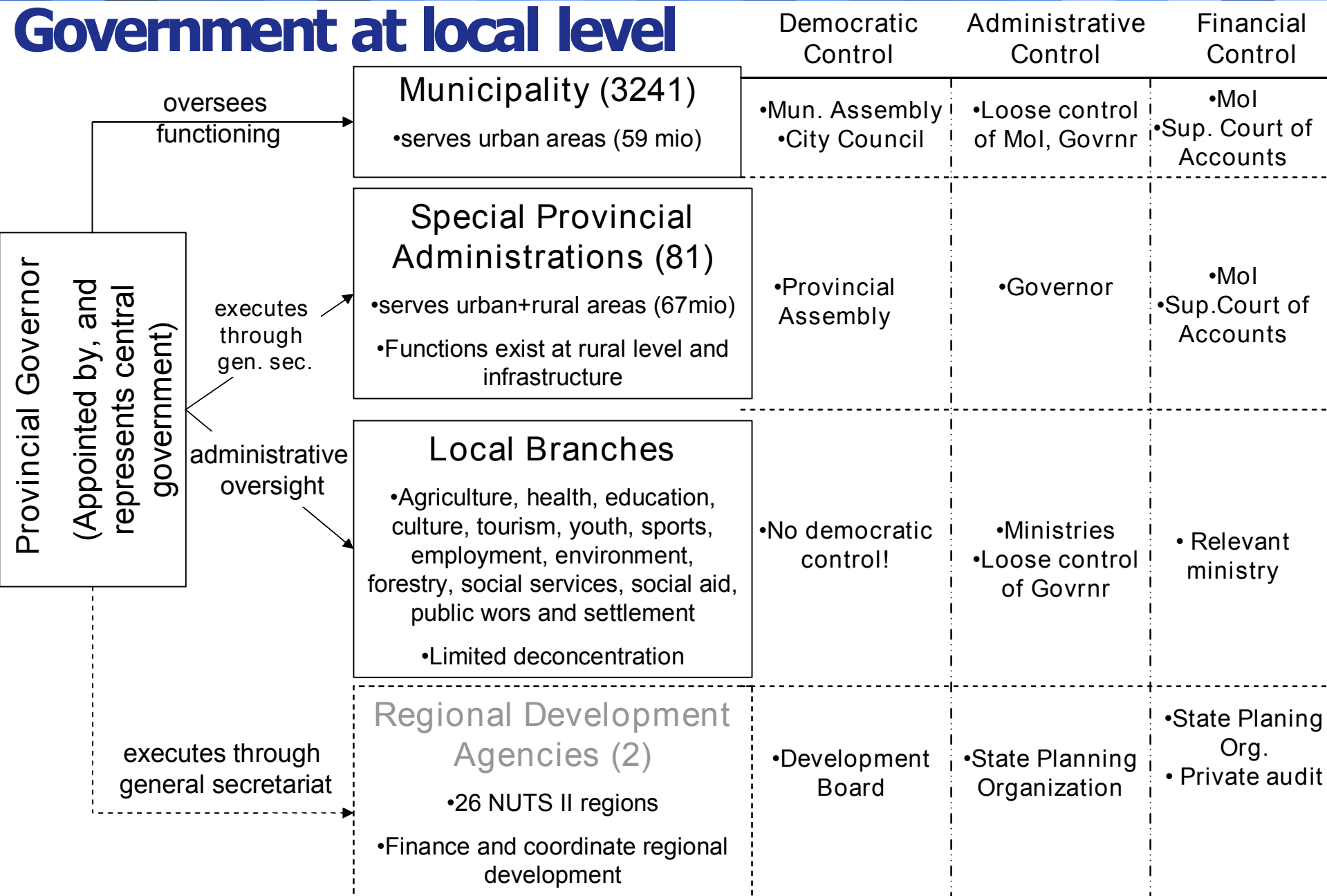


Perspectives on Decentralization in Turkey

Emin Dedeođlu

**Fiscal Decentralization Donor's and Local
Stakeholder's Coordination Workshop
November 29-30, 2006 Istanbul**

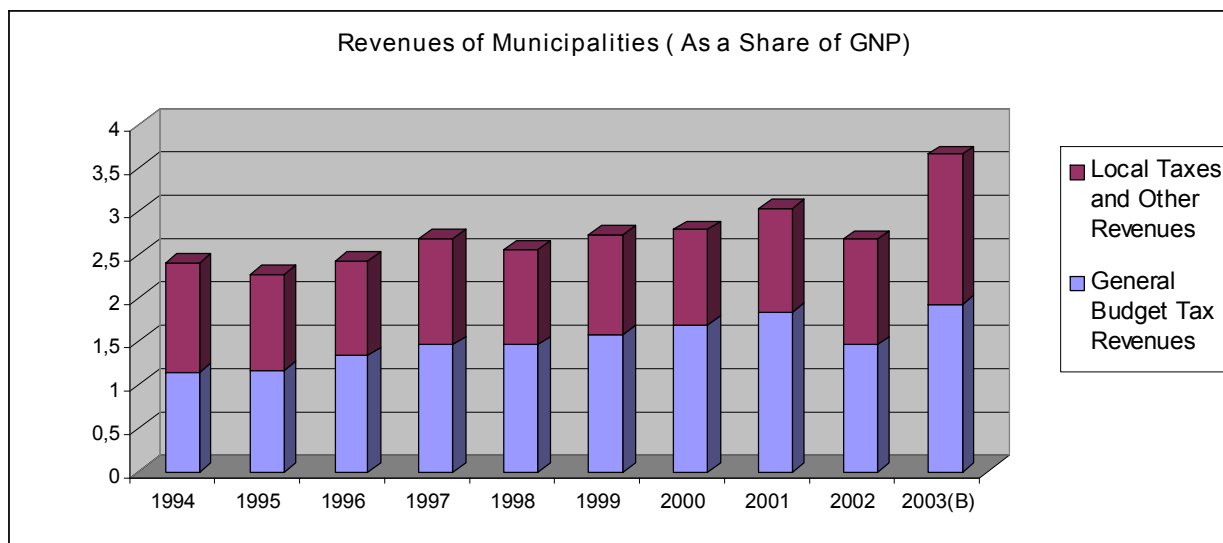
Government at local level



Revenues and Expenditures of Municipalities

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 (B)
Total Municipality Revenues	2,40	2,27	2,42	2,68	2,55	2,73	2,78	3,03	2,67	3,65
General Budget Tax Revenues	1,14	1,16	1,33	1,46	1,46	1,57	1,68	1,84	1,46	1,92
Local Taxes and Other Revenues	1,26	1,11	1,09	1,22	1,09	1,16	1,10	1,19	1,21	1,73
Total Municipality Expenditures	2,56	2,42	2,56	2,80	2,84	3,01	2,95	3,10	2,73	3,76

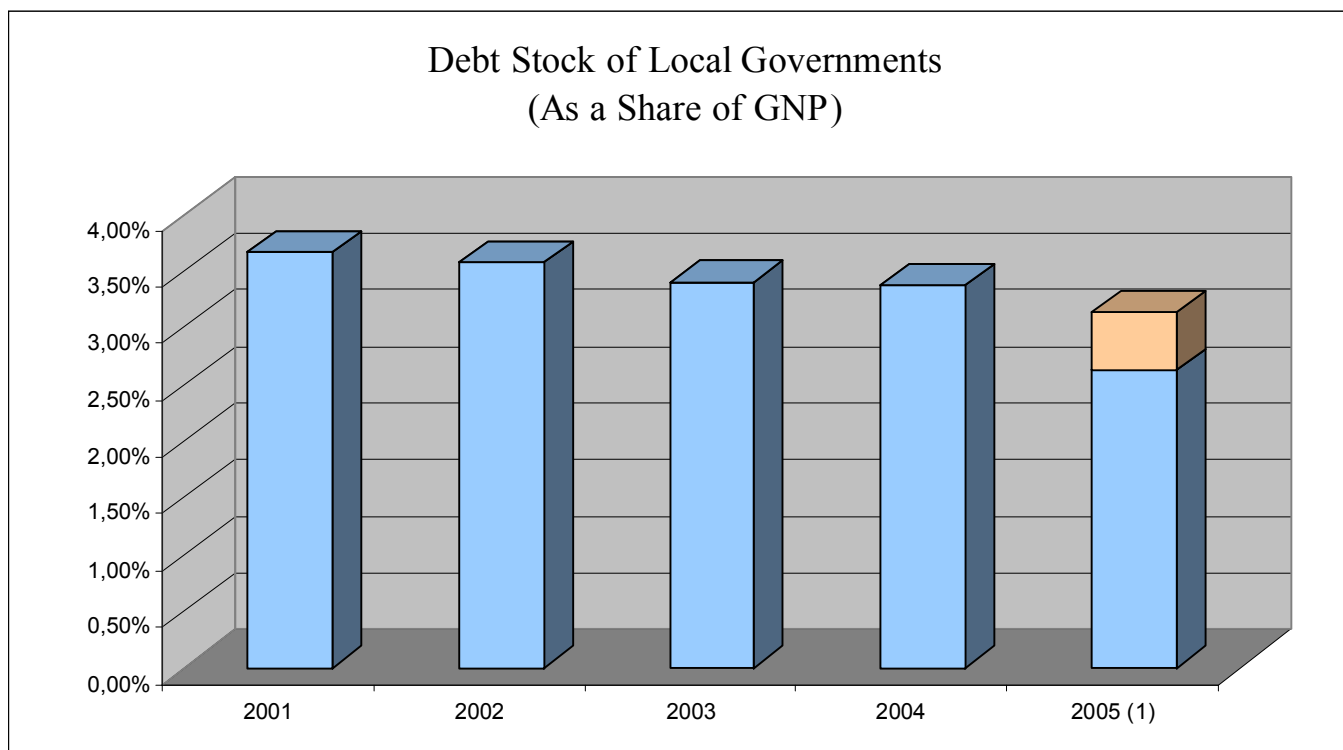
Revenues of Municipalities



Source: Kerimoğlu, B. et. al. (2005). Fiscal Decentralization: A New Approach to Alleviate Poverty and Regional Disparities. TESEV. İstanbul. (B) Budget Estimate

Debt Stock of Local Governments

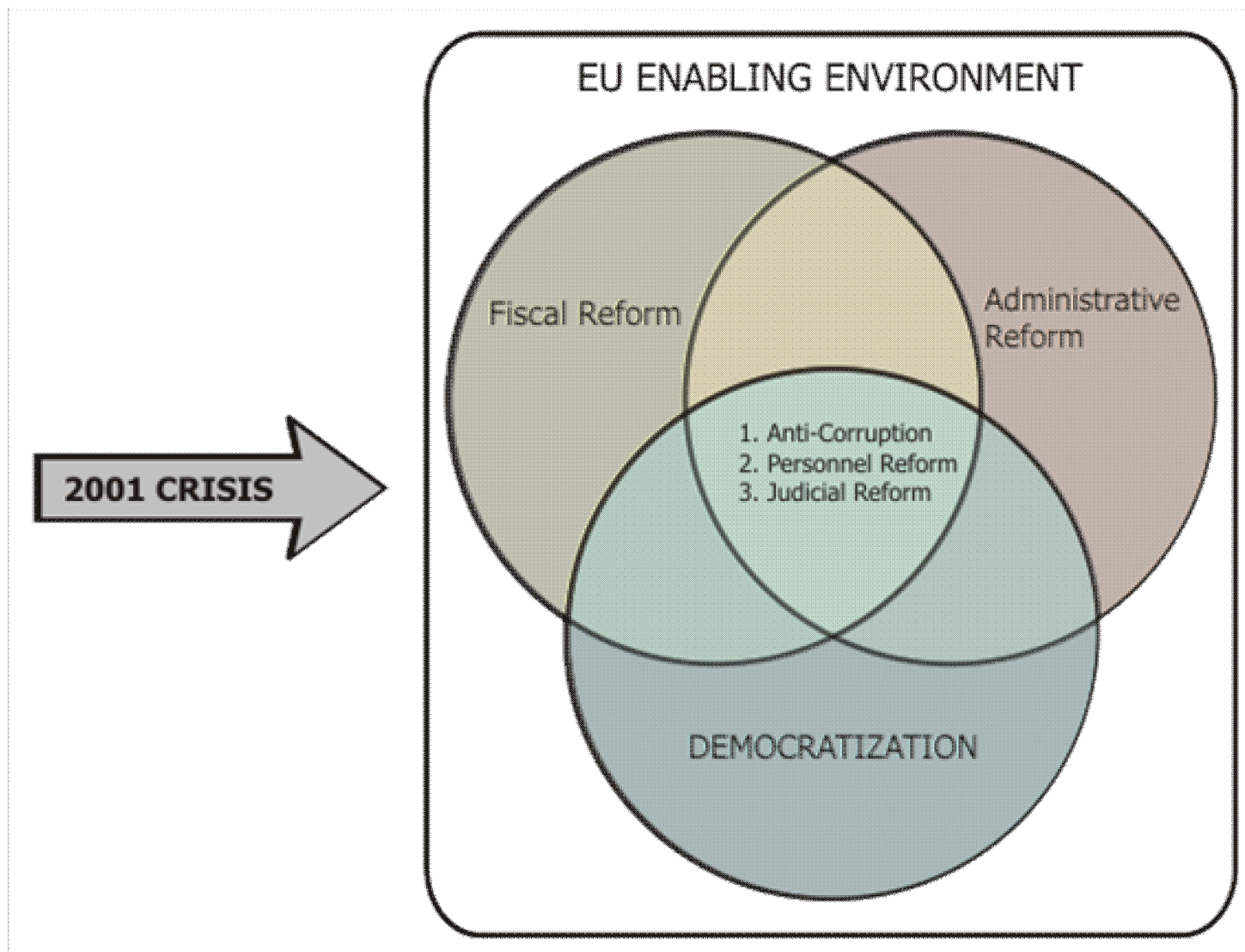
	2001	2002	2003	2004	2005
Debt Stock	0,037	0,036	0,034	0,034	0,026



Source: Under secretariat of Treasury

(1) 0,509% of GNP has been written off from the debt stock of local governments in 2005

Overview of Public Sector Reform



Major legislative achievements (decentralization)

- **Public Fiscal Management and Control Law**
- **Municipality Law**
- **Greater Municipality Law**
- **Special Provincial Administration Law**
- **Unions of Local Governments Law**

Major legislative achievements -2

- **Rationalizing municipal borders**
- **Regulating service unions**
- **Looser administrative guardianship**
 - No approval for council's decisions
 - No approval for recruitment
 - Elected president of provincial assembly
- **Simpler HR procedures**
- **Result oriented management**
 - Strategic planning
 - Performance based budgeting

Major legislative achievements -3

■ **Accountability**

- **Internal control and external audit**
- **Conformity check and performance based fiscal audit**
- **Planning, Budget, Audit Commisisions in Municipal Councils**

Major legislative achievements -3

■ Participation

- Securing stakeholders participation to commissions
- “City council” an umbrella platform for all stakeholders
- Citizens vote for municipality establishment
- Securing citizens right to participate into decision-making
- Local gov'ts can undertake public opinion surveys
- Regulating voluntary participation to local services
- Obligating participatory preparation of strategic plans

Major legislative achievements -5

■ Transparency

- Declare mid year budget results and expectations
- Declare annual activity reports
- Accrual accounting introduced
- Obligation to declare council's decisions in 7 days
- Council's report are open to public
- More effective democratic tools for councils.

To be continued...

- **Draft Law on Supreme Court of Accounts**
 - Reorganization to cope with 3400 local governments
- **Draft Law on Local Government Revenues**
 - 30% increase in revenues, mainly in transfers
 - Fiscal equalization and performance incentive in transfer criteria
 - SPA: 60% population, 10% area, 15% rural population, 10% development index
 - Municipalities: 75% population, 15% development index, 10% performance

To be continued...

- **Draft Laws on Decentralization**
 - **Social Services and Child Care**
 - **Youth and Sports Services**
 - **Museums, libraries, cultural centers**

Challenges Ahead

■ Paradigm shift

→ Acquaintance of reforms at all levels -subscribe to the reform principles

■ Monitoring and evaluating implementation

→ Preventing adverse applications

■ Local government dimension in bureaucracy and politics.

→ Centralist bias in management

■ Lack of Democratic Culture

Constraints

- **Definition of government in the constitution.**
- **Political uncertainty-elections.**
- **Capacity building.**
 - **Institutional capacity (structures)**
 - **Credibility(policies)**

What TEPAV do?

- **MoU btw WBI and TEPAV for Collaboration on Learning and Knowledge Sharing Programs**
- **Training Programs held with participation of 250 staff from over 25 municipalities, 5 unions of municipalities, 10 Provincial administrations, 27 central agencies, 12 academic/training institutions and NGOs.**
 - **Training Seminar on Strengthening of Intergovernmental Fiscal Relations**
 - **Workshop on Training Needs of Local Governments**
 - **Training Workshop on Performance Monitoring at the Local Level**
 - **Training Workshop on Decentralization Strategies**
 - **Training Workshop on Improving a Public Organization through Self-Assessment**
 - **Training Seminar on Strategic Planning for Local Administrations**