

**Financial decentralization in Iraq after 2003
the application and development mechanisms**

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Abstract

Fiscal decentralization in many developing countries and Iraq, in particular, lacks the requirements for effective implementation in terms of the distribution of spending and revenue responsibilities and authorities that are compatible with federal and local levels, although Iraq's 2005 constitution divided the powers between federal and local governments, due to the fact Spending policies may not reflect the shape of the system has accounted Local governments have contributed for 14% of the overall federal investment budget, while local revenues accounted for only 5% of the total revenue available for the period (2006-2019), Therefore, one of the objectives of the research is to determine the structure of the post-2003 financial decentralization system in Iraq, and ways to make decentralization work the success by achieving efficiency and effectiveness in providing local governments with the opportunity to improve responsiveness accountability and performance in the development and delivery of services, This entails the process of establishing the foundations for financial decentralization in Iraq, which allows the authorities to provide sufficient revenue to ensure the financing of local government responsibilities.

Keywords: Decentralization, fiscal decentralization, local financial sustainability, tunnel responsibilities, revenue responsibilities.

Introduction

Decentralization is among the most important means in the search for a more efficient and less costly public sector, due to the presence of a wide range of institutional arrangements, in addition to that, one of the most basic principles of economic theory is to achieve the goal of allocative efficiency of the available resources, and this was one of the main motives towards the transition to The application of fiscal decentralization, which reflects the amount of financial autonomy and responsibility granted to local governments in both developing and developed countries, and this is mainly about the allocation of resources and spending at different levels of government in general[1], and economic history indicates to us in Iraq Two approaches to managing the economic system are the central approach before the flag of 2003 Which is based on concentrating the powers and responsibilities of revenue and spending collection in the hands of the federal government, but this path is the result of a package of variables and changes political Which led to the adoption of economic management a new

approach to decentralization after 2003 Which is governed by circumstances, foundations, tools and mechanisms that differ from the central approach in its management, and the expansion and diversity of this framework to branch out from the types of financial, administrative and economic decentralization

Search problem:-

The total dependence of local governments on federal budget allocations, which depend largely on oil revenues, which represent 85% to 95% of total federal revenues. To finance current and investment domestic expenditures and the related problems and challenges that hinder the transition to a decentralized financial system and the achievement of its objectives, in particular the provision of services and infrastructure projects. In addition, local governments suffer from a lack of diversification of alternative sources of revenue, a decline in their contribution to financing domestic spending, and a strengthening of the local budget, thus breaking the gap between federal and local revenues, widening the fiscal gap and hampering the possibility of:-

- A. First. Financial sustainability of local governments.
- B. Establishing the foundations and roles of financial decentralization in the Iraqi economy.

Research objectives:

1. Introducing the financial and economic situation, work and problems of local governments.
2. Identify the nature of the most important financial income and its impact on financial decentralization.
3. Reference is made to the types of domestic financial revenue available.

The research is based on the premise that "the distribution of powers and responsibilities of public spending and revenue collection at the federal and local levels brings many advantages, the most important of which are economic efficiency and social justice in the distribution of financial resources and the encouragement of the private sector.

The importance of research:

The importance of the research is to address a topic that serves the purposes of decentralization, changes in public expenditure policies and revenue collection as a result, which the Iraqi State affirmed after 2003, in order to benefit from the benefits of this transformation.

Literature Review

1st. Financial decentralization and its applications:

Fiscal decentralization policies and practices have varied advantages and benefits in different countries, but they are characterized by a common tendency to move away from the exercise of the central financial system and countries often try to pursue economic, political and social objectives. Through comprehensive fiscal decentralization, while other countries have chosen participatory fiscal decentralization by refocusing central decisions without effective fiscal decentralization, and fiscal decentralization is classified into three types [2] :-

1. Comprehensive fiscal decentralization:-

It states that the share of local governments in total fiscal expenditure plus revenues is relatively high, the financial relationship between levels of government can be described as highly decentralized, and overall fiscal decentralization is based on a set of rules:-

- A. Increase financial potential and capacity at the local level, within the limits of their responsibilities between local governments and the federal government.
- B. Progressive transfers of fiscal and tax authorities, where financial arrangements are often more flexible than the basic distribution of legislative and administrative authorities at the central and local levels of government, which represent financial arrangements that constitutions cannot determine the main financial features. Such policies are pursued on a daily basis in terms of areas of expenditure or revenue that need to be more important, and financial decentralization can be competitive and cooperative at the same time.
- C. Where the domestic share of total financial expenditure as well as income is relatively high, the government financial relationship can be considered highly decentralized, and there is another type where the domestic share of total financial expenditure is high, while the share of total financial income is relatively low. In this case, the financial gaps between domestic spending responsibilities and revenue instruments are often bridged through government transfers in decentralized developing countries. Therefore, this type of financial decentralization is categorized into two categories according to the types of money transfers. As mentioned above, there are two types of transfers: transfers for general purposes (unconditional) and transfers for specific purposes (conditional).

2. Participatory fiscal decentralization:-

The second type of fiscal decentralization is based on the fact that the share of local governments in total fiscal expenditure is high, while the share of total fiscal revenue is relatively low, in this case, the financial gaps between responsibilities

for domestic expenditure and means of income are often bridged through unconditional and conditional financial transfers. Participatory fiscal decentralization is based on a set of rules:-

- A. Transfer of financial constraints to the local level (transfer of costs rather than transfer of powers), in this case include considerations for the price-based economy, depending on the size of production or what is known as economies of scale, and the high costs and benefits across local governments. In order to achieve equity among citizens and address differences between governments, the central government has a more interparable role to play in the areas of local governments.
- B. Increase well-being through the efficient and effective delivery and delivery of local public services (better matching of supply and demand) by maintaining minimum standards of decentralized fiscal policy.
- C. Consequently, the responsibility for domestic spending is high and there is a fiscal gap, that is, the difference between responsibility for domestic spending and private domestic revenue, and reliance on unconditional transfers, in this case, although domestic financial independence is limited, the estimate of expenditure is relatively high.

3. **Limited fiscal decentralization:-** when responsibility for domestic spending is high and fiscal gaps are bridged mainly through conditional transfers, in which case domestic financial autonomy and expenditure estimation are limited.

Methods and Material

1st. Powers and Responsibilities of Local Governments From the perspective of the Iraqi constitution of 2005:-

The diversification of local revenues is one of the most important foundations in promoting Financial decentralization (FDc), through the transfer of financial powers and responsibilities from the central government to local governments and in line with their obligations towards the provision of public services, which is reflected in the achievement of sustainable local development. Countries differ in their approach to decentralization according to what suits their political, social and economic conditions in general. Iraq follows the federal system after 2003, as Article (1) of the Iraqi Constitution of 2005 states [3], that (the Republic of Iraq is a single, independent federal state with full sovereignty), and article (116) stipulates that the federal system consists of a decentralized capital, regions, governorates, and administrations local, where enjoy local governments It is not affiliated with a

region with broad administrative and financial powers that enable it to manage its affairs according to the principle of administrative decentralization, This was regulated by the law of governorates not organized in the region No. 21 of 2008 [4], as amended, and the Constitution stipulates that the powers and responsibilities of the Federal Government shall be delegated to local governments or vice versa. One such programmed is the Province's Development Programmed, which aims to transfer funds from the federal budget to local governments to establish projects that have a direct impact on the health, safety and well-being of citizens, thereby improving and raising the level of development in local governments.

2nd . Powers and Responsibilities local governments from the perspective of Law of the governorates not organized into a region No. (21) 2008 [4]:-

In light of the broad competencies and powers granted by the Iraqi constitution for 2005 provinces and their administrations. For the purpose of organizing this Powers and Responsibilities of Local Governments In line with the new form of the state based on the federal system, And according to principle decentralization and the absence of such a situation in the current legislation, has been legislated Law of Governorates Not Organized in the Region No. 21 of 2008 the average. As stated in the reasons for this law, as this law is the first step in a Promoting decentralization by giving greater powers for local governments This is what the second article stipulates. where is The Provincial Council is the highest legislative and supervisory authority within the administrative boundaries of the governorate, and it has the right to issue local legislation within the boundaries of the governorate, And Managing its affairs in accordance with the principle of administrative decentralization in a manner that does not conflict With Constitution and Federal Laws. While the executive power was given to the governor according to the law, accordingly, the provincial law Irregularities in Region No. (21) of 2008, Define the powers and responsibilities of the legislative and executive branches The financial resources are as follows:-

1. Terms of reference Legislature, law article (7) :-

- A. Issuance of legislation and laws And local regulations and instructions to organize administrative and financial affairs in a way that enables it to manage its affairs in accordance with the principle of administrative decentralization and in a manner that does not conflict with the constitution and federal laws.
- B. Drawing up the governorate's general policy and setting its priorities in all areas, in mutual coordination with the ministries and concerned authorities.
- C. Preparing the council's draft budget for inclusion in the governorate's general budget.
- D. Approving the draft general budget for the governorate referred to it by the governor, and conducting transfers between its sections with the approval of the absolute majority of the number of members, provided that constitutional

standards are taken into account in the distribution of governorate centers and districts, and aspects, and submit them to the Ministry of Finance in the federal government to unify them with the federal budget.

- E. Transfers within doors budget among the projects of the administrative unit among the delayed projects, and informing the Ministry of Planning of this.
- F. Determining the governorate's priorities in all fields, drawing up its policy, and setting strategic plans for its development in a manner that does not conflict with national development.

2. Terms of reference Authority Executive :-

- A. Preparation budget The local government of the governorate in accordance with constitutional standards, with the exception of items within the jurisdiction of the federal government, which must be submitted to the provincial council.
- B. Implementing the decisions of the governorate council in accordance with the constitution and current legislation.
- C. Policy implementation Federal set by the federal government within the limits of provinces.

3. Collection powers The financial resources of the county ,law article (44) :

- A. The financial budget granted to the governorate by the federal government in accordance with the constitutional standards prepared by the Ministry of Finance and approved by the House of Representatives.
 - B. Revenues generated by the governorate from the services it provides and the projects it manages.
 - C. Revenue Fees and local fines imposed under the Constitution and applicable federal laws.
 - D. Gifts and grants obtained by the governorate in a manner that does not contradict the constitution and federal laws in force.
 - E. Revenue Sale and rental of movable and immovable state funds in accordance with the Law on the Sale and Leasing of State Funds and other applicable laws.
- Prepare Law of Governorates Not Organized in a Region for a year 2008 the average An initial starting point for empowering governmentat However, it does not provide comprehensive guidance towards ApplicationEffective decentralization system. Although the transfer Powers and Responsibilities of Local Governments Provided by the constitution, local councils still have very limited powers. The challenges facing the application of this law are as follows:-
- 1. Transfers responsibility for strategic direction and associated planning tools to the provincial councils, and stipulates that allocations for from the budgetFederal will support strategic plans. However, this does not give local governments any

impact on the planning and allocation of the resources of the relevant ministries, through which the vast majority of services are provided, The Ministry of Health and the like may receive directives and allowances budget from the relevant ministries.

2. According to the law, local governments, and the sitting of the provinces takes over Responsible for oversight and the most honorable to the relevant ministries. On the other hand, it is not detected and select what is it control procedures And the most honorable, where the provision of services is not subject to administrative regulation by local governments. Although Recognition challenges and difficulties but they are unable to take action to investigate.
3. No text for systematic planning or resource allocation or the tunnel authority, or the numbers of budgets for units substandard Local governments eg municipalities or issue and counties.
4. No standards are established to ensure the equitable distribution of services and resources Finance.

Results and Discussion

3rd. Promising prospects for the application of FDC in Iraq after 2003:-

The application of FDC in Iraq is modern the covenant Despite the country's trend towards decentralization, Where Iraq still follows the central approach Based on the practical effect, Despite the provisions of the Constitution Provincial law is not regular in the province No. 21 of 2008, and the directions of the strategies of the national development plans to support FDC, as this led to a conflict between the practical reality and the strategic directions in support of decentralization, The share of local governments has formed (5%) . Just of the total general revenues of the budget and (14%) of the total investment spending of the federal government for the duration (2006-2019)[5-17] , **table (1).**

Table 1 . The share of local governments in the federal budget in the Iraqi economy (2006-2019) Trillion dinars

Period Governorate/ general revenue(out line) %(1/5)	General Revenue (Chart)(5)	County Share/ Investm ent budget (4) % (1/3)	Budget investme nt (Chart)(3)	Annual Growth Rate (%) (2)	Period Governor ate (1)	The year
6%	4539230	28%	9272000		2584863	2006
6%	4206453	21%	1266530	1%	2604000	2007

	0		5			
8%	5077508	26%	1567122	54%	4000000	2008
	1		7			
5%	5040821	17%	1501744	-36%	2550000	2009
	5		2			
4%	6173531	11%	2367677	-0.04%	2549000	2010
	2		3			
6%	8093479	15th%	3006629	81%	4614600	2011
	0		3			
7%	1023268	20%	3717789	58%	7304681	2012
	98		7			
7%	1192966	15th%	5510860	11%	8126607	2013
	63		2			
	-		-		-	2014
6%	9404836	14%	4121403	-29%	5740887	2015
	4		7			
3%	8170803	9%	2574631	-61%	2218652	2016
			1			
1%	7901142	4%	2545401	-56%	965743	2017
	1		8			
1%	9164366	5%	2465011	34%	1291027	2018
	7		2			
3%	1055696	11%	3304850	178%	3587427	2019
	86		6			
5%		14%		19%		average
			3487685		48137487	Total
			23			

While the trend was the share of local governments in the investment budget for the period (2006-2019) Downward, the lowest decline recorded in 2017 (4%) of the total investment budget, as shown in figure 1, is due to the decline in oil revenues in the federal budget and their reflection on investment expenditure in general and the share of local governments in particular. This led to the depletion of resources and poor delivery of services at the local government level, leading them to open a current account of local revenues generated within provincial boundaries in private banks without being monitored and supervised.

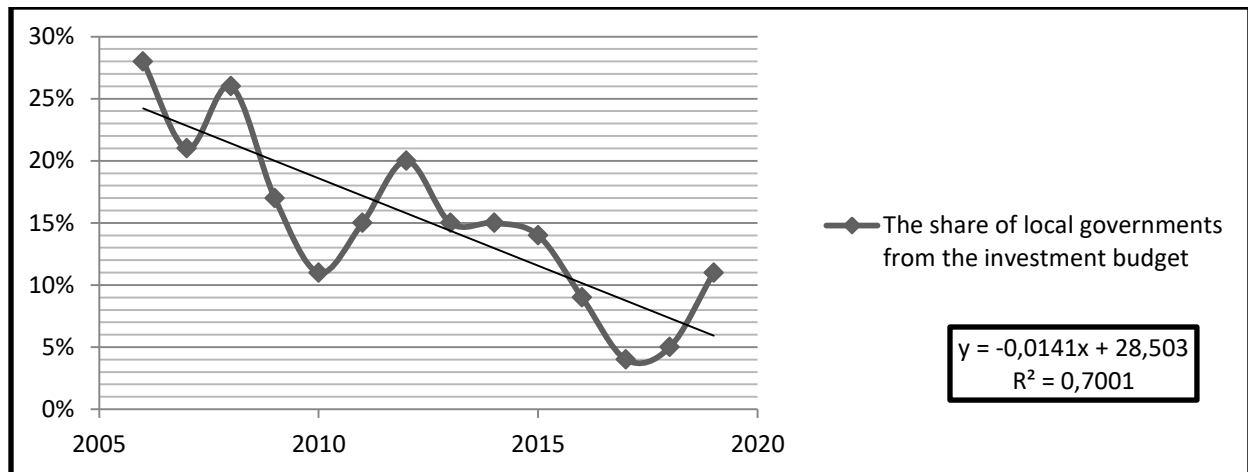


Figure 1. The Share of Local Governments from the investment budget

An example of this is the revenues collected by the Diyala Provincial Council, which were distributed according to sectors and in accordance with Resolution No. (97) of 2017 issued From Diyala Provincial Council And in the amount of (2,074,730,000) two billion seven hundred forty-seven trillion thirty thousand Iraqi, which is reflected in the competition of the federal government over the available resources without achieving good results, and therefore there is no mechanism to clarify the nature of financial relations between local and federal governments, so it is necessary to rely on a clear model. Local governments face a set of challenges and obstacles to the implementation of FDC in Iraq.

Therefore, we suggest that the application one of the types decentralization Finance in Iraq In order to achieve for Creating a sustainable and integrated spatial development in which equal access to services and infrastructure ... reducing the development gap between urban and rural areas ... and making better use of natural resources, which leads to creating a spatial development balance commensurate with the needs, capabilities and comparative advantages of different regions and reduces duplication of development, The spatial focus, the strong demographic focus and the economic activity currently prevailing through the achievement of the spatial development goals of investment policies for development and reconstruction.

1. The application of the FDC model participatory in Iraq:-

This model is based on enhancing hypocrisy programs, reducing waste of public money, and reducing powers and responsibilities on the revenue side of local governments in exchange for granting greater powers on the spending side to the governorates according to the Regional Development Program. And These reforms are based on a clear vision of the implementation programs that will be

implemented in the long term. We will focus on a set of structural changes in the system currently in use in FDC Iraq:-

1. Increase the allocation of funds from budget Federal to local governments by giving a greater role in the provision of services, as well as the possibility to recycle unspent revenue in the local budget to at least the next fiscal year to remain in use by local governments.
2. Opening a current account in one banks Governmental accounts, provided that this account is subject to the supervision of the Federal Ministry of Finance, and all revenues collected by local governments are deposited in it, provided that these amounts are rotated within the allocations of the governorates with the completion of the remaining appropriations from the federal budget according to population ratios and this will be reflected in easing pressure on the federal budget.
3. Create federal institutional mechanisms such as planning platforms regional at the governorate level and exchange information to enhance the capabilities of local governments to direct aspects of investment spending at the governorate level in accordance with the directives of the federal government.
4. Reformulate Articles of the Constitution and Provincial law in line with the new trend by strengthening the spending powers and responsibilities of local governments in return for reducing dependence on local revenues.
5. Cancel work Circle Finance and administration in the governorates whose work is limited to linking sectoral departments The validity is transferred and the Ministry of Finance, while retaining only swear Revenues local governorates Returning the sectoral administrations to their ministry on condition an Supervision work on this departments From the functions of the governor, as before.
6. Re-drafting the strategies of the national development plans and the Iraq Vision 2030 plan according to the new perspective in the implementation of decentralization with a lesser role for local governments in return for a greater role for the federal government in Revenue collection, which is reflected in reality providing public services.
7. Accordingly, the local budget must be subject to specific criteria in order to achieve the objectives set for it , Figure (2):-

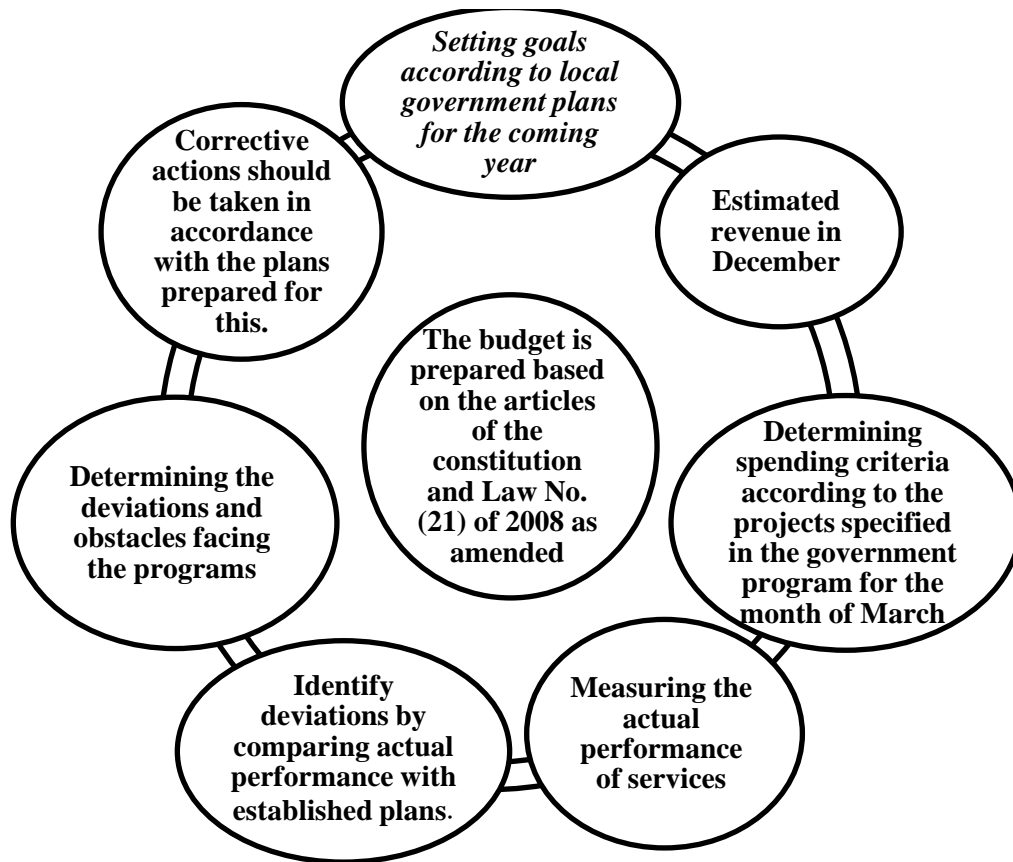


Figure 2. Local budget numbers chart in Iraq Striped

Based on the foregoing, the Federal Government's direction is (FR) Towards participatory decentralization, reflected in the impact of crowding out revenue diversification and preference for equitable resource allocation versus efficiency considerations, which occurs when federal revenue can only be increased by a shortage of local revenue (RIG) With a certain amount of income available, as shown in the Diagram No. (1) (C) on the budget line represents the total income available (TAR) at the federal and local levels, which amounted to (77300594) trillion dinars during the period(2006-2019), federal revenue (95%) accounted for the total revenue available, and local revenue accounted for (5%) Only, according to a method like Barreto, there are responsibilities for the federal government to provide more efficiently than local governments. Depending on the external effects generated by spending in the provision of public services, for example, the construction of dams and specialized hospitals that have extra-provincial effects, and if one government at the federal and local levels is dedicated to providing what the other government has to offer, it will result in a loss of the other, On it is a move to a point (D) that ensures that more available revenue is channeled to the federal government and will be at the expense of local government revenue .which Ensures that more available revenue is directed towards the federal government and it will be at the expense of government revenue at local Which

amounts to approximately (98%) of total public revenue available, as opposed to a reduction in local government income by (2%), local government spending powers and responsibilities are to be granted by mainly filling fiscal gaps from unconditional and conditional transfers.

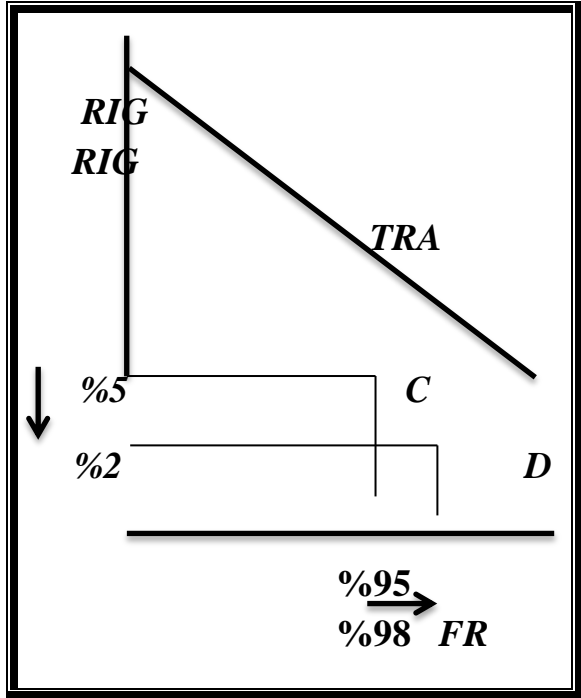


Diagram No. (1) Effect crowding to diversify revenues at the local and federal levels in Iraq The application of the FDC model inclusivity in Iraq:-

Spending is decentralized And Revenues with effect on financial efficiency for local governments and with unbalanced properties, whereas There is an asymmetry between the decentralization of spending the local And the effect of revenue decentralization on financial efficiency As we explained earlier, and Decentralization of spending can lead to the local To improve the financial spending structure at the local level, While Revenue decentralization increases the share of local government revenue in order to provide positive incentives; Both have a positive and reinforcing effect on improving local fiscal efficiency, and this effect depends to a large extent on the consistency between fiscal spending and the decentralization of revenue. In the case of There was a mismatch between Revenues Spending Responsibilities Under fiscal decentralization, local governments may become excessively involved in the allocation of financial resources local To meet their demands for financial resources, the decentralization of revenue has a more pronounced mitigating effect on financial efficiency in provinces. There is a set of rules and foundations that must be activated in light of comprehensive FDC in Iraq:-

1. program design To share powers between levels of government to guarantee Transparency Andaccountability in the public sector This is an administrative and structural organization at the levels of government in accordance with for the system decentralization which is reflected on Better use of resources Finance, in contrast to an increasingly costly state bureaucracy with opportunities for corruption, and be for the government Federal It plays an important role in policy formation, quality control, evaluation control, and overseeing the decentralization of functions and services the introduction.
2. Re-drafting federal laws, especially those related to the financial aspect, in line with the 2005 Federal Constitution of Iraq, the directions of national development plans, and Iraq's Vision 2030.
3. Qualifying a cadre specialized in the application of FDC in the governorates with the issuance of executive instructions for the local laws and legislation applied in Iraq.
4. Preparing an interactive local budget based on the performance and program budget in designing spending programs at the local level and synchronizing them with the interim goals in the governorates.
5. Activating the provisions of the Provincial Law No. (21) of 2008, especially Article (44) by issuing instructions and regulationsNS Concerning the methods of collecting local revenue.
6. Work on re-drafting the local laws related to revenues and determining the nature of revenues, whether fees or taxes.
7. Reallocating the percentages of revenues to local government properties, especially quarry revenues, to the benefit of the governorates, so that they are (70%) for local governments (30%) for the federal government.
8. Giving the powers of the largest units below the level of local governments (district - district - municipalities) by maximizing its revenues With the possibility of spending these revenues according to the local needs and their budgets, by including an amendment in Law No. 21 or a new law, Benefiting from decentralization support programs funded by international organizations such as the German Agency for International Cooperation (GIZ)GIZ in the amount of (18.5) trillion euros, and the integration of districts and sub-districts into small income-generating projects.
9. Develop sustainable local development plans based on regions. Based on a decentralized service delivery process that coordinates with new initiatives for development focused on empowering local communitiesThis is through that all investment projects at the local and federal levels reflect the development strategies of local governments, Which counts from bottom to top Where needs are prioritized through extensive participatory consultations, beneficiaries are involved in program implementation, oversight and accountability.

10. Developing a new accounting manual according to the decentralized system that

concurrent responsibilities	Territory and Provincial Governments	Federal government
Spending on the education and health sector	Spending on local police.	Spending on security and defense.
Spending on the agricultural sector.	Expenditure on transportation and local transportation.	Expenditure on transportation and transportation.
Expenditure on electricity, water and industry.	Spending on local infrastructure	Infrastructure spending
Spending on housing and urban centers.	Spending on environment and sanitation.	Spending on development and the development of oil and gas wealth.

includes detailed information on the list of accounts, laws, and policies and accounting procedures, the government should initiate this to ensure uniform coding of financial operations and reporting.

11. Distributing responsibilities tunnels between the federal government and Local governments as shown Table.

Table (2) .Distribution of tunnel responsibilities between the federal and local governments in Iraq

*** The table prepared by the researcher based on articles 114,113,112,112,110 of the Iraqi constitution for the year 2005.**

12. Establishment of a mechanism for the of an irregular Provincial Development Fund - based on the Constitution in article 106 where the authority of a public body is established by law to control the allocation and use of income to this Fund as needed. The Commission is composed of experts from the Federal Government, the provinces and the provinces and their representatives. The new mechanism will include:-

A. deduction of a percentage of Revenues verified at both levels mono The local is as follows:

- (10%) of federal revenue.
- (5%) of local revenues.

B. To ensure transparency and equity in the allocation of funds to local governments with a revenue deficit owing to a lack of financial resources to

address these imbalances and horizontal differences between rich provinces and those with weak financial resources, thereby contributing to balanced and sustainable local development in all governorates.

C. To verify optimal use and participation of federal and local financial resources.

Develop a transitional policy for financial relations between levels the ruling stipulated in the 2005 Constitution and Law No. (21) of 2008 To ensure the consistent transfer of financial resources and Via mandate scope and capabilities, by what Within a greater degree of autonomy for local governments, In line with fiscal decentralization by increasing allocations and transfers to a greater extent to the governorates, that process effective transition ask An inclusive, sustainable and informed dialogue between the various stakeholders in the center and governorates in the medium to long term term, could through which to Fiscal decentralization leads to diversification of revenue sources in governments Federal and local. This is reflected in achieving the standard of efficiency in the allocation of resources between local and federal governments through governments obtaining greater proportions of total revenues which is estimated (30%) Which leads to financial sustainability and its reflection on the sustainability of providing local public services and moving from a point (C) to point (D). the line balancing the total available revenues, this will be at the expense of the federal government's revenues As shown in the Diagram No. (2) On the other hand, this will lead to a decrease in the federal government spending and limit it to spending with external effects, and this what It will apply with Iraq Vision 2030 Figure (3) [18] .

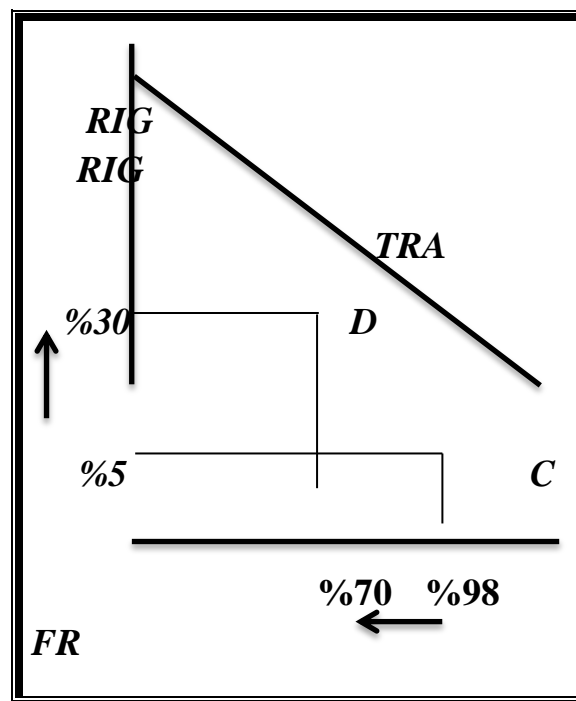


Diagram No. (3) The impact of crowding on revenue diversification at the local and federal levels in Iraq

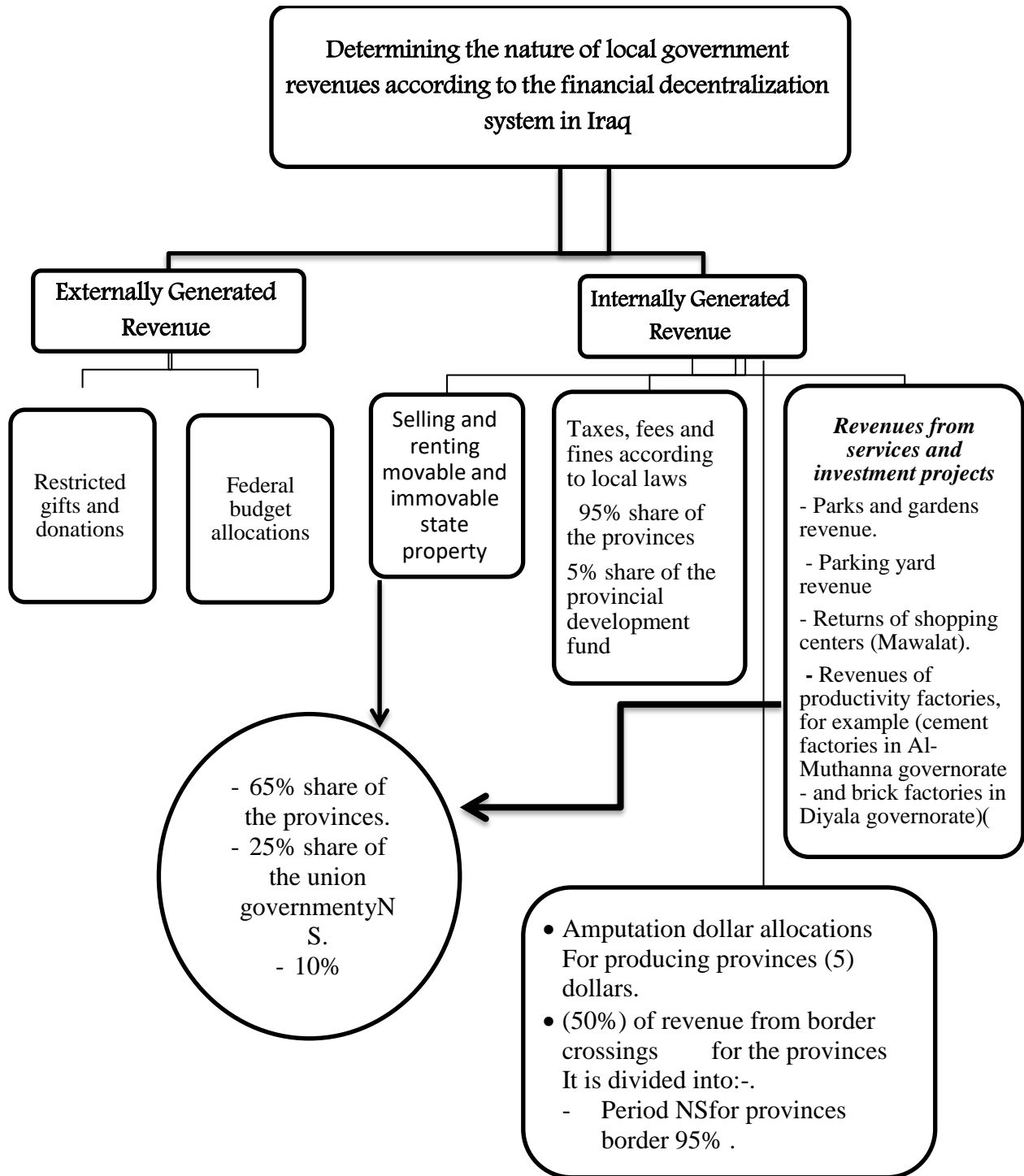


Figure (4) Determining the nature of local government revenues according to the FDC system in Iraq

Conclusions

1. an decentralized system Finance practiced in some countries developing and advanced, It is not necessarily valid to be applied or reproduced on Iraqi economy Even if it is successful in those countries, so aEvery country has its own economic, political, social and security conditions on the basis of which the Select type the FDC system that fits with it.
2. We conclude that the distribution of powers and responsibilities tunnels AndRevenue collection at the federal and local levels in the Iraqi economy The goals and objectives of this transformation are not clear in the application of FDC.
3. Local governments do not have the powers to make transfers between the sections of their budget except in the narrowest of limits and in an amount not exceeding (10) billion, according to the instructions of the federal budget with the approval of the Minister of Finance, in addition to their inability to transfer or transfer between budget revenues, and sectoral administrations transferred powers or revenues from the year current to next year. This is reflected in the financial ability of local governments.
4. The Iraqi economy was characterized by a low degree of decentralization Finance As the form of spending investment for the federal government (86%) from Total Investment budget for the period (2006-2019) , As for The share of local governments have formed (14%), This indicates the control of the federal government in Management Economy.

Recommendations

1. Reform of the FDC system in Iraq, Andthat By following well-defined strategies relating to well-defined mechanisms for building a structure FDC system on the levelyin Federal and local in Iraq.
2. Activating Article (106) of the Iraqi Constitution of 2005, especially with regard to revenue sharing at the federal and local levels.
3. Establishing a provincial development fund in accordance with the constitution and the law, and it is subject to a public body consisting of experts from the federal government and representatives of local governments. This fund provides support to governorates that suffer from a deficit in financial resources or in an emergency situation, and that the revenues of this fund are in the form ofContributions from:-
 - 10% of federal revenue.

- 5% of local government revenue.
- 4. Qualifying a cadre specialized in the application of the FDC system through qualifying courses in the field of Planning and accounts, as well as in the area of local revenue maximization at the local and federal levels.
- 5. Linking the strategies of the national development plans, the vision of Iraq 2030, and the voluntary report in the field of decentralization support Finance Federal budget strategies.

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