Chapter 3.

Enablers for an effective and efficient public service delivery at the local level in Jordan: Overview of good practice

The decentralisation reform has raised high expectations that public policies will be brought closer to citizens and that public service delivery will become better tailored based on a bottom-up approach. For this promise to materialise, and indeed have a positive impact on local communities and economic activity, this chapter identifies four conditions that should be fulfilled: 1) a transformation of Local Development Units (LDUs) to act as cornerstones of the public administration at subnational level and for local development; 2) a clarification of the administrative and financial autonomy of subnational government institutions in addressing day-to-day service demands; 3) a coordinated dialogue between the central, governorate and the municipal levels in the identification of citizens’ needs and in rolling out Governorate Development Plans; and 4) a strategic approach to reinforcing capacities and training among local civil servants and elected officials.
The previous chapter focused on the different models of decentralisation and on describing how decentralisation reform is not an end in itself, but is conceived as a way to bring policies and services closer to the people. Some decentralisation reforms include approaches that increase the supply and quality of local government services, while others stimulate their demand and the community oversight of them.

Public services at local level can either be delivered directly by local governments from their own competences or delegated from other administrations or by deconcentrated bodies from the central government. In many countries, such as Jordan, central government ministries responsible for service delivery have created field offices and delegated more decisions and resources to their local staff. In principle, a well-deconcentrated government system is able to increase and better allocate the total amount of resources available for universal access to basic public services (Work, n.d.).

Yet, it is important that the government considers the key role of local authorities, not only as the channel for citizen participation in strategic planning, but also as a service provider on the ground. In the Netherlands, for example, there is an ongoing debate on the positioning of local government as a decentralised government or as a service desk for all central government bodies at the local level. Both approaches, the deconcentrated or the decentralised, have their merits; however the role of the local government in providing public services at the local level needs to be clarified if Jordan is to identify its specific way towards decentralisation.

For Jordan, four key issues should be taken into consideration as enablers for effective public service delivery at the subnational level:

- the legal and policy framework for service delivery
- strategic planning
- inter-institutional dialogue
- building local capacities.

The framework for service delivery at the subnational level: The key role of Local Development Units

The role of the public administrations in providing good services to citizens and businesses that meet and give an answer to their essential needs and demands is one of the key functions of the central and subnational governments. In so doing, public administrations need to provide themselves with a sound and performing institutional, administration and financial structure to ensure the conditions necessary to enable good public service delivery.

Promoting service delivery at the local level requires a bottom-up approach to identify and answer the needs of citizens, as well as a clear vision from the highest levels to ensure that services are delivered in an efficient manner and at the most appropriate level. In this sense, strategies for service delivery can vary across different regions or territories in the country. This is the case in the United Kingdom (Box 3.1), where through a single government approach the strategies to better provide services at the local level are adapted to each reality.
Box 3.1. Strategies for local service delivery in the United Kingdom

The United Kingdom has longstanding experience in promoting service delivery that is adapted to each territory at the local level. In England, the government is committed to working with local areas to redesign public services to deliver better outcomes and value for money for the public. In October 2011, the Department for Communities and Local Government (DCLG) set out a new programme where the key focus is on outcomes and how best to deliver them, rather than being limited by existing organisational responsibilities.

This initiative has recently received a number of significant boosts. First in November 2014 with the devolution of significant powers to the Greater Manchester Combined Authority, and second in February 2015 with the announcement of a devolution of control over National Health Service spending in the area. The 2015 Queen’s speech also included the Cities and Local Government Devolution Bill to enact these changes and enable similar changes in other areas.


Local governments in OECD member countries are usually responsible for managing and delivering numerous services to their communities, ranging from public health to recreation facilities, local road maintenance and public libraries. In the case of Jordan, Local Development Units (LDUs) and the fiscal environment are two key features that lay the foundations of a sound and effective decentralisation reform.

Reinforcing a subnational administrative and financing structure to ensure sustainable public services in Jordan

Service delivery in Jordan is highly centralised, “with only limited delegation of authority in decision making on financial matters and service design and delivery delivery” (Work, 2012). The role of deconcentrated units is usually focused on the implementation of decisions made by central ministries. Even following the recent reform, governorates and municipalities still have relatively few new competencies, if compared to OECD countries, and in practice play a support role in public service provision. The law entrusts municipalities with some competencies and functions, such as street and road construction, public lighting, sewage systems, market infrastructure and organisation, refuse collection, issue of licenses, management of handcraft, public parking places, and control of local economic activities (as shown in chapter 2). Major public services that still belong to the central level include: defence, public order and safety, economic affairs, protection of the environment, housing and community amenities, health, education, social protection, and recreation, culture and religion.

The potential of Local Development Units as a cornerstone for local development in Jordan

Local Development Units were created at governorate level in 2003 “with the aim of developing participatory mechanisms to engage local stakeholders in local development processes” (Ababsa, 2015). In February 2008, 92 functions were transferred from the level of line ministries, to governorates to “make public services more accessible to the population, however, these services were limited in scope and neither the governorates,
LDUs nor the local authorities were sufficiently empowered to adopt more proactive roles” (Ababsa, 2015).

In this context, the new institutional set up due to the DL and Municipal Law (ML) gives an important role to Local Development Units as they are located at the heart of the governorate and municipal level, and called to be a cornerstone of governorate and municipal public administration. The main role of LDUs is to act as general secretariat at the governorate and municipal level and as an interface with local community stakeholders, civil society and private sector.

Governorate Local Development Unit (GLDUs)

Governorate Local Development Unit (GLDUs) act as a secretariat of the governor to study, examine, and evaluate central socio-economic policies that are relevant for the region, as well as to develop proposals for co-ordinated policies (Article 10, DL). They have functions in programming and project follow-up, as well as on data collection and research.

However, GLDUs seem to continue to operate within a deconcentrated system. While they have, in theory, assumed a position where they can play a major role in the preparation of local development strategies and local development action plans for their respective governorates, in practice their primary focus is on reporting to the centre on the implementation of projects by other government authorities at the governorate level. The legal and institutional framework presents a complex picture within which the roles of LDUs are not clearly defined in relation to the governorates, governors, executive and the new Governorate Council, as well as line ministries. The problem is the same at the municipal level.

According to the interviews and information gathered during the OECD peer review mission, as well as through the OECD Review’s questionnaire, GLDUs seem to be heavily influenced by the institutional framework in which they operate. As shown in Figures 3.1 and 3.2, GLDUs’ position in relation to the governor, as well as the executive (i.e. line ministries) and the Elected Council, is of particular importance. Discussions with local public officials suggested limited interactions between GLDUs and other divisions within the governorate. Deeper co-operation with other divisions with an external (e.g. general safety and environment, political affairs, social affairs) and internal (IT, human resources and finance) focus would ensure a more effective integration between the new horizontal competences of GLDUs and the existing divisions with vertical responsibilities within the governorates. Furthermore, since line ministry departments at the level of the governorate are not strictly situated under the governor’s supervision, GLDUs have very few opportunities to influence them, beyond data collection roles.
In fact, the legal framework for GLDUs appears confusing as it is composed of an amalgamation of different bylaws and circulars. The DL would have been a good opportunity to recast all existing legislation on LDUs in a single text. In addition, some GLDU roles have been performed on a case-by-case basis in response to specific instructions from the Ministry of Interior’s Local Development Directorate, but also to a limited extent, the governor. Some GLDU staff interviewed during the country visits expressed concern that they currently work in a reactive rather than proactive mode, with limited vision on the needs of the governorate as a territory and on how to identify and address its strategic priorities.

Despite the difficulties, thanks to the new law, GLDUs have expanded their role as to add additional functions, such as actively participating in the strategic planning processes.
as well as the preparation and follow-up of Governorates Development Programmes. This also includes co-ordination with CSOs and municipalities, and in-depth analysis of socio-economic data (as opposed to daily requested data collection). Several GLDUs have been active in carrying out field visits to assess local demands and needs. Some have even been involved in reviewing citizen complaints as part of this assessment. In some cases (e.g. Ajloun, Tafilah), GLDUs have been involved in local development planning that goes beyond capital infrastructure projects, for example in examining the local economic development potential of the governorate, in co-ordination with private sector interest groups and environmental impact analysis.3

The presence of external donor financing has often had a positive impact on the role of GLDU staff, particularly when they focus on facilitating the implementation of development projects involving local communities. In some cases (Irbid, Mafraq, Zarqa), GLDUs have also been engaged in projects concerning Syrian refugees and their impact on host communities.4

While it is too early to assess the role that GLDUs will perform under the new arrangements foreseen in the DL, interviews and data collected show that they are currently performing mostly basic functions in line with the regulations of the Ministry of the Interior (MoI). However, some of them are expanding their role and are starting to perform more advanced support functions to the office of the Governor, horizontal co-ordination, data driven monitoring and evaluation activities, project co-ordination and citizens’ outreach and consultation. While these tasks are being performed to varying degrees of intensity and quality, they clearly suggest a set of potential roles and functions GLDUs could play in the near future and how strategic they would be in supporting the decentralisation aspirations of the Jordanian Government.

Municipal Local Development Units (MLDUs)

Mutatis mutandis, the situation at the municipal level appears similar. Since 2008, every municipality has been expected to create a local development unit (MLDU), however many do not seem to be yet operational and most municipalities complained about the lack of sufficient resources to dedicate staff to them.5 As for the GLDUs, the most active MLDUs are those that participated in international donor projects6, which resulted in municipalities with a good experience of producing municipal development plans, under the Ministry of Municipal Affairs (MoMA) supervision.

MLDUs have started to establish more viable institutional relationships with other ministries and national authorities, as both represented in deconcentrated offices at local level as well as in the capital, although they remain somewhat isolated due to the lack of a formal mandate to co-ordinate with them. In this context, MoMA still plays a crucial role as an intermediary between municipalities and line ministries. The new legal framework and institutional set-up should encourage further autonomy and room for manoeuvre adapted to local needs.

MLDUs are accountable to the municipality manager and have the following tasks: (Figure 3.3):

- Draft and prepare a database for the municipality, official institutions and civil society organisations.
- Co-ordinate between the municipality and civil society organisations on issues regarding sustainable development.
- Propose projects and prepare initial studies for the economic development of the community and municipality to present to the donors.
- Strengthen the role of the municipality in the cultural sector.
- Prepare studies on the social and economic realities of the local community, conduct surveys and prepare relative questionnaires.
- Hold training courses for employees and human resources in the municipality.

**Figure 3.3. Institutional set-up of MLDUs - The example of Ajloun**

![Institutional set-up of MLDUs - The example of Ajloun](image)

*Source: Government of Jordan (2016), Background report of the OECD Strategic Assessment of Jordan, unpublished working paper.*

Similarly to GLDUs, OECD assessment based on interviews and answers to the Review’s Questionnaire and an analysis of relevant reports prepared by the international donor community reveals that currently MLDUs still play a relatively marginal role in the development aspects of local communities. The lack of proper communication channels amongst LDUs in each municipality and the council limits their capacity to provide inputs to and influence policymaking and service delivery mechanisms of the municipalities. Moreover, MLDUs often lack the skills and capacities to develop their roles and responsibilities, as well as the necessary financial resources to develop the assigned functions. However, despite the denounced lack of resources and capacities, LDUs often end up developing functions beyond their assigned tasks and are successful in performing them. This is particularly the case in areas with a high number of refugees, where the demand and supply of public services is higher than in other regions of the country (Mafraq).

From a vertical perspective, co-ordination between GLDUs and MLDUs in the same governorate seems to be only informal and on an irregular basis. MLDUs provide GLDUs with data, but no specific mechanism or common procedures have been approved to ensure good data collection that gives support to territorial development. There’s even no
evidence if the methodology used to collect data at municipal and at governorate level is the same and if the same administrative procedures are followed to collect and use those data. While some GLDUs may be involved in the follow-up development issues of the municipal councils through their work in relation to the Executive and Advisory Councils, there are very few occasions where GLDUs have played a proactive and consultative role towards MLDUs.

Box 3.2 shows that in the case of Spain, the Technical Assistance Service for Municipalities provided by Provinces (that can be compared to Jordan’s Governorates) to municipalities is an interesting tool to establish common procedures and collect data in an effective manner.

Box 3.2. The Spanish Technical Assistance Service for municipalities

The main feature of the Spanish local government system is its fragmentation: there are around 5 700 municipalities and over 75% have below 1 000 inhabitants. Because of this, Provincial Councils (Diputaciones Provinciales) play a major role as an intermediate local government. In the organisational structure of the Provincial Councils, the "Technical Assistance Service" develops technical and bureaucratic functions to support small municipalities in each province, particularly those with more limited economic and managerial resources.

Support for establishing common administrative procedures (back office and front desk) and digital administration (software tools) are among the most requested services from small municipalities to Provincial Councils. Other widely used technical assistance services are support and advice to accounting and optional technical assistance, both for public works and urban planning.


Figure 3.4. Institutional arrangements in the new decentralisation framework

Although GLDUs and MLDUs do not yet play a key role as facilitators of local development, it is clear that they have the potential to do it, provided that there are given the necessary human and financial resources.

The Fiscal Dimension

Fiscal systems are essential for making decentralisation work (OECD, 2013). Any substantial reform requires the necessary resources to be carried out. If decentralisation is the aim of the reform, that is giving more competencies and autonomy to the lower levels, subnational governments would also require the financial resources to develop the new functions allocated in the Law. This section will describe and assess Jordan’s fiscal arrangements at the subnational level in the context of the decentralisation reform. As mentioned in Chapter 2, the Mashreq region inherited a tradition of centralised taxation from both the Ottoman Empire and the colonial states. In most countries, the transfer of some responsibilities to lowest subnational levels has not been accompanied by fiscal reforms that either ensure adequate central transfers or grant local administrations the ability to collect their own revenues (Bergh, 2010).

Jordan is also a centralised country at fiscal level. Compared to the OECD, subnational governments have limited income, a high level of spending, and the degree of investment is below OECD levels (Figure 3.5). The limited autonomy of subnational governments in fiscal terms contrasts sharply with the country’s regional disparities. The fiscal and investment needs are in fact very different for a 2.5M inhabitants like Greater Amman Municipality (GAM) and a smaller but very remote territory like Ma’an (121 000 inhabitants) but also with important transport and infrastructure deficits.

Figure 3.5. Subnational government expenditure as a percentage of GDP and total public expenditure in OECD countries, 2014

Note: 2013 Mexico, Chile and New Zealand; 2012 Australia; 2011 Turkey. Federal countries: dark markers. Latvia is now also member of the OECD.

Jordan has a lower degree of decentralisation in revenues than in expenditures. The fact that governorates’ institutional and fiscal arrangements make them more similar to deconcentrated units from the Ministry of the Interior than proper regions with autonomy on their policies, services and finances is preventing them from playing the role that the ongoing decentralisation discourse would like them to.

That means that in practical and financial terms, only the central government and municipalities can be considered for the moment as the key public economic and social actors. They represent a large share of public spending and have important spending responsibilities in key sectors. The share of staff expenditure in public staff expenditure and in local expenditure is above the OECD average (OECD-UCLG, 2016).

**Table 3.1. Expenditure of Jordanian local governments**

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>% GDP</th>
<th>% General Government (same expenditure category)</th>
<th>% local government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenditure (2013)</td>
<td>2.1%</td>
<td>5.8%</td>
<td>100</td>
</tr>
<tr>
<td>Current expenditure</td>
<td>1.4%</td>
<td>-</td>
<td>47.4%</td>
</tr>
<tr>
<td>Staff expenditure</td>
<td>1.1%</td>
<td>15.8%</td>
<td>51.2%</td>
</tr>
<tr>
<td>Investment</td>
<td>0.7%</td>
<td>12.9%</td>
<td>32.4%</td>
</tr>
</tbody>
</table>


Similarly, municipalities are expected to prepare and execute plans to achieve sustainable development in co-operation with local communities. However, as mentioned before, the law limits their competencies and functions. Municipalities are financed from central government funds essentially from an 8% coming from petrol revenue (MoMA), which are complemented by their own revenues (local taxes, tariffs and fees) and borrowed funds. As a result Jordan’s municipalities still exhibit a dependence on transfers from the central government, which generates a problem of vertical fiscal imbalance (Table 3.2).

**Table 3.2. Central government transfers to municipalities in 2010 (in millions JD)**

<table>
<thead>
<tr>
<th>Description of funds</th>
<th>Amount</th>
<th>Percentage</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Actual</td>
<td></td>
</tr>
<tr>
<td>Government allocation to municipalities</td>
<td>85</td>
<td>75</td>
<td>76%</td>
</tr>
<tr>
<td>This subsidy replace the allocation resulting from the share (6 percent) of the Municipal Councils in the taxation of certain gasoline product that was stipulated in article 48 of 2007 ML and cancelled in 2009 by the temporary amendment of the Law No.29 for Sales Tax.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40 percent share in the proceeds of the annual car registration fee</td>
<td>-</td>
<td>23.7</td>
<td>24%</td>
</tr>
<tr>
<td>Allocations issued by fines for traffic law violation</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global transfers from Central Government to Municipalities</td>
<td>85</td>
<td>98.7</td>
<td>100%</td>
</tr>
<tr>
<td>Total expenditures in 2010</td>
<td>5,460</td>
<td>5,705</td>
<td></td>
</tr>
<tr>
<td>Global transfers in percentage of Central Government expenditures</td>
<td></td>
<td>1.7%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: ACE (2011), Jordan: Repeat Public Financial Management, Assessment following the PEFA Methodology.*
According to the 2011 Law of Municipalities, the budget of the municipalities, their end-of-year accounts, loans, staffing, purchase, rent and hire have to be approved by MoMA, and expenditure cannot exceed allocations in the budget (Articles 41-56), which results in a situation by which municipalities needs to heavily depend on or - in the best case scenario - collaborate with MoMA to define and implement their own development strategies. Since 2010, the Cities and Villages Development Bank (CVDB), attached to MoMA and created in 1985 to assist municipalities in providing public services and managing local and international funding, also participates in preparing municipality budgets. All municipalities must send their final accounts and balance sheets to MoMA and CVDB within four months of the end-of-year, and MoMA is responsible for their approval. A consolidated report on municipalities’ budget execution is prepared by a committee integrated by MOMA and MoF within 18 months of the end of the fiscal year. The municipalities require the approval of MOMA to borrow from any entity. They also need the approval of the Cabinet when the loan is to be guaranteed by central government.

Most municipality debt (98%) is directly with the CVDB, and the balance with the commercial banks that generally require the guarantee of the CVDB. The total outstanding municipality debt was Jordanian Dinar (JD) 89 million at the end of April 2011 (Ababsa, 2013).

### Table 3.3. Loans granted to municipalities by CVDB (by governorates) in 2010

<table>
<thead>
<tr>
<th>Governorates</th>
<th>Number of loans</th>
<th>Amount (in M JOD)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amman</td>
<td>2</td>
<td>0.12</td>
<td>0.6</td>
</tr>
<tr>
<td>Irbid</td>
<td>40</td>
<td>9.563</td>
<td>46.2</td>
</tr>
<tr>
<td>Karak</td>
<td>13</td>
<td>0.567</td>
<td>2.7</td>
</tr>
<tr>
<td>Balqa</td>
<td>3</td>
<td>0.339</td>
<td>1.6</td>
</tr>
<tr>
<td>Ma’an</td>
<td>54</td>
<td>1.098</td>
<td>5.3</td>
</tr>
<tr>
<td>Zarqa</td>
<td>21</td>
<td>3.204</td>
<td>15.5</td>
</tr>
<tr>
<td>Mafraq</td>
<td>44</td>
<td>2.941</td>
<td>14.2</td>
</tr>
<tr>
<td>Tafileh</td>
<td>4</td>
<td>0.081</td>
<td>0.4</td>
</tr>
<tr>
<td>Madaba</td>
<td>20</td>
<td>1.672</td>
<td>8.1</td>
</tr>
<tr>
<td>Jerash</td>
<td>16</td>
<td>0.761</td>
<td>3.7</td>
</tr>
<tr>
<td>Ajloun</td>
<td>36</td>
<td>0.257</td>
<td>1.2</td>
</tr>
<tr>
<td>Aqaba</td>
<td>2</td>
<td>0.083</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>255</strong></td>
<td><strong>20.686</strong></td>
<td><strong>99.9</strong></td>
</tr>
</tbody>
</table>


The 2015 ML lists their own resources (Article 6) to include: 1) municipal taxes and fees; 2) revenue from investment projects; 3) self-revenue; 4) grants and donations, conditioned with obtaining the approval of the Cabinet if the source is not Jordanian; 5) other taxes and fees stated in the law. However, resources at the local level are very limited, as revenue collection is very low in Jordan. On average, only about 32 US dollars
(JD 23) per capita was collected in 2009 (MoMA). Some municipalities do not collect
their own revenues at all. This raises the question of whether local governments are
willing to tax their citizens and whether these low returns from their own tax sources will
at least cover collection costs (SOFRECO/European Commission (2010)).

Weak tax administrative capacity also has a negative impact on tax collection. To
foster the tax administrative capacity of subnational governments, some countries like
Peru have created specific tax administrations agencies (Tax Administration Agencies -
SATs) for the larger municipalities. These agencies enjoy a high degree of financial and
administrative autonomy as they are financed by a share of collected taxes and fines. The
main remaining challenge is the setup of a tax administration for medium and smaller
municipalities, where tax collection is poor. Yet, implementing a specific structure to
collecting taxes also requires significant investments in staff and implies high current
expenditure (OECD, 2016a). In some countries with an important number of small
municipalities like Spain, Provincial Councils (Diputaciones Provinciales) offers to
manage and collect local taxes on behalf of small municipalities and inter-municipal
associations of municipalities with limited capacity.

Current spending as a share of municipal budgets is high at 68%, on average. Some
45% of all municipalities are above average, with some municipalities achieving shares as
high as 90% and more (Talal Al-Jadeda, Rabiet Al-Kura, Al-Qatraneh, Ma'adh bin Jabal,
Al-Hassa). For this type of spending, the wage bill predominates. These figures indicate a
dysfunctional municipal financial sector in Jordan, which is also in severe financial
distress (SOFRECO/European Commission (2010). Moreover, there are big differences
between the Great Municipality of Amman (GAM) with more own revenues and all of
the other Jordanian municipalities.

In several interviews with the OECD delegation, mayors revealed that the financial
situation can vary from one municipality to another based on the size of the municipality
and the number of inhabitants. Whilst the budget allocated to GAM alone is roughly JD
350 million (i.e. approximately USD 494 million), the budget for all the other
municipalities in Jordan collectively is about JD 200 million (i.e. approximately USD
282.5 million). Apart from GAM, the financial situation for the municipalities is critical,
and many have difficulties in carrying out basic duties and tasks also because the
municipal team lacks technical and financial skills. The majority of mayors indicated that
their financial resources are insufficient to implement future plans or development
projects.

Mayors confirmed that lack of financial support is one of the most important
challenges affecting investment in municipalities. Overall, they agreed that the share
allocated to municipalities from the national budget is not enough, and that the total
municipal debt for the country exceeds USD 1.3 million.

Overall, Jordan’s municipalities represent a small percentage of general public
spending (only roughly 3%, excluding the Greater Amman Municipality, GAM), which -
together with the limited local public services they currently provide - gives an idea of the
importance of promoting a greater degree of functional and financial decentralisation in
order to better align the rhetoric of the ongoing reform with real changes in the
architecture of the Jordanian public sector.
An ambitious reform with scarce new resources at governorate and municipal level

The DL acknowledges new competences to governorates in promoting development and project investment but, still as deconcentrated administrations, they still have very limited autonomy over their expenditure and investments. The new law also states that governorate elected councils should enjoy administrative and financial autonomy since they have democratic legitimacy, however, this autonomy does not exist in practice. The DL simply states that "a sufficient sum of money is devoted for the annual governorate budget, enough to sustain its work” but doesn’t provide details on how and what kind of own resources, which keeps decisions subject to approval by the central authority.

Table 3.4 shows in broader terms, the budget allocated to governorates. Data only reflect the direct budget allocated by the MoI after governorates’ proposals, and usually cover administrative and functional costs. Budgets are already deconcentrated through each line ministry. This implies that even though there may be consultative bodies in support of a governor’s attempt to co-ordinate sectoral policies, they will have little impact on horizontal planning and development.

Table 3.4. Budget allocation of governorates

<table>
<thead>
<tr>
<th>Governorate</th>
<th>Sums allocated for capital expenditures in the general budget of 2016 in JD</th>
<th>Percentage per Governorate from the general budget of 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irbid</td>
<td>108 043 200</td>
<td>0.11</td>
</tr>
<tr>
<td>Mafraq</td>
<td>50 086 000</td>
<td>0.05</td>
</tr>
<tr>
<td>Jarash</td>
<td>46 372 000</td>
<td>0.05</td>
</tr>
<tr>
<td>Ajloun</td>
<td>49 498 100</td>
<td>0.05</td>
</tr>
<tr>
<td>Amman</td>
<td>178 407 100</td>
<td>0.18</td>
</tr>
<tr>
<td>Balqa</td>
<td>77 989 800</td>
<td>0.08</td>
</tr>
<tr>
<td>Zarqa</td>
<td>88 806 700</td>
<td>0.09</td>
</tr>
<tr>
<td>Madaba</td>
<td>46 305 000</td>
<td>0.05</td>
</tr>
<tr>
<td>Karak</td>
<td>61 802 400</td>
<td>0.06</td>
</tr>
<tr>
<td>Maan</td>
<td>110 257 300</td>
<td>0.11</td>
</tr>
<tr>
<td>Tafilaht</td>
<td>49 729 700</td>
<td>0.05</td>
</tr>
<tr>
<td>Aqaba</td>
<td>119 522 200</td>
<td>0.12</td>
</tr>
<tr>
<td>Total</td>
<td>986 819 500</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Source: Government of Jordan (2016), Background report of the OECD Strategic Assessment of Jordan, unpublished working paper.

This lack of financial autonomy together with the budget in silos linked to line ministries also raises a problem of transparency and accountability. The elected council approved the drafted budget but there is no follow-up on the execution.

For the time being, Governorates still lack of real autonomy to elaborate their own budget since they don’t have the possibility of direct revenues such as imposition of fees or taxes. They draft a budget proposal that will be submitted to the MoI and Ministry of
Finance (MoF) and for the moment get transfers from the central level as well as donations and grants from international donors that have to be approved by MoI.

The different features and territorial realities in Jordan call for more autonomy in the management of incomes, expenses and investments not only at municipal but also at governorate level, since the needs can vary throughout the country. Centralised investments can only respond in part to local needs and, therefore, strategic planning of key projects to be defined at governorate level can contribute to a better fiscal framework for an inclusive territorial development.

Strategic planning

Jordan 2025 sets the ambition of more equitable socio-economic development in the whole country. As mentioned in Chapter 2, MoPIC is in charge of leading and coordinating strategic planning at the central and subnational level. Under this vision, the Executive Development Programme (EDP) 2016-2018 outlines development projects across priority sectors that include health, local development, education, water, energy, and transport for the next three years. This represents the first phase of implementing Jordan 2025 in the whole country.

The EDP is also replicated at the governorate level by the Governorates Development Programmes (GDD) for 2016-2018. GDD is one of the top priorities in the government, and one of the main innovations in recent years to promote a bottom-up approach to strategic planning. Those programmes have been elaborated by MoPIC in close partnership with governorates, as well as through field visits and consultation meetings with key stakeholders at the local level to discuss development priorities in the governorates. Each programme includes data regarding the socio-economic situation in each governorate, as well as Key Performance Indicators (KPIs) for the performance budgeting exercise on poverty, unemployment, family income, education, health and the job market.

Figure 3.6 shows the current institutional arrangement of this mechanism of consultation and elaboration. GLDUs also play an active role in this process by collecting data of their territory.

The DL gives authority to the governorate council to propose the establishment of investment projects and to carry out common projects with other governorates, with the approval of the competent authorities. The Executive Council plays an essential role in preparing the proposals.
Similarly, the ML gives more competencies for strategic planning at the municipal level, as it states that municipalities will adopt its budget project, as well as its strategic plan and the local needs’ guide. GAM has already some experience on this topic with its own Development Strategy since 2002 that has specific objectives and programmes targeting a wide range of sectors, such as: institutional development, including improvement of the system of local revenue collection and management, and urban planning.

MoPIC is investing in a bottom-up approach to strategic planning, where local councils bring citizens’ needs and submit them to the following level, the municipalities, who then forward them to governorates. This would encourage that all plans are linked and aligned at the different levels. While this is potentially the most relevant innovation introduced by the DL and ML in the way national development policies are drafted and implemented in Jordan, many aspects of these new mechanisms still need fine-tuning. Among them, it will be paramount that the Government ensures that governorate development plans and top priorities are taken into consideration by the municipalities and, vice versa, that municipalities’ plans are fully represented in those elaborated by the Governorates. This will be a challenge in this new stage of participative strategic planning through a bottom-up approach.

Implementing Jordan 2025 and the Executive Programme (2016-2018) and Governorate Plans will also require more qualified expertise at subnational level. MoPIC has made important efforts in drafting the 12 Governorates programmes, some of the key challenges on strategic planning and institutional capacity are already identified such as:

- Weak connections between strategic and financial planning at government departments.
Lack of accountability from government departments on levels of commitment to public sector development policies and programmes.

The need to provide regular, larger and up-to-date data and indicators on development at governorate and local level.

Lack of co-ordination between parties working in local development at the national level.

The need to build the capabilities of human resources working in local administrations and local development planning.

Providing sufficient funds to initiate real development in governorates.

In order to ensure the alignment of policies and a coherent strategic vision, some OECD countries have created deconcentrated structures at a regional level that focus on delivering integrated approaches to regional policies (OECD, 2015a). Regional Development Agencies (RDAs), and other deconcentrated agencies of different forms, are common in OECD countries. While regions may have the authority to initiate policies at their own discretion, the choice for central government action is nested in a set of alternatives, many of which may be used simultaneously (Box 3.3).

Box 3.3. Strategic planning at regional and local levels

A wide range of development agencies now exist in OECD member countries. Each makes a contribution to how the local economies perform and what they contribute to national economic performance. Development agencies can be at the regional, intermediate (such as Serra do Caldeirao in Portugal) or even local level in big cities.

Regional Development Agencies (RDAs) encourage a partnership-based approach to regional development, and mutually agreed contracts align budgeting across different levels of government towards shared outcomes.

**Canada**

RDAs across Canada help to address key economic challenges by providing regionally-tailored programmes, services, knowledge and expertise that: 1) build on regional and local economic assets and strengths; 2) support business growth, productivity and innovation; 3) help small and medium-sized enterprises (SMEs) effectively compete in the global marketplace; 4) provide adjustment assistance in response to economic downturns and crises; and 5) support communities.

RDAs, along with national innovation policy, continue to promote the importance of innovation and skills for regional development. For example:

- Western Economic Diversification Canada launched the Western Innovation Initiative (WINN), a Canadian Dollar (CAD) 100 million five-year federal initiative that offers repayable contributions for SMEs to move their new and innovative technologies from the later stages of research and development to the marketplace.

- The Federal Economic Development Agency for Southern Ontario’s (FedDev Ontario) Southern Ontario prosperity initiatives focus on innovation, productivity and economic diversification. In addition, the agency’s Advanced Manufacturing Fund is a USD 200 million fund to support product and process innovation in the manufacturing sector.

- The Atlantic Canada Opportunities Agency provides approximately CAD 90 million annually to support innovation and commercialisation under its current programmes, including the Atlantic Innovation Fund and the Business Development Program.
Box 3.3. Strategic planning at regional and local levels (cont.)

Serra do Caldeirão (Portugal)

The Serra do Caldeirão is a mountainous area located in the south of Portugal, between the coastal tourist zone of the Algarve and the agricultural plateau of the Alentejo. It is an area of small farm holders and craft workers with a population of approximately 74 000 persons spread over nearly 3 500 square kilometres. It has suffered from depopulation and the decline of forestry and agriculture, even though Portugal as a whole has witnessed rapid social and economic expansion.

The local development agency for the area, In Loco (www.in-loco.pt), is one of the most highly regarded in Portugal. Some of its recent achievements are:

- Creation of jobs in new and small enterprises in the last 20 years, through training, soft support and investment grants, particularly in tourism agro-food and craft industries.
- Creation of new community facilities for childcare and telecentres.
- Demonstration of a successful local development approach to partners and other agencies, which has been adopted by others outside the area.

The Serra do Caldeirão experience also demonstrates a number of aspects of good practice and innovation in strategy, implementation methods and actions:

- Its strategy attempts to integrate the different constituents of development - economic, social, cultural, educational, and environmental - in each project. It starts from concrete problems on the ground and, through careful observation, identifies potential opportunities and approaches.
- Implementation rests on the active participation of local agencies, individuals and groups, and in particular women, at all the stages of the projects and development processes.
- A formal partnership has been negotiated and maintained with all institutional players, whether political or technical, in order to bring out the maximum co-operation. Every action seeks to balance the three strands of animation, training and organisation.
- All actions and assessments are combined in a permanent interaction.

Box 3.4. Turkey’s new national regional development agency model

Background

The current network of RDAs in Turkey was established between 2007 and 2009. Among other factors, the alignment with European Union approaches to regional policy was an important factor to their establishment. The initial phases of the RDAs focused on establishing the institutions themselves and building institutional capacity at the subnational level. The Ministry of Development oversees the agencies, and the Higher Council of Regional Development approves the regional development plans the RDAs are tasked with developing.

The 26 agencies cover the country’s 81 provinces, with coverage ranging from 1 to 6 provinces, depending on the region. The 26 regions correspond to the NUTS II level statistical unit principles used by the European Union. The National Development Plan (2014-2018) has a stated goal of strengthening connections across the RDA network.

Roles and responsibilities

These RDAs have three key functions; 1) planning, research and analysis; 2) conducting grant programmes for profit and not-for-profit institutions; 3) promoting and supporting investments and promoting their region. They also play capacity building and service delivery roles. Capacity building includes: technical support for local authority planning studies; capacity improvements for rural and local development; improving co-operation between the public, private and non-profit sectors; and ensuring research on the resources and opportunities of regions. Business support roles include the promotion of business and investment facilities, supporting the administrative process for investors in the regions, supporting SMEs and start-ups, and supporting other activities to ensure implementation of the regional plan.

Ministerial linkages

The State Planning Organisation is responsible for co-ordination of the agencies. They are under the line authority of the Ministry of Development for final approval of the regional development strategies and corresponding work programmes. In addition to the Ministry of Development, the RDAs are also increasingly taking on roles on behalf of other national ministries, such as the Ministry of Economy (for delivery of incentive programmes for selected industries, investment programmes, research and development incentives, etc.). There is a tendency for RDAs to increasingly serve as a one-stop-shop for firms to access different national programmes.

Oversight and management

Agencies comprise a Development Council, as well as the RDA Administrative Board and General Secretariat. The Development Council is a public-private platform that includes (maximum of 100) local authorities, private sector representatives, NGOs, and universities. This body can make recommendations to the RDA in an advisory role via its feedback in meetings (at least twice per year). While some regions have tested ad hoc working groups within the Development Councils, in the future, some form of leadership group within the Development Councils may be established to facilitate an increasing role in RDA oversight. The Administrative Board is the decision-making body composed of the provincial governors, the mayors of metropolitan or provincial municipalities, Chairmen of the Provincial Councils and Chairmen of the Chambers of Commerce and/or Industry. The Administrative Board Chairman represents the agency and is always a provincial governor; rotating on an annual basis if the RDA covers more than one province. The Administrative Board is supported by a Secretary General and the Secretariat that implements decisions of the Administrative Board, and prepares the work plans, manages finances, supports projects and provides technical assistance.
Box 3.4. Turkey’s new national regional development agency model (cont.)

Funding

Resources are grouped into a single pot. Funding includes mainly appropriations by the High Planning Council (based on population, level of development and performance of each agency), international funds (including the European Union), funds from own activities, 1% of yearly revenues of the special provincial administrations, 0.5% of yearly revenues of the municipalities and 1% of yearly revenues of the chambers of industry and commerce. Since 2008, central government has provided EUR 630 million (67%), and local institutions (municipalities, special provincial administrations, chambers of commerce and industry) provided EUR 310 million (33%) to RDAs.

Instruments

Within the context of national rules regarding requests for proposals, RDAs may adapt some of their programmes for local needs within a set of common instruments across the country. The variations may include the sectors for support or the types of organisations (in some cases this may be an NGO), etc. Any RDA action must be in compliance with national policy and international agreements, therefore support to certain sectors may be restricted. In addition to business support-related measures, RDAs also have an explicit technical assistance role (see description of mission above). Local institutions may apply for training, human resource development, or other capacity building needs. The RDA can either provide services directly or contract out those services. The RDA may also support certain infrastructure investments for innovation and business development. RDAs also provide the promotion of business and investment facilities, supporting the administrative process for investors through Investment Support Offices established in each province. Since 2008, RDAs have supported more than 12 000 projects, through all modalities, by allocating nearly EUR 770 million.

Performance monitoring

The original law does not specify any overarching performance targets/indicators of RDAs, but does require performance evaluation by the Ministry of Development and an evaluation/impact evaluation by RDAs of their own programmes after two years. The Turkish government is looking into the development of a performance evaluation system. To facilitate the evaluation of individual programmes, the national government has provided all RDAs with a standardised management information system. This harmonised tracking tool for all entities, supported by the RDAs and implemented across the country, facilitates evaluations of specific programmes and their impact on recipients. The system is recognised by the OECD Observatory of Public Sector Innovation (OPSI).


As described earlier, the MoI’s role within governorates is essentially related to the administrative and financial management and supervision of governorates. MoPIC can play an important role in developing Governorate capacity in socio-economic planning and development. Furthermore, the linkages to municipal socio-economic development remain to be established effectively in this complex institutional arrangement, where not only MoPIC but also MoMA and MoI still play a supervisory and monitoring role.
The Government of Jordan already has some interesting experiences on data collection and planning. Box 3.5 describes an innovative toolkit used for Jordanian Public Health services in the framework of a project by the United States Agency for International Development (USAID), which could be inspiration for data collection at the local level.

**Box 3.5. TANMIA strategic toolkit**

The TANMIA tool was designed in the context of the Jordan Health Communication Partnership (JHCP), implemented by Johns Hopkins Bloomberg School of Public Health - Center for Communication Program, and funded by USAID (2004-2013). Its aim is to support decision making at the local and national levels by providing the knowledge and information required through statistical and analytical reports, feedback systems, and a geographical information system. TANMIA also supports and documents the strategic planning process by providing the indicators that measure its accomplishment.

TANMIA helps decentralised Jordanian governorates organise the flow of information on developmental projects through population support systems, geographic maps, and smart analysis tools. TANMIA also serves as the supportive basis of the current planning process by linking goal indicators to measure their achievement through parallel work with the current planning process in a systematic and scientific manner.

TANMIA facilitates decision-making processes in all governorates of Jordan by providing them with information on health, education, agriculture, environment, and other various sectors. The overall long-term goal of TANMIA is to provide a system and guidelines for the eventual application of Geographic Information Systems (GIS) and business intelligence in support of plan formulation and project implementation at both the national and governorate levels across all sectors in Jordan. TANMIA makes it possible to go beyond a simple presentation of data as points on a map.

TANMIA’s system organises project and population-related data in a shared platform for decision makers at the regional and national level. It develops clear, relevant and easy-to-understand measures that are tied to goals. It gathers, monitors, and analyses programme data. It also evaluates the effectiveness of programmes.


**Promoting inter-institutional dialogue**

Challenges to be faced at subnational level are inter-independent and therefore require an integrated approach with the implication and participation of all key stakeholders are present. “OECD member and non-member countries are actively looking for ways to facilitate, and create innovative approaches to improve relationships and co-ordination among levels of government. These relationships lie between the central and subnational levels (vertical level), as well as at horizontal level (i.e., among ministries, across regions, between municipalities)” (Charbit and Michalun, 2009).

**Multi-level governance**

Institutional factors are critical to promote inclusive growth at subnational levels across the OECD. Formal and informal institutions that facilitate negotiation and dialogue
among key actors in order to mobilise and integrate them into the development process are vital, as are those that enhance policy continuity. This co-operation is easier when citizens trust each other and expect reciprocity, and there is confidence in democratic institutions. (OECD, 2009a; 2012).

The relationship between and across levels of government in Jordan is characterised by mutual dependence with a predominance of the central level. The new reform aims to bring policies and services closer to citizens through a bottom-up approach and by introducing elected bodies at the lowest level that means that more attention will need to be paid to co-ordination mechanisms to ensure coherence and consistency of policies at each level.

In fact, the trend of allocating competences to lower levels of government across OECD countries has resulted in a dynamic relationship, “with constant movement along a continuum of decentralisation, as well as recentralisation activity” (Charbit and Michalun, 2009). Decentralisation requires though, effective co-ordination that goes between the same level of government (horizontal co-ordination through different ministries) and across different levels of government, the so-called vertical co-ordination. This vertical co-ordination is particularly important since different levels of government can have different kinds of competences on the same topic. For instance, in the case of social affairs this is usually a shared competence where national government decides the national strategy and the lowest levels either implement concrete services or give support to other administrations in their implementation. Co-ordination is hence essential to ensure a coherent approach. Co-ordination mechanisms not only affect administrations, they often also imply multiple actors and stakeholders from civil society and the private sector. (Charbit and Michalun, 2009). Thus, in order to manage the relational outcome of decentralisation policies, multi-level governance is key. The OECD seven gaps in multi-level governance are described in Box 3.6 and show the key challenges to pay attention to and to be faced.

**Box 3.6. The seven gaps in multi-level governance**

The relationship among levels of government resulting from decentralisation is characterised by mutual dependence, since it is impossible to have a complete separation of policy responsibilities and outcomes among levels of government. It is a complex relationship, simultaneously vertical, across different levels of government; horizontal, among the same level of government; and networked. Governments must therefore bridge a series of challenges or “gaps” between levels, both vertically and horizontally.

These gaps include, notably, the fiscal capacity of governments to meet obligations; information asymmetries between levels of government; gaps in administrative responsibility, with administrative borders not corresponding to functional economic and social areas at the subnational level; and gaps in policy design, when line ministries take purely vertical approaches to cross-sectoral regulation that may require co-design of implementation at the local level, and when there is often a lack of human or infrastructure resources to deliver services and design strategies. Countries may experience these gaps to a greater or lesser degree, but given the mutual dependence that arises from decentralisation and the network-like dynamics of multi-level governance, countries are likely to face them simultaneously.

The OECD approach of co-ordination and capacity “gaps” has to be considered as a diagnosis tool for identifying the main difficulties in implementing effective policies in decentralised contexts. It can also serve to assess the instruments used by governments to face these difficulties. The series of “gaps” does not just concern the current dimension of the
interdependence among public actors; it also engages their dynamic relationship and risk for future difficulties if the interaction between levels of government is not fructuous. The seven gaps are as follows:

- **The information gap** is characterised by information asymmetries between levels of government when designing, implementing and delivering public policies. Sometimes the information gap results from strategic behaviours of public actors who may prefer to not reveal too clearly their strengths and weaknesses, especially if allocation of responsibility is associated with conditional granting. However, information about territorial specificities is often not perceived by the central decision maker, and subnational actors may be ignorant about capital objectives and strategies. The **capacity challenge** arises when there is a lack of human, knowledge or infrastructural resources available to carry out tasks, regardless to the level of government (even if, in general, it is considered that Subnational Governments suffer more from such a difficulty than central government).

- **The fiscal gap** is represented by the difference between subnational revenues and the required expenditures for Subnational governments to meet their responsibilities and implement appropriate development strategies. In a more dynamic perspective, fiscal difficulties also include a mismatch between budget practices and policy needs. For example, in the absence of multi-annual budget practices, SNGs may face uncertainty in engaging appropriate spending, as well as the absence of flexibility in spending, which is very beneficial in an uncertain environment. An overly strict earmarking of grants may also impede appropriate fungibility of resources and limit the subnational ability to deliver adapted policies.

- **The policy challenge** results when line ministries take a purely vertical approach to be territorially implemented, while SNGs are best placed to customise complementarities between policy fields and concretise cross-sectoral approaches. Limited co-ordination among line ministries may provoke a heavy administrative burden, as well as different timing and agenda in managing correlated actions, etc. It can even lead to strong inconsistencies and readability concerns when the objectives of sectoral policy makers are contradictory.

- **The administrative gap** occurs when the administrative scale for policy making, in terms of spending and strategic planning, is not in line with functional relevant areas. A very common case concerns municipal fragmentation, which can lead jurisdictions to set ineffective public action by not benefitting from economies of scale. Some specific policies also request very specific, and often naturally fixed, boundaries.

- **The objective gap** refers to different rationalities from national and subnational policy makers, which create obstacles for adopting convergent strategies. A common example deals with political party membership, which may lead to opposing approaches. In such a case, divergences across levels of government can be “politically” used forcornering the debate instead of serving a common good. Even without any difference in political “colour” from the central government, a mayor may prefer serving his/her local constituency instead of aligning decisions to national broader objectives, which may be perceived as contradictory.

- **The accountability challenge** results from the difficulty of ensuring the transparency of practices across different constituencies and levels of government. It also concerns possible integrity challenges of policy makers involved in the management of public investment.
OECD member and non-member countries are increasingly developing and using a wide variety of mechanisms to help bridge these gaps and improve the coherence of multi-level policy making. These mechanisms may be “binding”, such as legal mechanisms, or “soft”, such as platforms for discussion, and they must be sufficiently flexible to allow for territorially specific policies. The involvement of subnational governments in policy making takes time, but medium to long-term benefits should outweigh the costs of co-ordination.


The seven gaps can apply to Jordan at different levels. For instance, the fiscal gap, should be implemented according to the responsibilities and competencies allocated. This would not mean fiscal decentralisation strictly speaking, especially in a deconcentrated model such as the one chosen by Jordan though it would definitely need the adequate resources for the new competencies and the objectives to be achieved following Jordan 2025. The information, capacity, policy (in particular, fragmentation and policy silos), administrative, objective and accountability gaps are challenges that Jordan still needs to overcome regarding multi-level governance.

In fact, and according to the information provided through the questionnaire to the OECD, the main co-ordination and dialogue channel between central and regional governments is via the direct informal dialogue of mayors and governors with the central government authorities. There’s no official association of mayors or municipalities. Governorates have regular bilateral meetings with representatives of the MoI, although these are on demand rather than on an institutional basis. Other interactions occur on a case by case basis via the deconcentrated administrative bodies of the central government on the ground. Box 3.7 shows different examples of vertical and horizontal co-ordination mechanisms in OECD countries that could inspire Jordan to promote multi-level co-ordination.
Box 3.7. Main mechanisms for vertical and horizontal co-ordination in OECD countries

Vertical co-ordination mechanisms

Legal mechanisms (binding laws and legislation) are the strongest method for organising multi-level governance relations. This mechanism is often used with respect to fiscal resources and to allocate competencies.

Standard setting. Many OECD countries establish universal standard setting to ensure a similar level and quality of service provision across the country. In Sweden, for example, municipalities enjoy a high degree of autonomy in the provision of public services, but need to meet nationally set standards and regulations.

Contracts or agreements between national and subnational governments concerning their mutual obligations, i.e. assignment of powers of decision, distribution of contributions (including financial commitments) and contract enforcement mechanisms. These arrangements offers several advantages: they allow for customised management of interdependencies; they are useful tools for dialogue that can be used for clarifying responsibilities and making mutual commitments explicit; they open possibilities for judicial enforcement; and they can be used as learning mechanisms. In federal and decentralised countries, “contracts” are a particularly important tool for promoting co-operation, coherence and synergies among levels of government. Examples include “arrangements” in Canada; “joint tasks” in Germany; “accordi” in Italy; and “convenios” in Spain. Challenges with contracts that have been observed across OECD member countries include high transaction costs and a power bias towards higher education compliance by all parties.

Strategic co-ordinating committees and partnership groups. The interests and inputs of key actors from different levels are co-ordinated through joint representation on administrative bodies or working groups. These committees can serve as forums for improved communication and dialogue over subjects of common interest. They can also help align interests and timing, and set the basis for signing contracts and agreements among government levels. They can help disseminate good practices vertically between different levels of government, or, horizontally across regions. In some countries, co-ordination bodies are leading actors in fiscal capacity building by representing the interests of the local or regional level to national level decision makers. In Norway, for example, the Association of Local and Regional Authorities provides a forum to discuss the framework for distributing revenues in relation to the tasks carried out by local governments, the financial situation of local government, and efficiency measures.

In the Czech Republic, the Union of Municipalities and the Association of Regions have representatives on the national government’s Board of Deputy Ministers for Regulatory Reform and Effective Public Administration, and represent the regions’ interests in the Czech parliament, the Cabinet and in European institutions. In Spain, examples include the sectoral conferences and the Conference of the Presidents of Autonomous Communities.

Horizontal co-ordinating mechanisms

The governments of the German Länder (regions) co-operate through the Council of Prime Ministers and 19 subject-specific standing conferences of ministers. The council/standing conferences are not part of the German government and cannot pass legislation. Nevertheless, they play an important role in the federal system. Councils have two primary functions: in policy fields where legislative powers reside with the Länder, they are the main forum for policy co-ordination across the Länder; and in policy fields where the Länder have limited powers, council/conference resolutions articulate common interests of the Länder to other actors, such as the federal government or the European Commission. Co-operation in the council/conferences is consensus-based and most decisions are made unanimously. Formally, the Council of Prime Ministers and most other permanent conferences require the approval of 13 of the 16 German Länder to pass a resolution. Although resolutions are not legally binding, they have a strong symbolic power, and are almost always enacted by Länder governments.
Box 3.7. Main mechanisms for vertical and horizontal co-ordination in OECD countries (cont.)

Some permanent conferences also draft model laws and regulations to support state administrations and to further harmonise laws across states. The Council of Prime Ministers convenes four times a year. After the council meetings, prime ministers meet with the German Chancellor. Subject-specific permanent conferences have their own meeting schedule and tend to meet between one and four times a year. The federal minister in charge of the respective portfolio typically attends the meeting in an observing role. Several permanent conferences have established additional committees to discuss particular topics in more detail. The administrative structure of permanent conferences varies depending on their responsibilities. Some permanent conferences have their own permanent secretariats with sizable staff numbers, while others use the administration of the state that holds the rotating presidency of the permanent conference.

The Association of Regions of the Czech Republic (AK CR) was founded in 2001 to represent the collective voice of the Czech regions. It associates the Czech Republic’s 13 regions and the capital Prague. The supreme body of the AK CR is the council composed of the president of each region and the Mayor of the capital, Prague. The association offers services ranging from representing regional interests in parliament, the Cabinet and European institutions, to drawing up various reports, standpoints and initiatives. The council elects a chairman and three vice chairmen, and decides on setting up commissions. Commissions serve as advisors to the council. Commissions include the Commission for Regional Development, the Commission for Public Administration, the Commission for Regional Financing, the Commission for Education, the Commission for Health Services, the Commission for the Environment and Agriculture, and the Commission for Transportation. Commission sessions serve for monitoring and issuing standpoints on major national and European issues in their area of competence.

The council meets once every six to eight weeks, on a rotating basis in one of the regions. External guests, from the central government administration, members of parliament, public organisations or international companies, may also be invited to the meetings. The association has a small secretariat and is financed through membership fees.


Most OECD countries have developed their own multilevel co-ordination based on their reality, needs and demands. Federal and unitary OECD countries have high level meetings between central government and their regions to discuss on the impact on national policies at subnational level. This is the case for a federal country like Australia (Council of Australian Governments) as well as for a unitary country like Italy with the State-Regions Conference (Conferenza Stato Regioni). Similarly, Poland has created a Committee for Co-ordination of the National Development Strategy with the participation of the regions to discuss on national policies with an impact at regional level whereas France has developed for many years the “Contrats-Plan”, the state-region planning contracts have been adopted as important tools in regional development policy for planning, governance and co-ordination (OECD, 2016c).

These institutions can play a key role in the future in enhancing the effectiveness of much-needed co-ordination mechanisms, both vertically and horizontally. These organisations that are focused on regional and strategic development, and co-ordinated by a sectoral ministry like in Poland, could also serve as inspiration for Jordan on how to ensure integrated and co-ordinated development strategies from the bottom to the top.
Multi-level co-ordination is also particularly relevant for public investment. Whether in Federal countries or in unitary ones, subnational governments usually also have some prerogative in promoting public investment either at regional or at the local level. For instance, in unitary countries like Japan, Israel, Netherlands, France or Korea, investing is a key function of local government, accounting for more than 25% of their total budget, as compared to the OECD average of 11%.

Since DL has introduced new competencies to Governorates on strategic planning and on proposing new investment projects, the OECD recommendations developed to help governments to assess the strengths and gaps on their public investment capacity and to ensure a better co-ordination across levels of governments could also serve Jordan as an inspiration (Box 3.8).

**Box 3.8. OECD Recommendation on Co-ordinating Public Investments across Levels of Government**

The OECD Instrument groups 12 principles under three pillars: co-ordination, capacities and framework conditions.

- **Pillar 1: Co-ordinate across governments and policy areas**
  - Invest using an integrated strategy tailored to different places
  - Adopt effective co-ordination instruments across levels of government
  - Co-ordinate across subnational governments to invest at the relevant scale

- **Pillar 2: Strengthen capacities and promote policy learning across levels of government**
  - Assess upfront long term impacts and risks
  - Encourage stakeholder involvement throughout investment cycle
  - Mobilise private actors and financing institutions
  - Reinforce the expertise of public officials & institutions
  - Focus on results and promote learning

- **Pillar 3: Ensure sound framework conditions at all levels of government**
  - Develop a fiscal framework adapted to the objectives pursued
  - Require sound, transparent financial management
  - Promote transparency and strategic use of procurement
  - Strive for quality and consistency in regulatory systems across levels of government

A toolkit is also available to help government implement those principles: [www.oecd.org/effective-public-investment-toolkit/](http://www.oecd.org/effective-public-investment-toolkit/).


As for the relations between central governments and municipalities, information and policy co-ordination is also essential. Co-ordination mechanisms go beyond the privileged relation that municipalities can have with a specific ministry. In the case of Jordan, municipalities are under the umbrella of Ministry of Municipal Affairs. Yet, since they have financial and administrative autonomy, co-ordination and institutionalised system could help to get a regular overview of the needs and challenges they face. At the same time, co-ordination mechanisms between central government and municipalities also help to make consultations on key topics that may have a direct impact on them.
In practice, Jordan’s municipalities have strong but informal links and relations with sectoral ministries, such as health and education. The Ministry of Municipal Affairs is responsible for the co-ordination of government measures concerning municipalities. It evaluates whether such measures are in accordance with general guidelines concerning the distribution of activities between different levels of administration. However, the majority of municipalities suffer from a lack of co-operation, co-ordination and communication with governmental authorities.

The importance and effects of informal dialogue should not be underestimated, particularly continuous and consolidated informal dialogue. However, this should go hand-in-hand with formalised agreements that other municipalities could benefit from. In some OECD countries, central state co-ordination with local governments is organised without the intermediation or participation of regional governments. Box 3.9 below describes the examples of Spain, Switzerland and Sweden where central government has consolidated co-ordination mechanisms with local governments essentially through representative national association of municipalities.

**Box 3.9. Integrating lower levels of government in consultation procedures: The cases of Spain, Sweden and Switzerland**

In **Spain**, the National Commission for Local Administrations (CNAL) is the standing body for collaboration between central and local governments. It is composed of an equal number of representatives of central and local governments and chaired by the Ministry of Finances and Public Administration. Local government representatives are designated by the National Association of Local Governments most present throughout the national territory; they are locally elected. The CNAL issues a report on state draft laws and regulations regarding local government and its administration. The other body of co-operation between central, regional and local governments is the Sectoral Conference for Local Affairs.

In **Sweden**, the process that precedes the development and passage of a new law includes setting-up committees of inquiry. The terms of reference of such committees are stipulated by the government and its members, who include special advisers and experts appointed by the lead minister concerned. Experts are often recruited from local and regional authorities and from the Swedish Association of Local Authorities and Regions (SALAR). Committees normally hold public meetings, and their results are extensively circulated for comments. Even if there are only limited formal consultation mechanisms, groups and citizens present their views through the normal work of local municipal councils and committees in the course of their normal public business. Informal consultation mechanisms also involve contacts with local enterprises and business organisations, municipalities, SALAR or other state agencies.

In **Switzerland**, extensive consultation procedures are used at cantonal level, and to integrate cantonal views at the federal level following Article 45 of the federal Constitution. Since cantons are in charge of the implementation of federal laws, the Confederation informs them in advance and in detail about future projects, and is obliged to involve them in the consultation procedure. The participation of the Association of Cantons in the consultation is important, but not the only way of participating. Cantons can also raise their voice through representatives in mixed working groups or institutionalised meetings. The commissions of the Council of States consult with cantons on the applicability of laws.


The relationship between the governorate and the municipal councils

The DL simply describes the relationship between governorates and municipal councils and highlights that one of the duties of the governor is to co-ordinate between the governorate council and the municipalities in the governorate, as well as with the ministries, the public departments and the public institutions (Article 3.3). It also states that the governorate council approves “development projects that benefit the governorate while taking into account the development projects proposed by municipal councils and departments and official institutions within the governorate and submitting them to the Governor to take action” (Article 8.6). One of the reasons behind the lack of clarity may be that municipalities and governorates are linked to different ministries, MoI and MoMA, and no clear mechanisms of co-ordination have been created to ensure clear channels and common procedures for submitting proposals. If the decentralisation reform and development objectives are to be achieved, efficient and effective mechanisms of co-ordination at the subnational level will have to be set in a short-term period.

Inter-municipal co-operation

The main objective of inter-municipal co-operation is the improvement of efficiency in public spending. Finding the optimal scale for the provision of public services is a complex issue that is being solved in different ways across OECD countries.

Some countries remain attached to the idea of reinforcing mergers by using one specific public service as the proxy for defining the size of the multi-service operators that municipalities are to become (OECD, 2005b). In Denmark, for instance, the policy concerning mergers relates to criteria based on the efficient size for providing education services, which is considered to be 30 000 people. However, most countries rely on voluntary decisions from municipalities rather than on hierarchical decisions (OECD, 2005a). This is the case for Finland, which also uses experimental approaches to identify the best adapted solutions (OECD, 2005b). Box 3.10 shows the experience of France with intercommunalités.

Box 3.10. Inter-municipal co-operation: France and the intercommunalité

France is characterised by voluntary co-operation at the local level. It has more than 36 000 communes (the basic unit of local governance). Although France has resisted municipal mergers, the need for local co-operation is clear. As such, the communes are united by approximately 19 000 inter-communal structures (which includes 2 525 public establishments for inter-communal co-operation, EPCI (établissement public de coopération intercommunale), and other forms of syndicates) aimed specifically at facilitating horizontal co-operation.

The current system of inter-communal structure was first established in 1992 and reformed in 1999. There are now three main types of supra-communal structure: 1) communities of communes (groupings of small rural communes); 2) “agglomeration” communities (groups of 50 000 inhabitants subject to a single business tax); and 3) the urban communities (groupings of 500 000 inhabitants or more). Single purpose inter-communal associations (syndicates) first established in 1890, and multi-purpose syndicates, which date back to 1959 are also still in existence. Each grouping of communes constitutes an EPCI, which assume limited, specialised, and exclusive powers transferred to them by member communes. Unlike the communes themselves, the EPCI is not governed by elected officials, but by delegates of municipal councils.
Box 3.10. Inter-municipal co-operation: France and the intercommunalité (cont.)

This essentially shifts power away from elected officials to civil servants in the areas of competence ceded by the municipalities. Although the EPCI are created by the communes directly, there are two notable roles for the central government. First, EPCIs must be approved by the State in order to exist legally. Second, to encourage municipalities to form an EPCI, the central government provides a basic grant plus an “inter-communality grant” to those communes that accept a single business tax, which is established to preclude competition on tax rates among participating municipalities in order to attract business. EPCIs draw on two sources of financial resources: budgetary contributions from member communes (for the syndicates), and/or their own tax revenue (for the EPCIs).

There are some indications that inter-communal co-operation has produced efficiency gains. For example, some outdated governance structures disappeared after the 1999 reforms and communes tend to collaborate in areas such as public works, which are likely to exhibit economies of scale. However, growth in inter-communal spending has not been accompanied by a decline in communal spending, transfers of personnel from communes to communities are associated with a rise in payroll costs and local tax increases, and the presence of communal and inter-communal governance structure results in overlaps and extra costs. Overall, however, measuring the efficiency and effectiveness of municipal co-operation is difficult in France, as there is no culture or institutional structure for the evaluation of public policies in this regard.

The New Territorial Organisation of the Republic Act – NOTRe (7 of August of 2015) boosted the merge of EPCIs and there has been a substantial decrease of the number of EPCI from 2600 in 2010 to 1266 in 2017.

Note: http://www.collectivites-locales.gouv.fr/files/files/statistiques/brochures/bis_113_0.pdf


In Jordan, municipalities can engage in local economic development operations in partnership with one or more neighbouring municipalities through Joint Service Council (JSC) arrangements. JSCs were created to provide services (especially waste collection) for several groups of municipalities and villages (their number was reduced from 44 to 21 in 2001). This institution is not new, but has been specifically enshrined in the 2015 ML.

The establishment of a JSC can be a local initiative, however the ML states that it is “the Minister, as recommended by the governor [that] may establish joint services council (…) dissolve, or adding any village or town or population gathering to it”. All JSC mechanisms are, by law, ruled by the Cabinet but the council has “no less than two thirds of the council members” coming from the municipal council. This is a minimum request for respecting local democracy. This is also a big difference to other countries, for example, in France, every member of the EPCI council needs to be member of the municipal council, and the composition of the EPCI council needs to reflect precisely the demographic balance between the Communes (in order to not advantage little towns or big cities).

Inter-municipal co-operation is likely to be reinforced in sectoral and strategic areas, such as water. The experience of the Jordan Valley Authority, shown in Box 3.11, could serve as inspiration for promoting joint and co-ordinated actions among municipalities in the area.
Box 3.11. Jordan Valley Authority

The Jordan Valley Authority (JVA) was established in 1977 with a mandate for the integrated development of the Jordan Valley encompassing all aspects of life. In 1988, the JVA became part of the Ministry of Water and Irrigation (MWI).

The Jordan Valley Authority manages and protects water and land resources and their supporting infrastructure in the Jordan Valley in an environmentally and economically sound manner through creating partnerships with the private sector, where appropriate.

Empowered by its special law, the JVA represents the Jordanian Government in the valley with a broad spectrum of authority and administrative and financial autonomy. It performs its activities with more flexibility than other Jordanian public entities.

During the last 30 years, the JVA has completed numerous infrastructure projects, including electricity, communications, roads, schools, health centres, government and residential buildings, in addition to its core activities in land and water resources development.

Presently, the JVA is focusing its efforts on water and land resource development, management and protection, in addition to tourism development and promotion in the Jordan Valley.

In this context, the Jordan Valley Municipalities Union gathers nine municipalities of the Valley, headed by the Mayor of Deir Alla, to build common projects that are based on joint co-operation to serve the local community. An example of this is the container factory between the municipalities of Bereen and Al-Hachemia, as well as other projects between municipalities.


Building local capacities and human resource management at the subnational level

The existence of different levels of administration also implies the existence of subnational governments’ own organisational structure in terms of human resources. Since decentralisation is intended to enable governments’ to better respond to the local needs, a certain level of differentiation and nuances from the central level to the local are also expected when it comes to human resources management at the subnational level. For instance, some technical profiles such as engineers, architects may be more adapted to the local needs than to the central level. This does not preclude the fact that all employees can be equally expected to duly carry out their duties according to their position and be similarly paid for similar skills and capacities (OECD, 2008).

In Jordan, as in OECD countries, building sufficient capacity and professionalism in subnational governments is central to ensuring that they are able to meet their responsibilities and contribute to national economic growth. Subnational civil servants are a substantial portion of government workers around the world. Excluding health and education workers which can easily “monopolise” part of the data subnational employment is often over 50% of the total of public sector workforce not only in federal countries but also in some unitary countries. Figure 3.7 shows that unitary countries’ share of subnational governments employees can also be high like in Sweden (86%), Japan (80%), Hungary (70%) and France (50%).
Public employment arrangements can also vary across OECD countries according not only to the State model but also on the administrative background and legal tradition. There is one spectrum from career-based to position-based systems, and another from uniform statutes to differentiated contracts (OECD, 2008). As shown in Table 3.5 the employment systems can also vary from one country to another with different systems for hiring public official (either through the civil service system or the dual that is combined with contractual system). In countries with a high level of decentralisation, the public employment system can also be decentralised to be more adapted to the competencies and particularities of the local level. This is the case of Germany, Denmark or Iceland where the public employment system is also managed at the subnational level.

OECD experience demonstrates that developing and embedding strategic human resource management (HRM) requires an incremental approach to reform while maintaining impetus and political commitment, and that these reforms also must include the subnational level.

In the case of Jordan, decentralisation reform cannot be understood without taking into consideration the human factor. While there is no updated or precise quantification of subnational administrative staff, Jordan has a medium public sector workforce with approximately 227 805 public sector employees in 2014 (excluding the military), both at the national and subnational levels; the OECD average is 1.16 million public servants. This situation is explained by the externalisation of certain functions, such as healthcare workers who are employed as private contractors, staff restrictions and fiscal pressures.

The Civil Service Bureau (CSB) is the one of the most relevant structures at the central level in charge of HRM for civil servants in Jordan (together with Ministry of Public Sector Development). According to the CSB in Jordan, over 46% of its employees are located at the subnational level (22% at regional level and 36% at municipal level), and approximately 42% at the national level. Table 3.6 shows a distribution of civil servants by governorates.

Table 3.5. Employment systems in OECD countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Employment system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>Civil service systems</td>
</tr>
<tr>
<td></td>
<td>Initiated decentralisation of competences</td>
</tr>
<tr>
<td>Belgium, France, Spain</td>
<td>Dual systems, with dominating civil service systems</td>
</tr>
<tr>
<td></td>
<td>Intends to modernise civil service system</td>
</tr>
<tr>
<td>Germany</td>
<td>Dual system</td>
</tr>
<tr>
<td></td>
<td>Has initiated decentralisation of competences in the civil service system</td>
</tr>
<tr>
<td></td>
<td>Full devolution in the public employment system</td>
</tr>
<tr>
<td>Denmark, Iceland</td>
<td>Dual systems, with dominating public employment system</td>
</tr>
<tr>
<td></td>
<td>Full devolution in the public employment system</td>
</tr>
</tbody>
</table>

At the subnational level, the two largest ministries, Health and Education, whose workforce represent 87% of total civil service employment, have institutionalised the principle of regional distribution of services and delegated most of the ministers’ authorities to regional directors. In the same vein, the Civil Service Bylaw of 1998 transferred the central employment authority of the Civil Service Bureau to the governors in the districts. It provided the creation of personnel units in every district chaired by the governor, with the membership of the deputy governor, representatives of the concerned agency, a legal counsellor, and one of the directorate’s employees in the district. The committee’s role is to advertise, recruit and hire civil service employees in the districts.\(^\text{12}\)

According to answers to the OECD questionnaire, Jordan’s subnational governments appear to be facing largely similar or even more challenges and opportunities than the central government to enhance the capacity and capability of their internal workforce to enhance the design, provision and implementation of policies and services. At the same time, there is an unequal territorial distribution of civil servants among governorates. The central region (Amman, Balqa, Zarqa and Madaba) represents about 52% of employees, followed by the northern region (Irbid, Mafraq, Jerash and Ajloun) with 30.7% of total employees, and finally the southern region (Karak, Tafilah, Ma’an and Aqaba) with 17.5% of total employees.\(^\text{13}\) This also reflects the diversity and unequal distribution of population in the different governorates (Figure 3.8).
According to the MoI and MoMA, there is currently no evidence of a training strategy that links the training of individuals to organisational objectives, and there does not seem to be sufficient investment in training on the part of local authorities. While the Institute of Public Administration (JIPA) conducts a wide variety of training courses, including top management courses considered as a prerequisite for promoting civil servants into the highest category (middle-management courses, general training courses, specially tailored courses to meet departmental training needs, and short seminars and symposia on specific subjects for high-ranking officials), there is no specific training for the governorate or civil servants at the local level.

Box 3.12 shows an example of training for civil servants at subnational levels in Morocco that could serve as inspiration for Jordan.

**Box 3.12. Maison de l’élu - Morocco**

The "Maison de l’élu" foundation in Marrakech is a pilot project in Morocco. It provides support to municipalities in management tasks. Created in 2011, the foundation's main role is to train and support civil servants at the regional level and to prepare them for a proper performance of their political or administrative duties within the municipalities.

The training programs, led by experienced academics and high official the State decentralised services, as well as by experts in territorial management and sustainable development, focus on financial and administrative management, urban planning, land use planning , Sustainable development, planning, good territorial governance, communication and decentralised co-operation.

As part of the opening on the continent, the House of the Elect has concluded co-operation agreements with elected regional bodies in Mali and Côte d'Ivoire on training in municipal management and decentralisation, proving Hence, this decentralised co-operation is also likely to develop South-South co-operation, which has been strategically chosen by.

*Source: Menara (n.d.), [www.menara.ma/fr/2014/12/25/1519679-la-maison-de-l%E2%80%99%C3%A9lu-de-marrakech-des-programmes-de-renforcement-des-comp%C3%A9tences-au-profit-de-plus-de-4000-%C3%A9lus-et-cadres-locaux.html](http://www.menara.ma/fr/2014/12/25/1519679-la-maison-de-l%E2%80%99%C3%A9lu-de-marrakech-des-programmes-de-renforcement-des-comp%C3%A9tences-au-profit-de-plus-de-4000-%C3%A9lus-et-cadres-locaux.html).*
According to the answers to the OECD questionnaire, MoMA organised “several technical, administrative and financial programmes for employees within the municipalities in compliance with national targets”, however, those efforts are considered insufficient to the municipalities. In the case of employees of governorates, there is also room for improvement.

A restricted workforce, high staff turnover and low salaries limit capacity building at the local level. Boxes 3.13 and 3.14 show different examples of recruitment systems of civil servants in OECD countries, as well as different modalities to promote training and capacity building for civil servants at the subnational level.

**Box 3.13. Local government officials with a national qualification: Spain**

Local government officials with national qualifications (Funcionarios de administración local con habilitación de carácter nacional in Spanish) are configured as one of the key pieces of the bureaucratic-administrative structure of Spanish local governments, due to the impartiality and independence in the exercise of their assigned functions. They are selected on their qualifications and merit. The national qualification is reserved for officials with core functions within the municipality, such as Secretary General (attestation and mandatory legal advice) and economic-budgetary management control.

The selection of this group of officials is carried out by the central government’s National Institute of Public Administration through a selective process regulated by a call, bases and programmes that are approved in a bylaw.

The essential characteristic of these officials is their dual organic and functional dependence: they are selected by the central government so that the Ministry of Finance and Civil Service has the administrative management of these officials, including disciplinary power, however they provide services in local governments, from which they receive their salaries.


The complexity and difficulties of attracting qualified workforce at governorate and municipal levels is also a challenge. Box 3.14 shows the specific recruitment for French civil servants at the subnational level in France.

**Box 3.14. Civil service recruitment at subnational levels of government in France**

Civil service recruitment for French subnational governments is done through a national competitive examination, which is similar to the exam for national civil service recruitment. The national government retains responsibility for managing subnational civil service competencies. Civil servants who have successfully passed the exam for subnational governments can pursue a career at different levels (region, department and municipality).

There are three types of entrance examination to the civil service: external competitions open to candidates with a given qualification; internal competitions open to civil servants meeting certain conditions in terms of length of service; and a third competition that is open to elected officials, managers of associations and the private sector.

Unlike the national civil service, successful candidates for the subnational civil service are not automatically assigned a post, but allowed to conduct a job search for posts that may be located anywhere in France. A civil servant at the subnational level may perform different duties during their professional career and advance to higher-level jobs through internal competition, promotion, a professional examination or according to seniority.
Employment conditions at subnational levels are strongly regulated, with employment frameworks being similar to those at the national level and across different governments at the same level. This allows a level of fluidity in the public sector labour market to be maintained, and builds on existing capacities in managing human resources. In some cases, when specific skills and qualified workers are required, local administrations may also employ under private contract.


Assessment and recommendations

Jordan has developed an ambitious discourse on decentralisation that does not seem to be fully aligned with the current arrangements on the ground. Several challenges inhibit Jordan’s ability to ensure policymaking and service delivery at the local level from a bottom-up perspective, including: a mismatch between municipal and governorates’ fiscal capacities and allocation of competences; fragmentation and low levels of co-ordination and co-operation both vertically among levels of government and horizontally within the two subnational levels.

For the decentralisation reform to be effective and for subnational governments to be able to deliver public services, Jordan needs to strengthen existing structures and institutional co-ordination mechanisms to ensure effective and efficient administrative management. In this sense, the decentralisation reform is at a delicate stage. On the one hand, newly elected bodies maybe with no previous experience on local politics will start working while, on the other hand, the administrative machinery to support decentralisation needs to be reinforced to comply with the new competences and achieve the established objectives. Decentralisation reform is much more than an objective in itself as it is a mean to get services and policies more adapted to citizens’ and businesses ‘needs and should be gradually implemented and adapted to the country’s reality14.

Successful implementation of the reform also requires clear leadership, a roadmap and a regular follow-up and monitoring performance of the expected outcomes from the central level. In so doing, Jordan needs to reinforce a multi-sectoral and multi-stakeholder dialogue approach where the central government- not only the leading ministries MoI and MoMA but also line ministries on the ground- co-ordinate with the governorate and the municipal level so that a constructive dialogue can take place between key stakeholders.

In this context, the local development units at the governorate and local levels can become key actors. Nevertheless, all of the actors involved in decentralisation, including communities, local governments, the central government and international donors, should make an effort to learn from experiences to date. The Jordanian central government needs to be aware of the importance of seizing the “momentum” that is conducive to good governance and that supports lower levels of government and civil society as they move forward with the reform. At the same time, governorates and municipalities need to realise that they can take important actions autonomously to improve local governance. While subnational levels of government do not have to stand by until the centre moves forward, they nevertheless need to ensure they work with an accurately represent
communities. Donors also need to be aware that decentralisation is a long-term process and requires a great deal of national consensus building. All actors should recognise that they must work together in creative and mutually supportive ways to make local governments more effective.

To address these issues, the Government of Jordan could consider the following recommendations:

**Reinforcing institutional arrangements to deliver effective decentralised governance**

**The framework for service delivery: Local Development Units**

- **Local Development Units, in municipalities and governorates, should be enhanced by more clearly delineating their roles and activities.** In addition to their development and data collection role, they have the potential to play a horizontal co-ordination function as the interface between the technical administration and the elected institutions both in Governorates and Municipalities. This would go hand in hand with a direct line of co-operation between LDUs in municipalities and governorates.

- **Promote a closer relationship between MoI and MoMa on decentralisation matters.** Better communication from the top could then easier be reflected across levels of government. A first step could be to establish common administrative procedures and a common system for data collection for LDUs at the governorate and municipal levels (such a focus could include shared IT tools, etc.).

- **Consider reinforcing capacity in the administrative unit(s) supporting the governor to enable functions to be carried out effectively in governorates, and reinforce interface capacity within governorates to engage effectively with local and central administrations.**

- **Ensure that governorates and municipalities can contribute substantially to national strategy setting and implementation through effective multi-level governance.**

- **Implement an outcomes-based performance monitoring system for decentralisation and subnational management and administration.** This system should be aligned with an integrated centre of government (CoG) monitoring and evaluation system. Budgetary programmes should be aligned at the three levels of government.

**An ambitious reform with scarce new resources at governorate and municipal level**

- **Adapt and strengthen the financial arrangement of governorates according to their new competencies.** It will be essential to build up expertise to deal with budgeting and financial responsibilities, taking into consideration the governorate’s situation regarding: population, area, poverty, geographical situation, and other vital indicators. Hiring professional staff and capacity building should also be considered.

- **Governorates could promote and support the creation of Joint Council Services once needs are identified.**
• Strengthen the working relationship on decentralisation with the MoF to ensure that performance budgeting is implemented at the subnational level, and that subnational expenditure performance information is fed back into biannual development programme planning.

• Over time, consider creating a specific unit within the governorate that is dedicated to strategic planning. This unit could count on MoPIC’s expertise (and could even include officials from MoPIC) with operational responsibility to work with governorate and local governments to implement decentralisation in each governorate. This could include managing intergovernmental arrangements (such as contracts, see below) to deliver co-ordinated fiscal resources to subnational governments, and helping to monitor expenditure performance against the achievement of results for regional development, regional disparity reduction and improved outcomes for people in each governorate. The cases of Morocco or Turkey with regional development agencies could serve as inspiration for Jordan.

• Mandate the MoF and MoMA to strengthen municipal government fiscal capacity and administrative capacity for fiscal management and collecting local taxes. Local governments could also raise citizens’ awareness for paying taxes on time so as to deliver better basic public services.

• Improve municipal budgeting and accounting processes.

• Promote accountability through improved management of municipal financial information

**Strategic planning**

• Strengthen the partnership between the municipal and district councils, the private sector and international donors in order to enhance the role of municipal and district councils in approving and implementing development projects in local communities. Municipal and district councils should have a key role in the partnership by providing the appropriate environment to stimulate investment, especially regarding the simplification of procedures and the provision of appropriate infrastructure.

• MoPIC could play a greater role in providing support to Governorates and in particular to the GLDUs in the Executive Development Programme and implementation of governorate strategic plan. Specific training and capacity-building could also be addressed.

• Once the strategic unit within the GLDUs is created, MoPIC could second qualified staff at the governorate level that would support the strategic unit within the GLDUs.
Promoting inter-institutional dialogue

- Institutionalise mechanisms for the inter-governmental co-ordination of the decentralisation process by implementing a more flexible and adapted structure and ensuring that it is fully supported by centre of government structures and line ministries. This could include:
  - Effective interministerial co-ordination. National ministers responsible for key policies will need to work together more effectively. There is a large variation in economic conditions and governance capability across the country, and a need to better integrate national policies at the regional level. Vertical co-ordination occurs within a complex governance system. The national government therefore needs to co-ordinate more effectively and in a way that accounts for the diversity and differences in capability across the governorates.
  - Establish a co-ordination council between governorates to share experiences, information and tackle challenges. This would also allow governorates to share experiences on decentralisation implementation and strategic planning, together with the designing and implementing of a basic single framework for subnational management that is linked to performance-based management. This co-ordination council could be composed of the CoG at the central level and representatives of each governorate (political, governor and a technical manager).

- Ensure that the leading role given to governorates in strategic planning through a bottom-up approach effectively integrates the lowest levels of the administration, as well as civil society and the private sector.

- Municipalities, and in particular mayors, could also gather in a national association to promote the role of municipalities in strengthening decentralisation reform and local development.

Capacity building and human resource management at the subnational level

- Identify the needs of civil servants at the governorate and local level in the context of the decentralisation reform, and provide capacity building and training at the subnational level to ensure a well-prepared, competent and efficient civil service.

- Develop and extend the national Law on Civil Service Reform and the tasks attributed to the Civil Service Bureau to the governorate and municipal levels.

- All levels of government should be encouraged to define and plan for the types of workers they will need in order to carry out new responsibilities. Training should contribute to the formation of new working relationships. In addition to building local capacity, training can be a tool for creating personal networks among various levels of government, regions, or types of government workers. One recommendation, for example, might be to train career civil servants and local politicians together to insure that they better understand what is expected of them and what they can expect from each other.

- Create a network of community agents to provide local government with capacity building especially to the LDUs. A national federation/association of
municipalities (once created) may also be involved to connect local experiences and identify good policy practices across municipalities. Councils should involve citizens and non-governmental organisations in the identification of key local assets and economic drivers, which should be taken into account in local development strategies.

- **Greater flexibility in managing the workforce at the local level is required.** Subnational governments need to develop competency-management systems so that they can ensure they have a well-selected, trained and evaluated public workforce.

- **This regime should be co-ordinated by key ministries such the Civil Service Bureau (together with the Ministry of the Public Sector), MoI and MoMA.**

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**Notes**

2.  One of the most important is a MoI regulation describing GLDUs’ functions in 2006.
4.  UNDP project in Zarqa, Aecid’s initiative in Mafraq and VNG’s project in Irbid.
5.  Answers to the OECD questionnaire.
6.  EU-supported PAMB, PALD and Baladyat projects, UNDP and USAID, VNG, among others.
7.  Evidence gathered in UNDP, USAID, EU, AECID, VNG’s projects at governorate and local level in Jordan.
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