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# DECENTRALIZATION IN IRAQ

CHALLENGES AND SOLUTIONS  
FOR THE FEDERAL AND LOCAL GOVERNMENTS

**DECENTRALIZATION IN IRAQ**  
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FOR THE FEDERAL AND LOCAL GOVERNMENTS

INTERNATIONAL CONFERENCE ON DECENTRALIZATION,  
LOCAL GOVERNANCE AND SERVICE DELIVERY:  
SHARING EXPERIENCE AND SUSTAINING PROGRESS IN URBAN IRAQ  
8 -10 MAY 2011, AMMAN, JORDAN

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## MESSAGE FROM THE EXECUTIVE DIRECTOR

This report presents the outcomes of UN-HABITAT's *International Conference on Decentralization, Local Governance and Service Delivery: Sharing Experience and Sustaining Progress in Urban Iraq*, which took place in Amman, Jordan from 8-10 May 2011.

Decentralization has been gaining increasing attention as a means of improving the provision of public goods and services as the importance of reforming public-service delivery has moved to the forefront of the current policy agenda. For many years, local governments have been recognized as key actors in the economic and social development of any society and also as the starting point for democratic expression. Local authorities can be representative, legitimate and efficient in steering local urban development.

UN-HABITAT is committed to supporting the process of decentralization in many countries across the world, highlighted in 2007 and 2009, when the Governing Council of UN-HABITAT approved two sets of guidelines, where member states of the United Nations committed themselves to the promotion of decentralization and strengthening of local authorities, and to providing access to basic services for all. The guidelines were designed to assist policy reforms and legislative action at the country level in two complementary areas of UN-HABITAT's mandate. They were prepared through an intensive consultative and participatory process involving many partners, including UN agencies as well as national and local governments.

In developing countries, governments have experimented with different forms of decentralization to bring service delivery closer to the people. National governments are increasingly sharing the responsibility for service provision with the local governments in a variety of public arrangements that aim to increase the accountability and responsiveness of service delivery. It has been widely observed that decentralized service delivery can result in quicker gains than with a centralized system.

This is especially important in a country like Iraq where 70 percent of the population is now living in cities, which are in a state of post-conflict reconstruction. The displacement of citizens and fragmentation of the city through conflict has left Baghdad with 10 percent of its citizens in unacceptable conditions with limited access to basic services.

Decentralization is one process to help improve access to services for the urban population. The 2005 Constitution of Iraq advanced the reform process by establishing a model of decentralized political and administrative government through devolution of authority to the governorates. In March 2008, the Provincial Powers Law defined the roles and responsibilities of both the elected local bodies and the associated administrative units at governorate, district and sub-district levels.

At both the political and administrative levels, the law directs towards greater decentralization, which represents a profound transformation from the way government decision-making process operated under the



previous totalitarian regime. But while this law provides a strong basis for the empowerment of local governments, it does not provide a comprehensive insight to establish an effective and efficient decentralized system in the country.

The conference sought to address such challenges and provide a focused practical perspective on how decentralization in urban areas promotes local government as an effective tool for service delivery. I hope this report can advance the cause of decentralization to the benefit of Iraq's federal and local governments, its citizens, its non-governmental organizations, civil society and all international partners and stakeholders working to develop urban policies for Iraq.

Dr. Joan Clos  
Executive Director, UN-HABITAT



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## FOREWORD

The famous French historian and political thinker Alexis de Tocqueville noted that “Decentralization has, not only an administrative value, but also a civic dimension, since it increases the opportunities for citizens to take interest in public affairs; it makes them get accustomed to using freedom”.

This conference report presents an objective analysis and way forward specific to the context of Iraq, while also drawing on the expertise and best practices of an international cadre of decentralization specialists. It provides valuable insights into the interconnected challenges that face Iraq’s public service delivery mechanisms, together with concrete recommendations for both political and fiscal decentralization efforts.

The United Nations has long been at the forefront of supporting Iraq’s efforts towards improved governance at the local level and the delivery of quality services to its people. This exercise on furthering decentralization-inspired reforms will make a significant contribution to the UN’s broader Iraq Public Sector Modernisation programme. The work of this programme is guided by the international consensus that good governance and sustainable human development are inseparable.

It is my hope that by engaging with local officials from all of Iraq’s eighteen governorates as well as representatives of the federal government, this report will contribute to countrywide reforms geared at delivering on past promises of decentralized service delivery. It should also prove particularly useful for government officials, policy makers, and those working to support and enhance good local governance practices in the region and beyond.

A great deal of effort went into the preparation of this conference and its report, and on behalf of the United Nations Development Programme for Iraq, I would like to thank UN-HABITAT for such an important contribution to the UN’s work in Iraq. It is inclusive and forward-thinking contributions like this that will ultimately define this momentous time in Iraq’s history.

Peter Batchelor  
Country Director  
UNDP Iraq

“There is a gap between the theory of decentralization and the practice which explains the weakness in the delivery of services in Iraq.”

Wafa'a Fadhil, chair of the Iraq Local Government Association speaking at the International Conference on Decentralization, Amman, May 8 2011.



Iraqi local government officials were able to meet with decentralization experts during the three-day conference

From 8 to 10 May 2011, UN-HABITAT hosted a three-day conference in Amman, Jordan to set out a roadmap for Iraq to move towards a system of effective decentralized government.

The conference aimed to outline what those reforms should be and to provide recommendations for further progress on decentralization in Iraq.

“The objective of this conference was to provide an opportunity for Iraq Local Government Association representatives to learn, experience and benefit from the process of decentralization, local government building and service delivery practised in several neighbouring and selected countries,” said Suman Kumar Karna, Local Governance and Decentralization Specialist with the UN-HABITAT Iraq Programme in Amman. “The conference aimed to provide a focused practical perspective on how decentralization in urban areas promotes local government as an effective tool for service delivery.”

UN-HABITAT has been a key agency in promoting the benefits of good governance, which can be achieved through decentralization. As the United Nations agency for human settlements, it is mandated by the UN General Assembly to promote socially and environmentally sustainable towns and cities with the goal of providing

The conference brought together eminent speakers from the World Bank, OECD, and United Nations Development Programme together with experienced practitioners in the field of local governance (for a full list of speakers, see Appendix 1).

Key representatives of the Iraqi government including Mr. Istabraq Al Shouk, Senior Deputy Minister for Housing, Mr. Kamil Chadirchi, Deputy Minister for Administrative Affairs, and Mr. Ayad Al Safy, Deputy Minister for Technical Affairs, were joined by representatives from all 18 of Iraq's local provinces.

As Wafa'a Fadhil, the chair of the Iraq Local Government Association noted in her presentation, while Iraq has set out its intention to move towards a decentralized form of

government in its constitution of 2005, the reality is that further legal and administrative reforms are needed, driven by the necessary political will and public support, before the country can move towards a genuine form of decentralized local government.

#### The conference addressed five topics:

- Cities—Why are they important?
- The context and challenges of decentralization in Iraq
- Decentralized urban governance
- Fiscal decentralization
- Decentralized service delivery and financing

adequate shelter for all. The agency's work on decentralization culminated in the *International Guidelines on Decentralization and the Strengthening of Local Authorities*, which were approved by the UN-HABITAT Governing Council in April 2007.

Decentralization of defined services can assist in improving service delivery in Iraq's local communities and UN-HABITAT identified the conference as a tool to assist Iraq's urban development. Iraq needs to build and improve its urban infrastructure to reduce poverty and stimulate social and economic development. It is a highly urbanized country with 66 percent of the population residing in cities and as the country experiences strong urban growth, that growth is putting increased pressure on the delivery of local services. The three-day event allowed delegates to discuss best international practices in the context of the special characteristics of Iraq, which is in post-conflict rehabilitation with a government that relies on oil revenues for 90 percent of its GDP.

The experience of decentralized governance in Iraq has so far been minimal. After adopting a federal system in 2003 following the invasion by the US-led coalition, the Republic of Iraq's Constitution of 2005 and Law 21 of 2008 furthered the reform process by establishing a model of decentralized political and administrative government through devolution of power to eighteen provinces (governorates). But many challenges remain, in particular, the devolution of authority for the delivery of services and an inter-governmental policy on the transfer of revenues to local governments from oil and other resources.

"The legal framework set by Law 21 provided an important first step in the decentralization process but the details of the functional and territorial assignments between central and local government still need to be agreed," said Fiona McCluney, Programme Manager for the UN-HABITAT Iraq Programme.

This report aims to address these challenges through a presentation of the views, advice and opinions of

the conference participants. We are grateful in particular to those speakers who conducted interviews following the conference. Speakers' papers submitted for the conference can be accessed at the UN-HABITAT website: [www.unhabitat.org](http://www.unhabitat.org). The sections that follow highlight the challenges facing Iraq's move to a system of decentralized government and a list of recommendations, which can be applied to assist Iraqi representatives in the field.

To continue its mission to promote good governance and sustainable development of Iraq's cities, UN-HABITAT plans to bring together conference participants for two days of field tours outside Iraq, where participants will have the opportunity to see the results of the decentralization process on the ground.

Richard Forster  
Nick Mitchell  
June 2011



All eighteen governorates were represented at the conference

“The delegating of responsibilities to regions and governorates is the main goal in achieving sustainable development in Iraq and the creation of better civilized cities.”

Mr. Istabraq al-Shouk, Deputy Minister of Construction and Housing, in his opening address, International Conference on Decentralization, May 8 2011, Amman

By 2030, it is expected that more than 60 percent of the world population will live in urban areas.<sup>1</sup> The Arab region is projected to see its urban population more than double, increasing by 251 million between 2010 and 2050.<sup>2</sup> Iraq is no stranger to this rapid urbanization. Sixty-six percent of its population already resides in cities with the urban population set to more than double from 20.4 million in 2010 to 48.2 million in 2050.<sup>3</sup>

Such urban growth, if managed properly, can bring benefits to Iraq. Historically cities have been engines of growth and in his conference presentation<sup>4</sup>, Jamie Simpson indicated that a 10 percent increase in urban population can correlate to a 30 percent increase in GDP. But as Mr. Simpson emphasized, for cities to be a force for good they must be managed properly. Cities do not work automatically and good urban governance is critical for Iraq given its rapid urbanization. The key is to get the new decentralization framework to function to provide adequate local services, to harness civic creativity, and to match fiscal arrangements to delegated responsibility.

“If Iraq is to move from being solely dependent on oil as the main source of revenue, how cities function and are being managed is going to be a key issue and considering this in the context of where functional responsibilities lie is the major theme we need to work on,” said Fiona McCluney of UN-HABITAT in her closing comments at the conference.

Dr. Anwar Shah of the World Bank in his presentation on urban governance emphasized how China is a good example of how a country can achieve impressive economic growth and poverty reduction in its cities through strong local government (see Figure 1.1).

“Even in the absence of political democratization [in China], decentralization has delivered, in terms of uplifting peoples’ lives as well as giving a sense of participation in the affairs of the state,” said Dr. Shah. “China has very strong local governments and local governance has acted as a catalyst for economic development and economic growth.”<sup>5</sup>

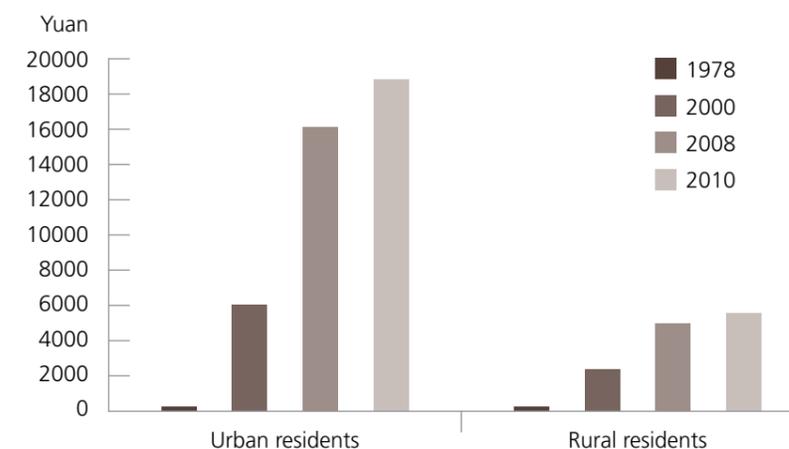
But such growth needs proper management in cities. The movement from rural to urban populations by necessity shifts political and administrative responsibility from central governments to municipal, regional and local governments. The challenge here is also for authorities and governments to adopt decentralization policies that maximize the benefits of urbanization.<sup>6</sup>

“The first challenge, that I can perceive from the discussions during the conference, is that there isn’t a national

consensus for decentralization,” said Jonas Rabinovitch, senior adviser at UNDESA, who chaired the conference session on Decentralized Urban Governance. “Different institutions in Iraq at different levels have different views. So on the one hand there is a legal framework supporting decentralization but in my view, from what I’ve seen, the national consensus is not in place yet.”

The lack of consensus is not surprising. As Dr. G. Shabbir Cheema, director of the Asia-Pacific Governance and Democracy Initiative at the University of Hawaii, explained in his presentation, in the developing world every political system has some elements of centralization and some elements of decentralization. Some countries have more administrative decentralization while others have more political and fiscal decentralization.

Figure 1.1 China’s impressive growth in per capita income for urban residents



Source: Presentation by Anwar Shah at the UN-HABITAT International Conference on Decentralization, Amman, May 2011

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<sup>1</sup> UN-HABITAT: Urbanization, Facts and Figures  
<sup>2</sup> Conference paper prepared by Dr. G. Shabbir Cheema for the UN-HABITAT International Conference on Decentralization (Amman, 8 May 2011)  
<sup>3</sup> Conference presentation by Professor Om Prakash Mathur (Amman, 9 May 2011)  
<sup>4</sup> Conference presentation by Jamie Simpson of GHK Consultants (Amman, 8 May 2011)  
<sup>5</sup> See Appendix II  
<sup>6</sup> Conference paper prepared by Dr. G. Shabbir Cheema for the UN-HABITAT International Conference on Decentralization (Amman, 8 May 2011)