main concern of this reform. ■

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Tanzania

28/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3	
2. The legislation is unstable and inconsistent	1	
3. Local assemblies and executive bodies are elected throughout the country	4	
4. The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula	2	↑
5. Local governments have total autonomy to determine tax base, rates and fees, and to collect the corresponding revenues; access to financial markets is allowed	4	
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments	3	
7. Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied	4	↑
8. There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2	
9. There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments	3	
10. National reflection on urbanisation is underway, but an urban strategy has not yet been defined	2	↑

Explanation of the Rating

Tanzania is a unitary republic with two governments: the Government of the United Republic of Tanzania and the Government of Zanzibar. In Tanzania, the decentralisation policy was developed in the 1990s, and is part of a broader reform of the civil service and the country's economic liberalisation. The local government reform policy was approved in 1998. This policy has been supported since the 2000s by the Local Government Reform Programme (LGRP).

The Constitution of Tanzania officially establishes decentralisation in Articles 145 to 146 (Chapter 8). However, as the country is a bipartite confederation, laws on local government are different depending on whether one is in mainland Tanzania or on the island of Zanzibar. This duality in decentralisation legislation, on the mainland and Zanzibar, introduces a degree of instability and inconsistency in the institutional framework for local government in the country.

Tanzania has 26 regions, 168 Districts and urban councils. The councils and executive bodies are elected.

In Tanzania, local governments receive three financial transfers, two of which are conditional; the national amount of the three transfers is determined based on the annual budget framework and Guidelines.

Tanzania is one of the few African countries where local governments have total autonomy to create taxes and levies, despite a theoretical system of prior approval by the supervisory ministry.

When it comes to capacity building, a national strategy is implemented in the context of the Local Government Reform Programme (LGRP) and a framework of reference is set out in the Local Government Staff Regulations of 2000 and the Public Service Staff Regulations of 2003.

Tanzania does not have specific laws on participation; but local forums of consultation exist, the provisions of which are set forth in the Local Government (District Authorities) Act of 1982.

Local governments are audited annually as planned, Reports are submitted to the parliament of United Republic of Tanzania.

Tanzania is one of the few countries to assess local government performance in the provision of local public services. The local authorities are in compliance with the line ministries and sanctions are imposed when appropriate.

Tanzania is in the process of establishing the National Urban Development Policy based on the experience and findings from the Tanzania State of Cities Report. The policy is instituted by the Prime Ministers Office – Regional Administration and Local Government. Learnings and findings from the Tanzania State of Cities Report have supported to develop the capacity building programme for developing Integrated databases, management tools and sustainable funding options for urban development.

Proposed Reforms

With a rating of 28 points out of 40, Tanzania is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms.

- **The first reform** should focus on harmonising the legislation on local government between the mainland and the island of Zanzibar. The changing and unstable nature of local government legislation between the two entities is a considerable constraint on the establishment of an enabling environment for city and local government action and initiative.

- **The second** suggested **reform** paradoxically concerns local taxation. While Tanzanian local governments have extensive powers in this area, they face several constraints.

First, the number of local taxes and levies varies between 25 and 60 depending on the district. Similarly, the rates applied range from simple to double according to the district. In addition to these distortions between districts, the double taxation of activities – local tax and national tax – seems to be a hindrance to greater economic efficiency. In Tanzania, the Government Act stipulates that economic activities pay taxes to the central government and to local governments. There does not seem to be any real coordination between the central government and the local governments on taxation even though the Ministry of Finance must in principle approve the creation of new taxes. Economically speaking, many taxes are duplicated (local and national taxes), and national and local policy objectives (for instance on export) may often conflict with each other. The reform of local taxation must take place to find an effective solution to these issues. This reform should also address local tax yield and attempt to rationalise local taxes with the aim of improving tax revenues, which currently make up no more than 10% of local budgets. Local governments' control over the tax chain makes it very costly to collect local taxes. Local tax collection costs can reach 80% of the sums collected or even 100% in certain districts. This is why negotiations are underway to reach an agreement with the central government to facilitate local tax collection by the Tanzania Revenue Authority, at least during a trial period.

- **The third reform** should address the transfer of responsibilities to local governments. In Tanzania, the major lines of the decentralisation reform derive from the Local Government Reform Policy Paper (1998). This policy blueprint presents a clear vision but it does not have any real force. No less than 20 main reforms are currently underway in Tanzania, each with its own policy framework. The Local Government Reform Programme has attempted for more than 10 years to consolidate scattered local government legislation in a single, comprehensive document and harmonise legislation, without much success. Yet, the various bodies of law need to be harmonised all the more as numerous diverging political interests must be reconciled. In the absence of a legal provision to this aim in the Constitution or some other 'strong' document, it has been difficult to implement the 1998 policy blueprint. In fact, it is well-established practice in this area to elaborate laws and regulations on local government without amending other laws that have an impact on the decentralisation process. Adapting other laws to decentralisation and local governments is necessary for the proper coordination of national reforms. The reform will proceed to review the various laws that have remained unchanged despite decentralisation, and propose a framework by which to harmonise and bring into coherence all laws and regulations that have an impact on city and local government action.

- **The fourth reform** could address transfers. In Tanzania, there are three types of grants to local governments. The first type of transfer consists of conditional grants accorded for the local roll out of various sector-specific policies. These are generally sector grants based on the local operating needs for infrastructures and equipment in conjunction with these sector-specific policies. A comprehensive reform is underway to improve allocation criteria for all such operating grants. The example for this reform is the health sector, the formula for which is based on the criteria of population (70%), poverty level (10%), number of kilometres of road and distance (10%), and the infant mortality rate (10%). The second type of grant is based on improvements to service organisation in the sectors of health, education and roads. Specific allocation formulas are used to this aim. The third type of grant is dedicated to capital investments in the various sectors; the criteria are: population (70%), local government surface area (10%), poverty level (±20%) and adjustment (±20%). There are two problems: first, these transfers are determined on an *ad hoc* basis and do not correspond to the cost of the transferred responsibilities. Second, the formulas that exist to calculate the sums to transfer and their distribution are not always used. The reform could make transfers to local governments more predictable, stable and equitable.

- **The fifth reform** concerns urban strategy. The urban population currently makes up 32% of the total population of the country in 2015; the prospects of the United Nations suggested that half of the population will live in urban areas in 2050 (*World Urbanization Prospects: The 2014 Revision*). Yet, Tanzania shall face rapid urbanisation in coming years. The current population of Dar es Salaam is estimated to be 5 million in 2015; it is projected to reach 10.7 million by 2030. This urban growth comes with the spread of slum housing for an increasingly numerous proportion of the urban population, not only in Dar es Salaam but also in the country's secondary cities. If proactive action is not taken to channel the country's rapid urbanisation, living conditions in cities run the risk of deteriorating seriously, thus diminishing the role that Tanzanian cities should play in driving development during the country's current phase of economic, social and cultural development. The national urban strategy being developed should emphasise strengthening regional hubs to offset the growth of Dar es Salaam. In consultation with all national actors, the strategy should endeavour to create the emergence of an effective network of cities that structure the hinterland and thereby contribute to the development of local markets and trade between local markets within the national and regional market. ■

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The Gambia

21/40

Enabling Environment Rating for Cities and Local Authorities

1.	The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2.	All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3.	Local assemblies and executive bodies are elected throughout the country	4
4.	Resources are not transferred, or are transferred erratically and irregularly	1
5.	Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2
6.	There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments	2
7.	Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8.	There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2
9.	Local government performance is not assessed	1
10.	No national urban strategy	1

Explanation of the Rating

The Constitution of The Gambia stipulates in Article 193 that local government administration shall be based on a system of democratically elected councils with a high degree of local autonomy. It also stipulates that the National Assembly shall pass an Act establishing city councils, municipalities and area councils, all designated as local governments. This Act shall also define the territorial borders within which each local government shall have jurisdiction.

There are therefore three types of basic local government units: area councils (of which there are 1,500), municipalities (of which there are 114), and city councils (of which there are eight).

The Local Government Act specifies the functions, powers and duties of local governments in The Gambia, particularly in regard to the relationships between local governments and the central government, as the latter is in charge of implementing decentralisation through the intermediary of the Ministry of Local Government and Lands.

Under the law, the sector-specific departments may, after consulting the Ministry of Local Government, transfer functions, services and duties to local governments. For this to happen, however, the central government and the council of the local government in question must agree to this, and the appropriate human, financial and material resources must be made available for the fulfilment of the transferred responsibilities.

Local government council members are elected for a four-year term of office. Mayors are elected by direct universal suffrage as stipulated in Article 194 of the Constitution. The last local elections were held in 2013, and the next are slated for 2017.

The law provides for the transfer of financial resources to local governments, but these transfers are not yet predictable or stable.

Article 20 of the Local Government Finance and Audit Act of 2004 indicates that each local government has the right raise revenues from taxes and levies within its territory in order to finance the responsibilities transferred to it. However, this latitude is bound by the General Rates Act of 1992.

When it comes to capacity building, everything remains to be done. There is no framework of reference detailing staff qualifications and responsibilities, and no strategy on capacity building for local administrations. Several experiments should be noted, however. The Poverty Alleviation and Capacity Building Programme financed by the World Bank, which recently came to a close, helped the Councils build their own resources and the capacities of their financial management staff. Another training programme, the Support to Decentralisation and Local Government (SDLD) programme, has been formulated and aims to build the capacities of local councils so that they can play their role in the decentralisation process. Furthermore, the country has established service rules for local government service staff to help structure professions and guide the hiring of local administration personnel.

Article 40 of the Local Government Finance and Audit Act of 2004 stipulates that the Auditor General shall audit the books of each local government every year and report any discrepancies found. The report shall be brought to the attention of the Council. The books of each Council shall be audited by the Auditor General or by an auditor designated by the Auditor General. In practice, however, these audits are only occasional.

The Gambia does not have any specific laws on the people's participation in managing local affairs, but several mechanisms exist to involve the population.

Gambian law does not provide for mechanisms to assess local government performance.

The Gambia does not have an explicit national urban strategy.

Proposed Reforms

With rating of 21 points out of 40, The Gambia is one of the countries whose progress towards an enabling environment for cities and local governments would require significant reforms. Four main reforms are necessary for The Gambia to advance in creating an enabling environment for cities and local governments.

- **The first reform** concerns the transfer of resources from the central government to the local governments. The law stipulates that decentralising responsibilities to local governments implies the concomitant transfer of the means to fulfil these responsibilities. This is why the law recommends that local governments' financial resources should include subsidies or grants from the central government for recurrent expenditures, grants to accompany transfers of responsibility, and special grants for capital investments. Among other things, given the narrow tax base of local governments, the law provides for central government grants as follows: (a) a general subsidy not to exceed 10% of local government investment budgets; a grant to finance programmes decided jointly by the central government and the local Council in an agreed-upon amount; and an equalisation subsidy to finance local government spending where local public service provision standards are below the national average. In addition, the law allows the President of the Republic to establish an *ad hoc* consultative committee comprised of local elected officials, line ministries, and other parties. This committee shall meet annually before the adoption of the finance bill to issue an opinion on the national revenue distribution among the central government and local governments and the division of responsibilities transferred by the central government among the local governments. However, all these mechanisms stipulated in the law are not implemented. The reform should make these various instruments operational and define transparent ways of distributing grants among local governments.

- **The second reform** deals with local government administration capacity building. Despite the existence of an adequate legal framework, practical implementation of decentralisation is struggling to advance because the responsible staff are insufficiently qualified and trained. There are also difficulties with efficient collaboration and cooperation among the various levels of government. The training project set out in the Local Government Act, which is currently being executed by the Gambia Association of Local Government Authorities (GALGA), plays a vital role in building the capacities of local governments. Special mention should be made of an accomplishment on which to build: the Schemes of Services for the Local Government Service elaborated by the Ministry of Local Government aim to guide local governments for staff hiring, training and capacity building. Faced with the diversification of local governments' activities, which is triggering the appearance of new jobs at the local level, there is a more and more pressing need to develop frameworks for collaboration within local services and with deconcentrated central government services. The unit in charge of personnel management within the public administration department should undertake this work defining frameworks of collaboration. Under Rule 0803 on the personnel service, the Local Government Service Commission (LGSC) should approve the service contracts thus written. The reform should also emphasise the elaboration of a national training strategy based on profiles elaborated within the Schemes of Services for the Local Government Service.

- **The third reform** concerns urban strategy. Nearly 60% of the population of The Gambia lives in urban areas (*World Urbanization Prospects: The 2014 Revision*), and United Nations projections show 71% urbanisation by 2050. This urbanisation also raises considerable challenges for territorial planning. The population of The Gambia is greatly concentrated in the Greater Banjul Area, which comprises the morphologically distinct agglomerations of Banjul and the Kanifing Municipal Council, a tiny zone that takes up 1% of the country's total surface area but is occupied by more than one third of the total population. Hindered by Banjul's configuration, the population spread to Kanifing that became the largest city in The Gambia between 1970 and 1980. The expansion of Kanifing increased the territorial imbalance, and projections show that this trend should intensify in the future. For its part, the population of Banjul began to decline in 1983 and was barely 300,000 in 2015. Even today, The Gambia still has fewer than 10 cities with populations in excess of 10 thousand, while the cities of Banjul and Kanifing have populations of 30,000 and 500,000 respectively. The urban strategy should address the issues of national territorial planning and the economic aspects of this urban structure as well as territorial planning.

- **The fourth reform** deals with local government performance assessment and improving local financial management based on the mechanisms set forth in the Local Government Finance and Audit Act of 2004, in particular the elaboration of a local financial accounting manual and the establishment of an accounting commission within each local council to define ways to improve transparency, notably treatment of the Auditor General's and internal auditor's reports as well as all other reports on local government finances. The reform will also focus on modalities for establishing performance-based contracts on the provision of local public services. ■

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- Country Profile, Commonwealth Local Government Forum (CLGF)

Togo

16/40

Enabling Environment Rating for Cities and Local Authorities	
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3. Local assemblies and executive bodies are appointed	1
4. Resources are not transferred, or are transferred erratically and irregularly	1
5. Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets	2
6. There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8. There is no national legislation on citizen participation, and no locally organised spaces for dialogue and consultation	1
9. Local government performance is not assessed	1
10. No national urban strategy	1

Explanation of the Rating

The major founding text on decentralisation in Togo is the Constitution of the Fourth Republic, adopted on 14 October 1992, which adopts the principle of decentralised administration of the national territory. In Title XII 'Local Governments and the Traditional Chieftaincy', the Constitution organises the country in territorial governments based on decentralisation while respecting national unity. It recognises three levels of decentralisation: the municipalities, prefectures and regions. In 2004, the government elaborated several laws within the scope of the decentralisation process and the sectoral policy letter adopted in June 2004.

The decentralisation and local democracy law was passed on 1 March 2006. It established the territorial government code, made official the free administration of local governments, and defined three levels of decentralisation: the municipality, the prefecture and the region. Two types of municipalities are stipulated: urban municipalities located in prefecture capitals, and rural municipalities whose territorial base is the canton. This law provides for a special status for the city of Lomé and the Gulf community.

A dozen years of deep-reaching socio-political crisis have weakened the foundations of decentralisation, which has been bogged down in a long period of lethargy. As a consequence, the law on decentralisation passed in 1998 has never begun to be implemented. For several years, the drop in political tension has seemed to offer new prospects for decentralisation and an enabling environment for cities and local authorities. According to the new laws and regulations, the country has begun the process of creating municipalities throughout the entire country. The prefectures and regions have been added to the first level of decentralisation. But the councils and chief executives of these local governments are still appointed, which goes against the Constitution that stipulates in Title XII that the 'territorial collectivities administer themselves freely with councils elected by universal suffrage under the conditions set forth in the law.' However, the major challenge is manifesting this political will by holding the next local elections, the last of which were held nearly thirty years ago. Local elections were initially scheduled for 2014 but are now being envisaged for 2016. The country has five regions, 35 prefectures and 35 municipalities ('communes').

The Law of 1998 covers the devolution of responsibilities to the local governments. But the responsibilities themselves are relatively vague. The law says the municipal council handles the affairs of the municipality through its deliberations. Nothing else is specified on the content of said affairs. A list of subjects on which the municipal council must give its opinion is simply mentioned.

Not only have the municipal councillors elected in 1987 never submitted their terms of office to universal suffrage, but also they were replaced in 2001 by special delegations to the municipalities.

In Togo, despite the decentralisation framework laws that call for the concomitant transfers of responsibilities and resources, no financial transfers have been set up for local governments.

The local tax system in Togo consists of a host of taxes: the tax on developed and undeveloped land, the professional tax, the poll tax, the supplemental tax on salaries, the special tax on production and sale of drinks, the tax on drinking water and electricity distribution, the tax on shows, games and entertainment, the operating tax on local construction companies, etc. Local governments do have, however, some latitude in regard to the rates of certain local taxes. Indeed, the local council sets, through its deliberations, the rates of these taxes up to the ceiling set by the finance act.

The lion's share of municipalities have unskilled agents. They are hired based on available resources. Togo does not have a specific training institution for local executives, although the National School of Administration (ENA, 'École Nationale d'Administration') helps retrain local staff. There is neither a national framework of reference defining the qualifications and responsibilities of local government staff nor a national strategy to build the capacities of local administrations.

The Law of 1998 stipulates in Article 271 that 'local government budgetary execution is subject to the general legal principles of budgets and public bookkeeping', including audits. However, local government books are audited only occasionally.

In Togo, the laws and regulations on decentralisation do not provide for legislation on participation. There are also no spaces for consultation on the local level. The same holds for local government performance assessment, which is not planned in the law.

Togo has not elaborated a forward-looking strategy to manage urbanisation.

Proposed Reforms

With an overall score of 16 points out of 40, Togo is one of the countries where the environment is generally unfavourable to city and local authority action. Improving this environment implies the following reforms.

- **The first possible reform** to improve the environment for cities and local authorities is to draft clear laws and regulations on the distribution of responsibilities between the municipalities, prefectures and regions. For the time being, the texts say that the municipal council must give its opinion on the directions of and programmes in the national development plan; projects relating to the development of national, regional and prefectural roads within the jurisdictional territory of the municipalities; urban master plans and details; the management of economic and sectoral affairs; and environmental conservation. When it comes to the responsibilities transferred to the prefectures, the law states that they are responsible for the following areas: managing economic and social affairs; environmental protection; the organisation of rural activities and national, regional and prefectoral road development projects; and collective infrastructures and facilities. Generally speaking, the prefectures are responsible for promoting the economic, social, scientific and cultural development of their territories while respecting the integrity, autonomy and responsibilities of the municipalities. As for the regions, their responsibilities address the following subjects: developing and classifying regional roads and tracks; managing toll roads; and planning and regional development. In this way, many responsibilities overlap and, for now, there is no division of responsibilities between these local governments and the central government. Several legal texts are being drafted to establish this division so as to avoid jurisdictional conflicts, but the lethargy that plagues the decentralisation process is delaying their passage. When there are several levels of local government, it is important to define subsidiarity and its financing; this will be the aim of this first reform.

- **The second reform** deals with the transfer of resources from the central government to the local governments. The decentralisation law devolved responsibilities on the territorial governments. However, the central government's efforts to transfer resources to the municipalities are not in line with the municipalities' needs and expectations; some years, no grants are paid to the local governments, and this situation is tending to become standard operating procedure. The drastic drop in state revenues since the 1990s has reduced its margin for action. Only the municipalities of Lomé and Kara occasionally receive a few million for waste collection. The fact that local governments receive less and less in central government subsidies affects capital investment levels. More and more municipalities have budget shortfalls and most municipalities do not have capital investment budgets. The fact that even the most affluent municipality of Lomé does not make capital investments is a symptom of the large vertical imbalance in Togo's fiscal decentralisation system. Redressing this imbalance will be one of the goals of the reform, along with ensuring that grants are predictable and transparent.

- **The third possible reform** deals mainly with improving the quality of local public spending. Indeed, the methods for financial oversight over the local governments are not rooted in the annual practices of the institutions in charge of exercising this oversight. Audits are only exceptionally done, usually when poor management is suspected. Assessing local government performance in the provision of local public services seems to be an unattainable desire at the moment because there are no provisions to this effect. In addition, there are no modalities by which to manifest the principle of local leaders' accountability to their constituents. There are no laws or regulations organising citizen participation in the administration of local affairs. The reform should address all these concerns.

- Finally, **the fourth possible reform** deals with managing urbanisation. Urbanisation was dynamic during the 1960-2010 period: while the total population increased fourfold, the urban population increased by a factor of 12, and the rural population tripled. With urbanisation at 40% today, the United Nations Department of Economic and Social Affairs projects urbanisation of nearly 60% in 2050 (*World Urbanization Prospects: The 2014 Revision*). These data show – if such a display were necessary – that there is a need to adopt a positive, forward-looking approach to urbanisation. This reform could help Togo elaborate and validate the urban strategy that it does not currently have through a joint approach involving all national stakeholders. This urban strategy could be carried by the new Minister of Urban Planning, Housing and Living Environment. ■

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- Law No. 94-029 of 21 October 1994 setting the supervisory regime applicable to the '*arrondissements*' and 'communes'
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Tunisia

19/40

Enabling Environment Rating for Cities and Local Authorities	
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3
3. Local assemblies and executive bodies are appointed	1
4. Resources are not transferred, or are transferred erratically and irregularly	1
5. The central government defines and collects local government revenues	1
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments	3
7. Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed	2
8. There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	2
9. Local government performance is not assessed	1
10. National reflection on urbanisation is underway, but an urban strategy has not yet been defined	2

Explanation of the Rating

Unanimously passed, Title 7 of the Constitution of 27 January 2014, makes decentralisation official but does not yet offer a clear vision of its logic and the conditions by which it shall become operational. Extensive work has been launched to re-conceive the relationships between the central government and local governments, set the rules of the new territorial divisions and total municipalisation of the national territory, and elaborate drafts of reforms and new Laws.

On the constitutional level, the new Article 131 of Title 7 of the Constitution stipulates that 'Local government is based on decentralisation. Decentralisation is achieved through local authorities comprised of municipalities, districts, and regions covering the entire territory of the Republic'. It officialises a set of principles dealing with: the legal personality and financial and administrative independence of the local authorities that manage local matters in accordance with the principle of administrative autonomy; the election, through universal suffrage, of municipal and regional councils; the delegation of powers in accordance with the principle of subsidiarity and accompanied by the corresponding resources suitable for the creation or transfer of powers; the solidarity among local authorities based on the principles of regulation and balance ensured by the central government; the freedom to manage resources within the budgets allocated to them in compliance with rules of good governance and under the supervision of the financial judiciary, subject to post-audit (Art. 137 and 138); the adoption by local authorities of mechanisms of participatory democracy and the principles of open governance; and the possibility of inter-municipality, decentralised and international cooperation and partnerships. Finally, a High Council of Local Authorities has been established with a consultative role and headquarters located outside the capital, recalling that the Revolution started from disadvantaged regions inside the country.

On the legislative level, until Title 7 of the new Constitution is operational, the administrative division of the country is currently structured according to a twofold logic of deconcentration and decentralisation. On the deconcentrated level, the country contains 24 governorates subdivided into 264 delegations covering the entire national territory; the delegations are themselves subdivided into 2,073 sectors or *imadats*. The Regional Councils (governorates' territories) are partially decentralised and headed by the Governor, Regional Council Chair and direct representative of the Head of State. They are composed of 'indirect' elected officials, municipal councillors and elected deputies from the constituency corresponding to the governorate in question. Rural Councils for their part are made up of members designated by the governor, and depend entirely on transfers from the central government. Only the 264 municipalities (soon 281 as 17 are in the process of being created) are legally decentralised but politically and financially dependent on the central powers. They cover approximately 10% of the country and contain two-thirds of the population. Municipalities currently exercise few responsibilities, have limited decision-making power, and have not established systematic and structured ties with citizens.

Since the revolution, Tunisia has been a major institutional worksite that covers challenges such as the territorial division and complete municipalisation of the country, asymmetrical decentralisation, and the redefinition of the Regional Councils.

Until the next local elections slated for 2016, appointed assemblies and executive bodies administer local governments.

The local governments do not have any autonomous fiscal powers; they cannot change either the base or rates of local taxes. Collecting local tax revenues is the exclusive purview of deconcentrated central government services.

The financial system for LGs contains a large component of transfers from the central government through the Local Governments' Common Fund (FCCL, 'Fond Commun des Collectivités Locales') managed by the General Directorate of LGs based on a multi-criteria formula. The central government also allocates municipalities budget transfers (which are less predictable and transparent) in the form of exceptional grants to cover the increase in operating costs (repeated deteriorations and the plethora of social hiring after the revolution) and investments, also managed by the Local

Government Lending and Support Office (CPSCL, 'Caisse de Prêts et de Soutien aux Collectivités Locales') and linked to the PIC and borrowing by municipalities from the CPSCL.

Under the authority of the Ministry of the Interior, the Local Government Lending and Support Office (CPSCL) and the Decentralisation Training and Support Centre (CFAD, 'Centre de Formation et d'Appui à la Décentralisation') are responsible for financing municipal investments and training municipal agents and elected officials. The training and re-conversion efforts for municipal staff are continuing despite the temporary difficulties of the post-revolution period. The CFAD has established a framework of reference defining local government staff qualifications and responsibilities, obtained new, well-equipped premises, and collaborates closely with the CPSCL and the National Federation of Tunisian Cities to prepare municipalities to take over their new responsibilities and powers. In this framework, training sessions for trainers and municipal staff were organised in 2015 on elaborating investment plans (PICs, 'Plans d'Investissement Communaux').

The Court of Accounts is, along with the appropriate offices in the Ministries of Finance and of the Interior, in charge of financial audits of local governments, but the practical modalities for a posteriori verification of municipal acts remain to be defined.

While the Constitution refers to mechanisms of participatory democracy and the principles of good governance, no specific laws govern people's participation. However, experiments elaborating Municipal Investment Plans (PICs) have been conducted.

With urbanisation at 67% in 2015 and trends suggesting urbanisation of 77% by 2050 (*World Urbanization Prospects: The 2014 Revision*), Tunisia must renew its urban thinking and strategy. Relatively old, the urban strategy was drawn up mainly by the Ministry of Urban Planning. Urbanisation and housing studies have been launched, but the urban strategy remains an area of work to undertake with all concerned actors.

Proposed Reforms

With an overall score of 19 points out of 40, Tunisia is one of the countries where the environment is generally unfavourable to city and local authority action. Improving the environment for cities and local authorities would require the following reforms.

- **The first reform** is to make the provisions in the Constitution operational. Despite a Constitution that is generally favourable for decentralisation, an overall vision is still lacking in Tunisia; seen mainly in its political and administrative dimensions, it has not yet been associated with a development strategy and analysis of territorial, economic and human dynamics. What is more, some of the ideas introduced by the Constitution remain to be clarified, notably when it comes to territorial division, free administration, transparent governance, transfer of powers, *a posteriori* verification, and citizen participation systems and modalities. Building a overall vision calls for the designation of an institution devoted to decentralisation, located at the tip of government structure, and for a specific parliamentary committee within the Assembly of the Representatives of the People (ARP, 'Assemblée des Représentants du Peuple'). This would facilitate structured dialogue and coordination among all actors concerned: the ARP, the Prime Minister, the Ministry of the Interior and the bodies under its supervision, the Ministry of Development and International Cooperation and the bodies under its supervision, the Ministry of Finance, the Ministry of Equipment, Territorial Development and Housing, the other line Ministries, local governments, the National Federation of Tunisian Cities, the Court of Accounts, civil society and cooperation bodies.

- **The second reform** is a complete overhaul of the mode of governance and institutional framework. Beyond revising constitutional laws on local governments and the budget, local taxation, and the code on territorial development and urban planning, it will imply defining new prerogatives and statuses for Governors (Prefects) that must dovetail with those of the Region Presidents, clarifying the prerogatives of the administrative tribunal and the organisation of the Court of Accounts, which must take note of the imperatives of decentralisation, notably the *a posteriori* verification of LGs, and promulgate the associated laws and the law governing the High Council of LGs. The question of coordinating deconcentrated central government structures and inter-municipality action is another major challenge for LGs, as is stimulating economic and social development and regional policies to promote jobs, education, health, culture, the environment, etc. Other challenges must be addressed carefully and consultation is required, in particular territorial divisions and the complete municipalisation of the country, the transfer of powers, the re-definition of the Regional Councils, their relationship with the governors and the role they must play, and the development of proactive communication to spread the concept of decentralisation, develop advocacy and facilitate decision making and debate.

- **The third reform** concerns local governments' human resources. Decentralisation calls for a significant increase in the rates of municipal and regional staff supervision while avoiding structural imbalances in local finances and while introducing incentive measures to mobilise qualified executives in all areas of the country, as well as for improvements in internal management modes, relations with citizens, and local and regional information and communication. ■

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  - No. 95-68 of 24 July 1995
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- Country Profile, Global Observatory on Local Democracy (GOLD), UCLG

Uganda

34/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities	4	
2. All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place	4	
3. Local assemblies and executive bodies are elected throughout the country	4	
4. The transfer of resources to local governments and their distribution among local governments are clear and predictable with utilisation determined at the national level	3	↑
5. Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets	3	↑
6. There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments	4	
7. Rules and legal provisions on transparency in the running of local governments exist requiring regular independent audits be conducted within specified timeframes exist but are not systematically followed	3	↑
8. National legislation on citizen participation exists but is not applied	3	
9. There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments	3	
10. A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking	3	

Explanation of the Rating

The Ugandan Constitution enshrined the principle of intelligent subsidiarity among the different spheres of government in 1995. Articles 176 to 207 of the Constitution clearly define the powers of the local governments. Indeed, the Constitution specifies the principles that guide the local government system in Uganda. In line with the Constitution, a Local Governments Act was enacted on 24 March 1997 to streamline and give effect to the decentralisation policy. The Act specifies the functions, powers and services of the Local Governments. These provisions are innovative in more ways than one, and allow for the smooth and flexible operation of the principle of subsidiarity, taking account of the national and local socio-political and economic contexts.

Conflicts between local governments and deconcentrated government offices are rare. In fact, deconcentration is weak, although in recent years there has been a trend towards re-centralisation in certain areas. In Uganda, the jurisdictions of deconcentrated administrations do not necessarily overlap those of local governments; the risk of conflicting powers is therefore limited.

Uganda has two types of basic local government units: district councils (111 in number), sub-county councils (1.382), urban councils (municipal council and town councils) (174 in all). The mayors are elected by direct universal suffrage.

Article 193(1) of the Constitution of Uganda stipulates that the central government shall, every fiscal year, set up a system of financial transfers. Three systems of financial transfers to local governments are in operation: (1) unconditional subsidies allocated to ensure a minimum standard of local services; (2) conditional subsidies to finance supply programmes implemented jointly by local governments and the central government; and (3) equalisation subsidies designed to bridge gaps in service levels between local governments (alignment subsidies). In compliance with the Constitution of Uganda, unconditional subsidies are calculated annually using a formula that takes account of the total subsidy of the previous year adjusted for inflation, plus the residual cost to implement powers already transferred, and finally the cost of the new powers devolved to the local governments. Conditional subsidies are also used to pay the salaries of municipal personnel assigned to functions in relation to the transferred powers whose level of service would fall if the quality of the support staff needed to implement them was not guaranteed. The national total subsidy is shared among the local governments as follows: Firstly, each local government receives a fixed sum regardless of its characteristics. The rest of the total subsidy is then distributed to the local governments using a formula that takes account of population (85%) and surface area (15%). Conditional subsidies are allocated for specific projects agreed between the central government and the local governments. These are the largest subsidies and are frequently used to implement poverty alleviation programmes. The following areas are generally covered by conditional subsidies: agriculture, health, education, sanitation, roads, natural resources and public administration. The distribution formula for this subsidy takes account of the population, the number of school-age children, the length of the road network, and household spending as an indicator of the tax base. Equalisation subsidies are utilised in support of the poorest local governments. They are determined by the standards of below-average local public services provided by the local governments. For this reason, the subsidy is distributed to only half of all local governments. In practice, setting the national average to be used as the baseline for the allocation of subsidies is not an easy task given the paucity of data. Finally, Uganda grants sectoral or general discretionary investment subsidies.

These subsidies are designed to support investments in infrastructures and service provision, and to promote good governance in key areas of administration.

In Uganda, local governments have their own local tax system. They have powers to identify a tax and with approval of the Minister and collect it (Ref. LGA 3rd Schedule).

In 2005, the Ugandan Government established the National Local Government Capacity Building Policy (NLGCBP) to strengthen the capacity of local government personnel. Specific legislation was adopted on this subject and a framework has been set up for local administrations.

Ugandan legislation provides for regular independent audits carried out annually (not systematically) by the Auditor General's office.

Section 35(3) of the Local Government Act (CAP 243) provides for citizen participation in the management of local public affairs. However, this provision on participation is not in applied in practice. The Uganda Local Governments Association (ULGA) in conjunction with an NGO, the Advocates Coalition for Development and Environment (ACODE) is implementing an initiative called the Local Government Score Card, which promotes citizens participation in local governance.

Local governments' performance in the provision of local public services is assessed through the agreements they sign with the sectoral ministries that delegate funds to them. These agreements are negotiated on behalf of the Local Governments by the Uganda Local Governments Negotiating Team (UNAT) through the Local Government Associations. Local governments receive the allocations necessary to implement the duties and powers transferred to them directly in their budgets. Also performance is assessed by the authority responsible for supervising local governments (Ministry of Local Government), which assesses only the technical arm of the Local Governments.

Uganda has an urban strategy, the National Urban Policy and Strategic Urban Development Plan for Uganda. It needs to be completed by the necessary technical and financial resources.

Proposed Reforms

With an overall rating of 34 out of 40, Uganda provides one of the most enabling environments for city and local government action according to the criteria chosen. Improvements should be made in two areas in order to strengthen this enabling environment.

- **The first area** is the financial transfers from the central government to the local governments. Fiscal decentralisation in Uganda is based largely on sectoral policies such as health, education, transport, etc. Even better, the line Ministries continue to play such a decisive role that they are the ones that delegate duties and the corresponding resources to the local governments in the framework of contracts signed with them. The result is that the local governments are seen more as executing agencies of the line Ministries than as decentralised entities with autonomous decision making over local public services. Overall transfer figures are telling: 88% of total subsidies are earmarked for the implementation of sectoral policies and to reduce poverty; 11% of transfers are for discretionary use by local government, and 0.5% of the transfers are used for equalisation purposes. The recommendation for improvement therefore consists of ending the erosion of local autonomy and enhancing the latitude of local governments to make public spending decisions.

- **The second area of reform** involves the local tax system. Given the fact that financial transfers from the central government account for nearly 85% of local government revenues, local autonomy is an issue. It is even more pressing given the frequent central government intervention in the area of local taxation where certain local taxes have been eliminated without compensation. This was the case in 2005-2006, when the main local government tax, the Graduate Tax, was abolished leading to a significant cut in local tax revenues, the effects of which continue to be felt today. This reform should be accompanied by measures to strengthen local autonomy in the financial management of local governments. ■

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Zambia

29/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation	3	
2. All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place	4	↑
3. Local Councils are elected throughout the country	4	
4. The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level	3	↑
5. The central government defines and collects local government revenues	4	↑
6. There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments	3	↑
7. Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed	3	
8. There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation	3	
9. Local government performance is not assessed	1	
10. No national urban strategy	1	

Explanation of the Rating

In 1991, at the end of the one-party state, the new authorities undertook a reform of the central government. The roots of the current decentralisation policy go back to 1993, when the President of the Republic launched the Public Sector Reform Programme, the main objective of which was to improve the quality, delivery, efficiency and effectiveness of public services. The Program had three components: (i) restructuring the line ministries; (ii) improving management of human resources; and (iii) decentralisation and strengthening local government. In Article 109, the 1991 Constitution, revised in 1996, defines the institutional framework presiding over the establishment of democratic local governments. In the ensuing period up to 2012, the new government (that started in 2011) undertook substantial preparatory work to facilitate the implementation of the decentralisation process. This work included establishing a clear policy position on decentralisation, sensitising the public and setting up implementation structures at all levels.

In July 2013, the revised National Decentralisation Policy (NDP) entitled 'Decentralisation for Good Governance' was launched. The revised NDP Mission Statement is 'to promote a decentralised and democratically elected system of governance which enhances community participation in decision-making' (NDP, 2013). In order to systematically implement the NDP, the government developed a Decentralisation Implementation Plan (DIP) for the period 2014-2017 (DIP, 2014). The DIP was prepared by the Decentralisation Secretariat (DS), whose location was moved to the Cabinet Office from the Ministry of Local Government and Housing. The DS has thus more clout to move the decentralization process further.

Functions and powers for LG are not defined under the Republican Constitution; they (63) are clearly defined under the second schedule to the Local Government Act.

As part of the decentralisation process, the government initiated technical work in designing the Intergovernmental Fiscal Architecture (IFA). The IFA framework articulates the fiscal decentralisation policy vision needed to support the Government's National Decentralisation Policy to achieve a more equitable, efficient and accountable governance and service delivery needed to support social and economic development. The IFA process is divided into several phases. Phase 1 (2015-2017) focuses on the immediate steps needed to provide a minimum level of IFA stability, predictability and transparency. This key stability has been provided by establishing the Local Government Equalisation Fund (LGEF) as the solid cornerstone needed to strategically phase in other IFA reforms.

As such, the Local Government Act of 2014 was enacted and established the Local Government Equalisation Fund (LGEF) to which each year Parliament shall appropriate not less than five percent of the total amount projected to be collected as income taxes for the Republic for that financial year. The LGEF was effected in January 2015.

As part of the Third Component of the Public Service Reform Programme adopted in 1993 (see paragraph one above), the government took a bold step and issued Cabinet Circular number 10 of 2014. The action taken to issue Cabinet Circular No. 10 of 2014 on the implementation of the Revised National Decentralisation Policy, put in motion important steps in championing the cause for decentralisation as a mechanism designed to achieve improved service delivery and economic development at the local level. The Circular envisages to be implemented over a three-year period from 2015 to 2017. The first phase of the Circular is effective 1 January 2015. This has seen the devolution of seven (7) functions from five (5) ministries and two (2) institutions. Staff from the respective organisations have since started reporting to Local Authorities. The resources that were being sent to districts for these devolved ministries and institutions will be channelled to Local Authorities as from 2017.

The national territory is composed of 103 local governments (districts), 15 municipal councils and 89 district councils. The last local elections were held in 2011; the next will be in 2016.

Local governments have their own tax revenues from the property tax, and various local taxes and licenses.

As per the Local Government Act, the Ministry of Local Government and Housing designates auditors to analyse financial management by local governments both on the central level (the Ministry) and in the provinces. The audit reports are about 2 years behind. A conflict of audits is seen as the Auditor General's Office also does the same audits. The Government has instituted discussions to clarify the two types of audits.

Zambia does not have any specific laws on citizen participation in managing local governments. The requirement for citizen participation is embedded within some of the existing laws. For example the Environmental Management Act of 2011 (Part IV) requires citizen participation in environmental decision making. However, the revised National Decentralisation Policy has within the decentralised structures the setting up of Ward Development Committees (WDCs) to strengthen community involvement in the decision-making process. Further, the Local Government Act does provide for public attendance of Council Meetings although of course, they have no opportunity to participate in debates. All council financial reports are subject to public scrutiny. Last, the Ministry of Local Government and Housing has issued a policy directive compelling all councils to open doors for public scrutiny of council operations including financial reports, land alienation, etc., during the Local Government Week that precedes the Africa Day for Decentralisation, Local Governance and Local Development every year.

Assessment of local government performance in the provision of local public services is absent from Zambian law, and no such assessments are conducted. The government has, however, through the Local Government Service Commission Institute developed a process for LA assessments.

Zambia has not yet formulated a national urban strategy.

Proposed Reforms

With an overall rating of 29 points out of 40, Zambia is one of the countries where the environment is somewhat favourable to city and local government action but where some elements could be improved.

- **The first improvement** that could be brought is to deepen fiscal decentralisation. In 2014 Parliament passed Act No. 12 of 2014 to replace section 45(3) of the Local Government Act. Act No. 12 has introduced a Local Government Equalisation Fund under which Parliament shall appropriate 5% of the total amount projected as income taxes at national level, to go to local government. While welcoming this development, the Local Government Association of Zambia (LGAZ) has contended that the Local Government Equalisation Fund should be in addition to the grant system that existed under section 45(3) of the Local Government Act and not a substitution thereof. While this view has received the support of the Ministry of Local Government and Housing, it is important to prepare necessary arguments for the analysis of the appropriation by Parliament. For this, the Ministry of Local Government and Housing and the Local Government Association of Zambia (LGAZ) should receive support to finalise a well-argued dossier.

- **The second point of improvement** is local government performance assessment. The passage of Act No. 12 of 2014 and the reestablishment of the 'crop levy' (eliminated in 2009) have helped improve local governments' financial capacities. Now, one must ensure that this increase in local governments' financial resources results in better services that combine quality and lower cost. For this reason, assessing local government performance must be an integral part of Zambia's decentralisation policy. For this, the central government, in collaboration with the Local Government Association of Zambia (LGAZ), must design instruments to measure the efficiency of local government actions in the execution of their responsibilities. This support shall consist of helping define performance indicators that can be expressed in terms of the level and quality of services provided to local people, particularly the poorest; the effectiveness and efficiency in the delivery of these services and the management of local government resources; and optimising the use of natural, human and financial resources. This measure shall be of a nature to build the trust of the financial administrations as well as citizens with an eye to increasing the financial resources allocated to the local level.

- **The third area of improvement** should address urban strategy. According to statistics from the United Nations Department of Economic and Social Affairs, Zambia has an urbanisation rate of more than 40% in 2015, and projections suggest 58% urbanisation in 2050 (*World Urbanization Prospects: The 2014 Review)*. Zambia's urban structure is characterised by a national capital accounting for one-third of the urban population in 2015. The urban reality shows that cities with populations of less than 300,000 mark the national structure; indeed, they account for half of the urban population in 2015. Between these two, one city with a population of between 500,000 and 1,000,000 and a second city with a population of between 500,000 and 300,000 account for approximately 15% of the urban population. Zambia cannot do without urban strategy, both to improve living conditions for its population and harness the potential from the macroeconomic impact of urban growth. ■

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Zimbabwe

28/40

Enabling Environment Rating for Cities and Local Authorities		
1. The Constitution makes explicit mention of local governments as spheres of governance, detailling their recognised roles and responsibilities	4	↑
2. All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing	3	
3. Local assemblies and executive bodies are elected throughout the country	4	
4. Resources are not transferred, or are transferred erratically and irregularly	1	
5. Local governments have total autonomy to determine tax base, rates and fees, and to collect the corresponding revenues; access to financial markets is allowed	4	
6. There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments	1	
7. Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed	3	
8. National legislation on citizen participation exists but is not applied	3	
9. Local government performance is assessed.	4	↑
10. No national urban strategy	1	

Explanation of the Rating

Since its independence in 1980, Zimbabwe has made decentralisation a priority and undertaken a serious of institutional innovations. The main objective of the National Decentralisation Policy (NDP) is to accomplish the legislated transfer of responsibilities from the central government to the local governments and redefine the central government's role in the provision of services and infrastructures. The NDP is piloted by the Ministries of Local Government, of Public Works, and of National Housing, and consists of six pillars: (i) modify the role of the central government, which should shift from execution to facilitation by strengthening its capacity to elaborate guidelines; (ii) strengthen local governments as the appropriate level for planning and service provision after consulting citizens and other sectors; (iii) strengthen whole communities, including disadvantaged groups and the weakest, to participate in their own development; (iv) build institutional capacities to deliver services by meeting community demands; (v) ensure the accountability and transparency to the central government and citizens; and (vi) provide national guidance and coordination by ensuring that national priorities (such as poverty and AIDS) are tackled in an adequate policy context.

In 2013, a new dispensation to the Zimbabwe local government scene was ushered in through the inclusion of local government in the new National Constitution. Local government is captured under Chapter 14 of the Constitution. Its preamble reads, "Whereas it is desirable to ensure: the Preservation of national unity in Zimbabwe and the prevention of all forms of disunity and secessionism; the democratic participation in government by all citizens and communities in Zimbabwe; the equitable allocation of national resources and the participation of local communities in the determination of development priorities within their areas; there must be devolution of power and responsibilities to lower tiers of government in Zimbabwe. The introduction of a new Constitution in Zimbabwe has strengthened the legislative framework of local governments; however, a lot still need to be done in terms of realigning the statutes to the new Constitution.

In Zimbabwe, all responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing.

There are 92 local governments in Zimbabwe: 32 urban councils comprised of 9 municipal councils, thirteen town councils, seven city councils, three local boards, and 60 rural district councils.

Local assemblies and executive bodies are elected throughout the country; the last local elections were organised in 2013.

The Constitution also introduced fiscal transfers to local and provincial government to the tune of not less than 5% of the national revenue. This transfer is still a paper concept that is yet to be realised since the Policy governing the transfer process is still being finalised by the Ministry of Finance and Economic Development in conjunction with the Ministry of Local Government, Public Works and National Housing

Zimbabwean local governments are among the most well off in Africa when it comes to fiscal powers; they have complete autonomy to set and collect their own revenues. Unfortunately, albeit having the legislative authority to be a tax authority, government departments continue to usurp previously devolved responsibilities which are hampering the financial performance and viability of local governments in Zimbabwe

Regarding local administration capacity building, there is no national framework of reference detailing local government staff qualifications and responsibilities, and no national capacity building strategy for local administrations, although local governments may define frameworks of reference detailing staff qualifications and responsibilities in an autonomous manner and elaborate capacity building programmes for their personnel. Further, local governments are not empowered to employ senior officials hence they are only allowed to employ lower level employees. Heads of Department and Chief Executives

are employed by the Ministry. Further, Zimbabwean legislation contains a component on financial oversight of local governments. The Ministry of Local Government, Public Works and National Housing and the Auditor General regularly undertake systems audits in all local governments. Previously, Zimbabwe did not have specific decentralisation legislation. However, Section 264 titled Devolution of Governmental Power and Responsibilities alludes that government will endeavour, whenever appropriate to devolve its powers to provincial councils, metropolitan councils and local authorities which are competent to carry out those responsibilities efficiently and effectively.

Zimbabwe has specific participation legislation, completed by the 13 principles of decentralisation adopted by the government; but the legislation is not applied.

Previously, Zimbabwe did not have laws on local government performance assessment. Nevertheless, The government of Zimbabwe recently introduced the Integrated Results Based Management (IRNM) Framework in all public entities. The integrated results based management framework requires that the chief executives of local governments write up annual performance agreements that are signed by the mayors/chairperson and submitted to the Ministry of Local Government Public Works and National Housing. Further, the Government also introduced the Corporate Governance Policy framework which governs the terms of offices and remuneration of public sector leadership.

Zimbabwe has not an elaborated an urban strategy.

Proposed Reforms

With an overall score of 28 points out of 40, Zimbabwe is one of the countries whose progress towards an enabling environment for cities and local governments is robust but still requires significant reforms. Several reforms are necessary to make the environment more favourable to cities and local governments.

- **The first possible reform** concerns the functionalisation of the new constitution from paper concept to reality. The numerous provisions that have been introduced by the new Constitution of Zimbabwe will significantly improve the status and role of cities and local governments if the germane operationalisation legislation and implementation strategies are put in place. Although local government is now constitutionalised, the line ministries continue to operate in the field as if nothing has happened. There is a failure by line Ministries to comprehend the concept of devolution of power that is now resulting in a tug of war between line Ministries and the local government at the local level. Attempts at decentralisation in Zimbabwe share one characteristic: a chasm between discourse and reality. The hesitation – not to say refusal – of central administrations to transfer responsibilities is intensified by the constant political crisis at the highest level of the government. Where funds have been transferred to support the process, efforts have been fragmentary. Most citizens have only benefited slightly – because local public services have not improved – and are not motivated to participate in local public management. The reform should help clarify responsibilities and in particular coordination with deconcentrated central government services.

- **The second possible reform** concerns fiscal decentralisation. The Constitution has provided for the transfer of not less than 5% of the National Revenue to the Provincial and Local Governments. Unfortunately, the Provincial Councils are still yet to be established and Government is utilising this has an excuse not to disburse to Local Authorities. The Government needs to develop a framework that allows Local Authorities to receive their share of the fiscal transfer while they finalise the formation of the Provincial Councils. The Ministry of Local Government, Public Works and National Housing is currently working with the Ministry of finance and Economic Development to develop a fiscal disbursement framework to operationalise the aforementioned provision of the Constitution. The reform should help define the individual responsibilities to transfer, identify the cost of implementing these individual responsibilities, and finally clarify transfer modalities to that they are predictable and stable. The reform could also examine the local fiscal component. The flip side of the coin is that local governments' control over the tax chain makes it very costly to collect local taxes. This is why negotiations are underway to reach an agreement with the central government to facilitate local tax collection. A transitional period should be set among the various stakeholders to evaluate the progress made before any final decision is reached. The reform could support the definition of modalities for such contracting over the long term.

- **The third area** for research concerns the urban strategy. Zimbabwe has an urbanisation rate of nearly 35%; this proportion will be 44% in 2050 (*World Urbanization Prospects: the 2014 Revision*). In addition, the national urban structure is composed of the following seven cities: Harare (pop. 1,542,813), Bulawayo (pop. 699,385), Mutare (pop. 184,205), Gweru (pop. 146,073), Kwekwe (pop. 99,149), Kadoma (pop. 79,174), Masvingo (pop. 76,290), and urbanisation seems more balanced, although the province of Harare contains some dormitory suburbs (Epworth, Chinhoyi and Chitungwiza). All projections show that in approximately twenty years, one out of every two Zimbabweans will live in an urban area. Urbanisation requires strategic management because all trends show a growth of urban hubs. The reform could support the elaboration and implementation of a sound urban strategy. ■

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AFRICA'S cities are growing at an unprecedented rate, over 3% per year on average. The continent's urban population is expected to double over the next 20 to 30 years, with the majority of Africans living in cities.

With the political, social and economic role of cities growing increasingly important, governance has emerged as a major issue. As a result of decentralisation laws, local governments are expected to play a crucial role in the urbanisation process. How effectively they are able to do so, however, depends largely on the transparency of the policy framework and on how much leeway they are given by national governments. Local governments must be empowered with the functions and resources necessary to innovate, promote local development, and be accountable to their citizens.

Against this backdrop, the pan-African organisation of local authorities, United Cities and Local Governments of Africa (UCLG-A), and the Cities Alliance have come together to produce – on a regular basis – an assessment of the enabling environment for well-functioning cities and local authorities in African countries.

Three years after the publication of the first evaluation in 2012, the 2015 edition of *Assessing the Institutional Environment of Local Governments in Africa* provides an updated analysis.

The report highlights the progress and constraints of decentralisation, outlines potential ways to improve its implementation and rates each country according to the city enabling environment provided by the national government.

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