



## WHITE PAPER

September 8th, 2018

### *Decentralization Set In Motion: A possible vector towards economic revitalization at the local level?*

On September 08, 2018, Afkar organized an edition under the theme of “Decentralization Set In Motion: A possible vector towards economic revitalization at the local level?”

More than thirty participants contributed to the discussions, including representatives of the Tunisian government, members of associations, private sector companies, local elected representatives from different regions and representatives of international organizations. The discussion was moderated by journalist Mehdi Kattou and led by Impact Partner General Manager Fares Mabrouk as Rapporteur. This fourth edition of 2018 began with a panel of four speakers who presented recent work and studies on the state of ongoing decentralization.

During the ensuing dialogue, stakeholders identified these key points:

Very soon after the revolution, decentralization, as an administrative system, was adopted and put in place. The principle was included in the Tunisian 2014 Constitution in Chapter XVII and was followed by the promulgation of laws and decrees and the organization of municipal elections in May 2018. The establishment of municipal councils during the summer of 2018 marked the official deployment of this reform.

Decentralization is one of the most important state reforms ever undertaken in Tunisia. It is a costly and long-term system, but one that is promising in terms of consolidating democratic values and restoring trust between the state and citizens. This transformation of the governance structure is not without risk. Some countries have experienced setbacks in its implementation. It should therefore be

*Afkar gathers a critical mass of empowered stakeholders around a problem requiring urgent action to establish a dialogue between the diverse entities in order to address the issue and to develop implementable solutions. This year, Afkar is implementing six editions of Afkar to address economic challenges in Tunisia.*



accompanied by a vision and specific measures that have been well thought through.

It is important, as a first step, to realize and recognize the centralized nature of this transformation. Decentralization has not been requested or demanded locally but proposed and indeed imposed from above; this by the central government supported by civil society and international organizations.

Two months after the inauguration of the municipal councils, we can already draw certain lessons and make proposals:

1. The adopted electoral code allowed for the election of diverse municipal councils comprised of partisan or independent lists that only recently were competing against each other in the election. These elected members must now learn to collaborate, build real teams, and build a vision together and implement it.
2. Municipal councils must also learn to build and maintain a new relationship with the municipal administration. Decentralization is a real change of guardianship and governance for these local governments. In addition, this municipal administration has not been involved in this transformation and could therefore be a force for resistance to the changes the councils are seeking.
3. There is a great disparity among the municipalities, especially between the 86 new municipalities and the 264 old ones. Needs, resources, priorities differ and sometimes diverge.
4. Municipalities suffer for the most part from a very low staffing rate of no more than 11%<sup>1</sup> and have difficulty attracting and retaining skilled staff.
5. The last few years have seen the needs and expectations of citizens increase in the face of increasingly limited resources and an internal organization that is often confused. Own resources, which accounted for about 50% of the total budget of the municipality in 2010, now stand at less than 40%.
6. Decentralization is an ongoing process that requires a period of transformation spread out over several years. The Ministry of

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<sup>1</sup> Roger PICARD et Ahmed GUIDIRA, “Les prérequis de la décentralisation”, [rapport de synthèse sur la performance de la gestion des finances publiques](#), WORLD BANK, 06 avril 2018, p.37.



Local Affairs and the Environment has talked about a 27 year process. There is little to no visibility on upcoming deadlines (elections of regions and departments, the establishment of the higher council of local communities, the enactment of decrees implementing the Code of Local Authorities, etc).

Local economic revitalization can not succeed in the absence of **effective governance, committed and motivated actors, and available resources.**

The main participants therefore targeted these three themes and focused on the following objectives:

- Capacity building of municipal councils (soft skills, strategic and managerial skills, mastery of legal frameworks, etc.).
- Capacity building and human resources at the municipal government level.
- Strengthening the capacity of civil society at the local level in its role as an accountability body but also to spur local development.
- Accelerating the decentralization process with visibility and a commitment to upcoming deadlines.

Faced with these goals and objectives, several avenues forward can be explored but there are also risks to avoid:

**An ecosystem built around municipalities:** The 350 new municipal councils constitute, through their present and future assistance needs, a real sector of activity.

One option would be for the central government to respond to these needs through the Ministry, the Local Loans and Support Fund and dedicated public centers. This scenario, however, may reinforce dependency on the central government and therefore be contrary to the spirit of decentralization.

**Assistance to municipal councils could be thought of differently through new and innovative tools and practices.** This would entail seeing a real ecosystem emerge and develop around these municipalities. This ecosystem would consist of civil society actors, private sector companies, training firms, strategy and deployment consultants, specialized financial intermediaries, and so on.



**The central government here has a key role to play in strengthening this emerging sector and instilling in it values and good practices** such as transparency, rigor, and integrity, all of which form a vision of what municipalities will be and will be able to bring to their citizens.

**It is precisely this vision that the central state must develop or assist in developing.** The central state can become a real catalyst for change through the launch of a call for projects to assist municipalities in partnership with national and international donors.

The vision would concretely unfold in the form of some of the following examples of actions and projects which were mentioned during the discussions:

### **1. Develop social indicators for each municipality highlighting the priority issues to be tackled**

The development of social indicators for each municipality, highlighting the urgent problems to be tackled, would make it possible to strengthen the effectiveness and efficiency of the municipal council, which will design a five-year strategy through a participatory approach involving the citizens, the municipal administration and civil society.

### **2. Establish a good working relationship between the elected council and the municipal administration**

The Ministry of Local Affairs and the Environment was separated from the Ministry of the Interior in the January 7, 2016 cabinet reshuffle. In order to achieve a successful transition in governance, given that the municipal administration that had relied on the Ministry of Interior is now beholden to the elected councils, these two actors must collaborate and put in place good practices to manage and mitigate any kind of conflict.

### **3. Support the expanded mission of the municipalities with a reinforcement of skills and a structural reorganization**

This would involve the development and deployment of several training plans for various actors in the local municipality: members of municipal councils, municipal officials and workers. These trainings would focus mainly on leadership, management and management of human and financial resources, etc.



#### **4. Develop a category of "Social Enterprise" recognized by local authorities**

Local authorities could develop a category of "Social Enterprise" to be allocated to local stakeholders who meet the standards of transparency, integrity and social impact measurement. These companies could benefit from measures and incentives (financial advantages, access to offices, calls for tenders, etc).

#### **5. Put in place a viable strategy of intermunicipal collaboration**

The state must encourage groupings and exchanges between communities by financing measures or dedicated projects such as the organization of a forum of municipalities, the provision of international twinning opportunities and, above all, the promotion of exchanges among local authorities. The 86 newly created municipalities can benefit from the experience of the 264 pre-existing municipalities.

#### **6. Develop dashboards for monitoring progress**

For the sake of efficiency and performance, communities are required to develop dashboards for monitoring project achievements. By using common sense tactics and some basic technologies, communities should be able to follow step by step progress to avoid mistakes and unforeseen events. The Ministry of Local Affairs and the Environment, the private sector and civil society can offer models to follow.

#### **7. Design job descriptions that match the day-to-day reality**

Local authorities should develop job descriptions that reflect the reality of the work they are doing. As a result, a position within a municipality would be more attractive for young graduates. Service or service contracts could also be signed between small contractors and the municipality to carry out specific actions.

The real challenge is not what remains to be achieved but how to achieve it. Redesigning the role of the central state is the real issue at this stage of decentralization. The central state must relinquish its financial, organizational and administrative control to become a true



strategist and protector of decentralization and thereby let the ecosystem develop and succeed.

