



Forum Euro-Méditerranéen des Instituts de Sciences Economiques

www.femise.org

Workshop on

DECENTRALIZATION AND REGIONAL DEVELOPMENT

IN THE MEDITERRANEAN COUNTRIES

25 November 2012

Marrakesh, Morocco

Context

The democratic deficit that characterized a number of southern Mediterranean countries cultivated, inter alia, wide regional disparities, and social and economic exclusion and played a prominent role in fuelling social unrest. In Tunisia, for instance, the hardest-hit cities of Sidi Bouzid, Kasserine, and Thala in the Centre west of the country led the uprising against Ben Ali's regime. With the historical opportunity offered by the "Arab Spring", people are aspiring for broader participation with more voice and better economic opportunities, not only at the central level of government, but more importantly in their immediate neighborhood—local and regional levels—. Reforming the government is a key component of the transition from an authoritarian regime to a more politically open democratic regime. In particular, transforming a highly centralized government into one that fosters decentralized economic activities can help creating thriving markets. By devolving power from the central to local levels, decentralization is a mechanism that would foster the implementation of an effective local government conducive to market development. Economists often emphasized allocative benefits of decentralization in the provision of public goods and services. Local governments have better access to local information and are able to provide public services that match local preferences. It is asserted that local governments are closer to the people and thus they know popular preferences reasonably better than the central government.

Decentralization offers sub-national authorities the opportunity to pursue economic development policies in line with their distinctive strengths and weaknesses instead of implementing uniform central state policies. Centralization and undifferentiated policies can prevent the convergence process among different regions. Recently, however, some studies cast doubt on the decentralization-related efficiency gains in developing countries. Decentralization can lead to coordination issues, more administrative costs or poor quality of local bureaucrats. It can also increase corruption and cronyism undermining potential efficiency gains.



This Workshop has been organized with the financial assistance of the European Union. The contents of the presentations are the sole responsibilities of the speakers and can under no circumstances be regarded as reflecting the position of the European Union.

This project, funded by FEMISE through the European commission grant, is a collaborative work between four FEMISE different members' institutes, with a team leader from INSEA, Morocco.

This workshop is organized by FEMISE with the purpose of examining the decentralization process and related local institutions in the Mediterranean countries (Egypt, Lebanon, Morocco and Tunisia) and assessing the specific impact of decentralization on economic and social outcomes. The workshop is expected to create an opportunity for policy debate between policy-makers at the central and local levels, academics and representatives of international organizations interested in the issue such as the World Bank and UNDP.

The issue of decentralization and regional development is high on the agenda for policy-makers in the south Mediterranean countries. They are also of interest for the European Union as broader participation and well functioning institutions in south Mediterranean countries are prerequisites for an inclusive growth process and more security and stability in the whole region.

The themes to be discussed in the workshop can be articulated around two key pillars:

First: The rationale for decentralization and lessons for designing the architecture of decentralization

a. Different forms of decentralization

How to define and measure decentralization? (Political dimension, administrative dimension and fiscal dimension).

b. Decentralization and service delivery

To what extent decentralization makes it easier for citizens to voice their demands on government and improves delivery of basic services?

c. Decentralization and accountability

To what extent decentralization improves accountability of local officials and lessens corruption? Is there any risks of capture of state, in places where powerful local elites exist and where decentralization could serve as a vehicle for greater consolidation of their power and influence?

d. Fiscal decentralization and macro-economic stability

How fiscal decentralization can affect macroeconomic stability? How proper design of decentralization can mitigate risks of uncontrolled local government budget deficits?

e. Decentralization and regional inequality

What's the relationship between decentralization and regional inequality? The existing evidence on the redistributive consequences of decentralization is mixed.

Decentralization can enhance public sector efficiency. However, it can also weaken inter-jurisdictional redistribution causing a rise in regional inequality. How likely is it that decentralization might lead to conflict between efficiency and redistribution?

Second: Comparing and contrasting country experiences

Experiences from the Maghreb (Morocco and Tunisia)

Experiences from the Middle East (Egypt and Lebanon)



Forum Euro-Méditerranéen des Instituts de Sciences Economiques

www.femise.org

**Workshop on
DECENTRALIZATION AND REGIONAL DEVELOPMENT
IN THE MEDITERRANEAN COUNTRIES**

25 November 2012

Marrakesh, Morocco

Agenda

8:30-9:00 Registration and welcome coffee

9:00-9:30 Opening session: Welcome and Opening remarks

Ahmed Galal, President and coordinator, FEMISE and Managing Director of ERF

Jean Louis Reiffers, Coordinator and President of the Scientific Committee, FEMISE

Lahcen Achy, Professor at INSEA, Morocco

9:30-11:00 Session 1: Rationale for decentralization and lessons for designing its architecture

Moderator: Abdelhadi Raounak, Professor at the Institut d'aménagement du territoire, Rabat, Morocco (TBC)

Ghazi Boulila, Central Bank of Tunisia and Professor at the Ecole Supérieure des Sciences Economiques et Commerciales de Tunis

Bilin Neyapti, Associate Professor, Bilkent University, Turkey

Khalid Sekkat, Professor at the Free University of Brussels

11:00-11:30 Coffee Break

11:30-13:00 Session 2: Decentralization: Political, legal and economic perspectives in the Middle East Countries: Egypt and Lebanon

Moderator: Subidey Togan, Bilkent University, Turkey

Ahmed Ghoneim, Professor at Cairo University, Egypt

Sami Atallah, The Lebanese Center for Policy Studies, Lebanon

Discussant: Lobna Abdel Latif, Professor at Cairo University, Egypt

13:00-14:30 Lunch

14:30-16:00 **Session 3: Decentralization: Political, legal and economic perspectives in the Maghreb Countries: Morocco and Tunisia**

Moderator: Mohamed Tahraoui, INSEA, Morocco

Lahcen Achy, Professor at INSEA, Morocco

Saoussen Ben Romdhane, Professor at the University El Manouba, Tunisia

Discussant: Saleh Ahmed, Professor at Cairo University and Egyptian Ministry of Local development

16:00-16:15 Coffee Break

16:15-18:00 **Panel Session: Decentralization in the context of political and economic transition**

Moderator: Wafik Grais, Nahda Advisor, Cairo, Egypt

Lahcen Achy, INSEA, Morocco

Abdallah Shehata, Assistant Professor in public finance, Egypt

Abdelhadi Raounak, Professor at the Institut d'aménagement du territoire, Rabat, Morocco