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Decentralization and Financial Autonomy of Local Authorities: A Comparative Analysis of Regionalization Models

Siham HABRI [1], Nabil Bouzambou [2], Said EL-Marzouki [3], Kaoutar CHAALI [4]

[1] *Doctor, s.habri@uae.ac.ma*
[2] *Doctor, bouzambounabil82@gmail.com*
[3] *Teacher-Researcher, saidtritah@yahoo.fr*
[4] *Teacher-Researcher, kchaali@uae.ac.ma*

ABSTRACT: This article presents a systematic review of the literature on financial decentralization and the autonomy of local authorities, with a particular focus on the model of advanced regionalization in Morocco. Following the PRISMA 2020 protocol, a rigorous analysis of 30 academic articles and institutional reports (Scopus, Web of Science, OECD, IMF) was carried out. The study identifies a typology of three governance models: centralized, intermediate and advanced. The results show that real financial autonomy, a necessary condition for the effectiveness of local public policies, depends more on the capacity to mobilize own resources and local taxation than on state transfers. The analysis of the Moroccan case reveals an ambitious reform but faced with a structural dependence on the central government, thus limiting territorial performance. The discussion underlines the crucial importance of institutional capacity and digital transformation as levers for success. In conclusion, the article argues for a transition from formal autonomy to autonomy of responsibility, indexed to measurable development objectives.

Keywords: Financial decentralization, local autonomy, advanced regionalization, Morocco, PRISMA, territorial performance, multi-level governance.

1. INTRODUCTION

The architecture of public authorities on a global scale has undergone a profound paradigmatic change over the last four decades, marking the transition from pyramidal state management to polycentric territorial governance. This development is not limited to a simple administrative reform; It reflects a desire to modernize public action where decision-making legitimacy is shifted to the citizen-user. As Pollitt and Bouckaert (2017) point out, this movement is part of a dynamic of bringing the decision-making centre closer to local realities, transforming the central state, once the sole guarantor of the general interest, into a strategic territorial state. The latter now delegates operational management while retaining a macroeconomic regulation function.

This shift towards territorialization is based on the recognition of the complexity of contemporary issues, which Hooghe and Marks (2003) theorize through "multi-level governance". According to these authors, the effectiveness of public action is intrinsically linked to its distribution between different levels of authority, allowing for a more agile response to the heterogeneous needs of populations. However, this transfer of sovereignty is not without its perils. Prud'homme (1995) points out that the disengagement of the central government, if it is not accompanied by rigorous equalisation mechanisms, can lead to territorial fragmentation and exacerbate inequalities between rich and peripheral regions.

In this global landscape, Morocco has embarked on a singular trajectory with the implementation of "Advanced Regionalization". Enshrined in the 2011 Constitution and operationalised by the 2015 organic laws, this model aims to make the Region the pivotal player in national economic development. According to the analyses of El Yaagoubi (2015) and Rousset (2014), the kingdom is trying to build a middle way between the unity of the state and regional autonomy. The challenge is then to transform formal legal decentralization into effective management autonomy, capable of meeting international standards while respecting local institutional specificities.

At the heart of this issue is the multidimensional concept of financial autonomy, which goes beyond the mere possession of a budget to encompass the real freedom to decide on revenue and expenditure. Bahl and Bird (2018) specify that authentic autonomy implies a direct correlation between responsibility for expenditure and fiscal leverage. Without the power to modulate own resources and local taxation, local authorities remain in a situation of structural dependence on state transfers, which limits their political room for manoeuvre and reduces their role to that of simple agents of execution of the central government (Martinez-Vazquez, 2011).

This demand for autonomy is based on solid theoretical foundations, first and foremost fiscal federalism. Oates (1999) shows that fiscal decentralization generates major efficiency gains by making it possible to adjust the supply of public goods to local preferences. This vision is complemented by the theory of Tiebout (1956), who suggests that the performance of a territory is measured by its ability to attract citizens through an optimal balance between the quality of services and the tax burden. At the same time, the influence of New Public Management (NPM) has imposed a culture of accountability, where financial autonomy is now inseparable from the performance and transparency of budget management (Pollitt & Bouckaert, 2017).

From then on, the link between financial autonomy and the effectiveness of public policies becomes the pivot of territorial analysis. The academic literature suggests that fiscal freedom promotes innovation and optimization of public services, provided that local institutional capacity is sufficient. However, as Rodriguez-Pose and Ezcurra (2011) indicate, this positive impact on regional growth is conditioned by the quality of local governance. In the absence of control mechanisms, financial autonomy can drift towards a misallocation of resources, making the evaluation of territorial performance essential to validate the success of decentralization models (Kyriacou et al., 2015).

Despite major legislative advances, there is often still a gap between the extension of the powers transferred to local authorities and the reality of their financial resources. This situation creates a fiscal "scissor effect" that threatens the viability of regionalization. The central question guiding this systematic review is the following: **To what extent does financial decentralization strengthen the decision-making autonomy and operational efficiency of local authorities, and how does the Moroccan model of advanced regionalization position itself in the face of the challenges of territorial performance?**

To answer this question, three research hypotheses are formulated. Firstly (H1), it is postulated that successful financial decentralisation is based on a predominant share of own resources, since over-dependence on state transfers neutralises decision-making autonomy. Secondly (H2), the effectiveness of local public policies is determined less by the overall budget volume than by the actual degree of transfer of fiscal powers and the technical capacity of territorial frameworks (Sow & Razafimahefa, 2015). Finally, (H3), in Morocco, the limits of advanced regionalization can be explained by a financial autonomy that is still largely formal, where state control over strategic resources hinders the performance of regional projects (Benahnia, 2019).

The main objective of this study is therefore to synthesize, through the PRISMA protocol, the international and national academic literature to identify the most effective decentralization models. The aim is to assess the real impact of financial autonomy on the quality of public services and to propose a rigorous comparative analysis to situate the Moroccan experience in relation to global standards, while identifying the levers necessary to optimize its financial governance.

2. MATERIALS AND METHODS

2.1. Search Strategy and Databases

The rigour of this systematic review is based on the application of the PRISMA 2020 protocol (Preferred Reporting Items for Systematic Reviews and Meta-Analyses), guaranteeing the reproducibility and scientific validity of the literature selection. Data collection was carried out via the search of the Scopus and Web of Science reference databases, supplemented by a search on Google Scholar to identify institutional reports (OECD, IMF, World Bank) and major legal works. The research period was defined from 1956 to 2026, allowing to include the original theoretical foundations of fiscal federalism (Tiebout, 1956) as well as the most recent analyses on advanced regionalization in Morocco (Lamloum, 2022).

The search strategy used bilingual Boolean equations combining the following keywords: " *fiscal decentralization* ", " *financial autonomy local government* ", " *regionalization models* " and " *local government performance* ". In French, the terms "financial autonomy", "fiscal decentralisation", "local authorities" and "advanced regionalisation Morocco" have been favoured. This bilingual approach made it possible to confront the dominant Anglo-Saxon literature on fiscal federalism with the specificities of the French-speaking legal and administrative literature, which is essential for the analysis of the Moroccan case.

2.2. Inclusion and Exclusion Criteria

In order to ensure the consistency of the corpus, strict eligibility criteria have been applied. Included are original *peer-reviewed* articles, quantitative or qualitative empirical studies, and comparative analyses explicitly dealing with territorial financial autonomy. The selection gave priority to work analysing the impact of own resources and state transfers on the effectiveness of local policies. Although the review is systematic, the inclusion of seminal texts prior to 2010 (Prud'homme, 1995; Oates, 1999) was considered necessary to put the discussion on a sound theoretical basis.

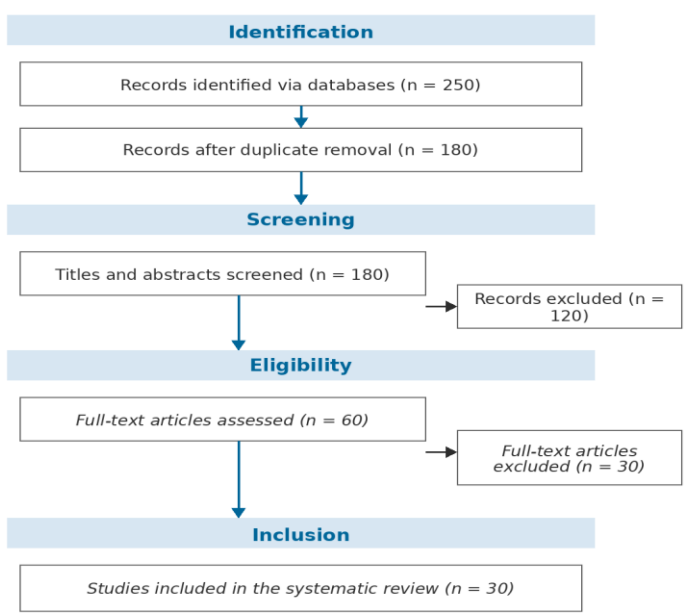
Conversely, several exclusion criteria were retained. Purely theoretical articles with no factual anchoring or verifiable data (with the exception of the founding texts cited above), as well as studies on entities outside local authorities (private sector, purely functional decentralisation) have been excluded. Duplicates resulting from cross-querying of databases have been systematically eliminated. Finally, publications where the full text was not available or whose language was neither English nor French were excluded to ensure the accuracy of the analysis.

2.3. PRISMA Process and Study Selection

The selection process was conducted according to the methodological funnel standardized by Page et al. (2021). During the initial identification phase, 250 records were listed. After the removal of duplicates, 180 titles and abstracts were submitted for an initial screening. This step made it possible to exclude 120 articles deemed irrelevant to the financial purpose of the study or with obvious methodological weaknesses.

The eligibility phase involved the full analysis of 60 articles. This critical appraisal work made it possible to verify the robustness of the data and the relevance of the conclusions with regard to the research hypotheses. Ultimately, 30 articles were selected to constitute the final corpus of this systematic review. These studies, published between 1956 and 2022, provide exhaustive coverage of international models (France, Spain, OECD) and allow a rigorous perspective of the challenges of financial decentralization in Morocco, from the colonial period to the era of advanced regionalization.

Fig. 1. PRISMA Flow Diagram - Study Selection Process



3. RESULTS AND DISCUSSION

3.1. Typology of Financial Decentralization Models

The cross-sectional analysis of the studies makes it possible to identify a stratification of governance systems according to the degree of transfer of fiscal power. At the end of the spectrum, the centralized model with limited transfer, of which France was for a long time the paradigmatic example before its successive waves of reforms, is characterized by a pre-eminence of the state in the definition of the base and rates. As Gilbert and Guengant (2002) point out, this system tends to favour national equalisation to the detriment of local initiative, making local authorities dependent on rigid state grants. On the other hand, the advanced decentralisation model, observed in Germany and Spain, is based on a high degree of fiscal autonomy. Dafflon (2002) demonstrates that these models achieve a balance between autonomy and fiscal responsibility by allowing regions to levy significant direct taxes, thus promoting a correlation between spending decisions and local tax burden.

Between these two poles, the intermediate decentralization model, illustrated by the case of Morocco, attempts a hybridization. According to Falleti's (2005) sequential theory, this model often favours administrative decentralisation over fiscal decentralisation, creating an asymmetry where the competences transferred to the regions are not immediately backed by real fiscal autonomy. The results of this typology suggest that the transition from one model to another is not linear but depends on the institutional trajectory of each state. Ivanyna and Shah (2014) confirm that the "proximity" of the government to its citizens, measured by budgetary autonomy, is the discriminating factor for ranking the efficiency of global territorial models.

3.2. Impact on Financial Autonomy

The impact of decentralization on real financial autonomy is largely determined by the structure of local incomes. The work of Martinez-Vazquez (2011) highlights that the ability to mobilise own resources is the real lever for freedom of action. The results show that in countries where local taxation is residual, autonomy remains a façade, because local authorities are subject to the priorities of the central government through the system of transfers. This dependence on grants can generate a "fiscal illusion" that weakens the link between the elected official and the local voter. Conversely, Blöchliger (2013) for the OECD shows that strong fiscal autonomy encourages subnational governments to optimize their tax base and promote endogenous economic development to increase their revenues.

The contrasting performance between OECD countries and economies in transition reveals that the role of local taxation is not limited to the provision of funds, but acts as a mechanism for fiscal discipline. However, financial autonomy often faces resistance from central governments, which perceive the transfer of fiscal power as a threat to macroeconomic stability. Kim and Dougherty (2018) point out that while autonomy allows for a better match to local needs, it requires rigorous vertical coordination to avoid harmful tax competition between territories. Ultimately, financial autonomy is only effective when it allows local authorities to be real actors in their own budget, and not simply authorising delegated expenditure.

3.3. Impact on Territorial Efficiency and Performance

The link between fiscal decentralization and performance is confirmed by several major empirical studies. Sow and Razafimahefa (2015) demonstrate, using IMF data, that decentralization significantly improves the efficiency of public service delivery, particularly in basic sectors, by reducing information costs and improving the targeting of needs. In addition, Kyriacou et al. (2015) provide evidence that financial autonomy tends to improve the overall quality of government by reducing bureaucracy and increasing the transparency of budget decisions. The optimisation of territorial public management therefore appears to be the direct result of increased financial responsibility at the local level.

However, this effectiveness is subject to significant structural limitations. Territorial inequalities are the major risk: Gemmell et al. (2013) observe that without an effective equalization mechanism, decentralization can prevent regional convergence by favoring already wealthy areas to the detriment of marginalized ones. The results also point to the lack of administrative capacity as a bottleneck; Financial autonomy granted to weak local institutions can lead to poor governance and waste of public resources. Finally, Kim and Dougherty (2018) insist that decentralization can exacerbate regional disparities if it is not accompanied by institutional reforms aimed at strengthening the technical skills of territorial managers. Performance is therefore not an automatic consequence of decentralization, but the product of a balance between resources, capacities and regulation.

This discussion section puts the data collected into perspective with the fundamental theoretical frameworks while analyzing the specificities of the Moroccan model of advanced regionalization. The objective is to draw lessons on the viability of current reforms and to propose avenues for reflection for real financial autonomy.

3.4. Discussion

3.4.1. Interpretation of the Results in Light of the Theories

The analysis of the results generally confirms the postulates of fiscal federalism initiated by Oates (1999), stressing that proximity to decision-making promotes a better match between the supply of public services and local preferences. However, empirical reality qualifies this partial "invalidation" in contexts where fiscal autonomy is only residual. While the theory predicts increased efficiency, the results of this review show that without leverage over the tax base, the benefit of decentralization fades. In this sense, the "dangers of decentralization" mentioned by Prud'homme (1995) remain relevant: poorly regulated autonomy can drift towards macroeconomic instability, confirming that fiscal federalism is not a panacea but a tool requiring strong institutional maturity.

The application of the principles of New Public Management (NPM) also faces structural limits in developing countries and countries in transition. As Smoke (2015) points out, the quest for performance and results, advocated by Pollitt and Bouckaert (2017), often comes up against an administrative culture that is still highly hierarchical and centralized. Instead of promoting agility, the introduction of performance mechanisms without real financial autonomy can paradoxically strengthen the control of the central state under the guise of "monitoring and evaluation". The results indicate that institutions play a role as a determining mediating variable: the success of decentralization is not only a question of fiscal transfers, but of the ability of local institutions to transform these resources into sustainable public value (Sedjari, 2014).

3.4.2. Comparative Analysis of Regionalization Models

The comparison between successful and inefficient models highlights the importance of the legal framework and the level of economic development as explanatory factors. The Spanish model, analysed by Bosch and Espasa (2010), shows that strong fiscal autonomy coupled with interregional solidarity (equalisation) allows resilience in the face of crises. In contrast, models where the legal framework remains ambiguous or where competences are not clearly funded tend to stagnate. The discriminating factor lies in "institutional capacity": regions with highly qualified technical frameworks and transparent governance tools perform significantly better, regardless of the gross wealth of the territory.

The case of Morocco, often described as a reform "in the middle of the ford" by El Yaagoubi (2015), illustrates a model in transition. Although the legal framework (Law 111-14) is ambitious, the comparative analysis reveals a persistence of centralizing reflexes. Unlike the Spanish model of the "State of Autonomy", Morocco maintains a financial supervision which, while guaranteeing stability, restricts territorial innovation. The results suggest that success depends on moving away from a model of "disguised deconcentration" to decentralization where the Region is a real player in tax decision-making, and not simply a manager of delegated credits (Bouachik, 2016).

3.4.3. Policy and Institutional Implications

The transition to real autonomy requires structural reforms focused on strengthening local taxation. It is imperative to go beyond formal autonomy to give local authorities leeway on the local tax base and rates. Sebari (2020) and Kadiri (2021) insist that dependence on national tax shares (VAT, corporate tax) creates fiscal vulnerability. Own taxation, even if limited, makes local elected officials accountable to their taxpayers and promotes more transparent governance. In addition, the integration of digital transformation, as analysed by Lamloum (2022), appears to be an essential lever for optimising revenue collection and improving the financial efficiency of territories.

In the specific case of Morocco, the limits of advanced regionalization crystallize around the disconnect between the competences transferred and the human and financial resources available. The work of Benahnia (2019) and El Hidaoui (2021) highlights the need to strengthen the management capacities of municipalities and regions to ensure real performance. The prospects for improvement lie in a renewed contract between the State and the Regions, where autonomy is indexed to measurable development objectives. In conclusion, Moroccan regionalization must evolve towards a model where transparency, accountability and territorial innovation are no longer options, but foundations of the new local financial governance (Chiguer, 2018; Rousset, 2014).

4. CONCLUSION

This systematic review, conducted according to the PRISMA 2020 protocol, made it possible to analyze in depth the dynamics between financial decentralization, autonomy and territorial performance through a corpus of 30 academic and institutional articles. The study unequivocally demonstrates that decentralisation cannot achieve its objectives of efficiency and proximity without real financial autonomy, defined not by the volume of funds managed, but by the effective power of local authorities over their own tax resources.

The results confirm the assumptions of fiscal federalism: local resource management improves the quality of public services and fiscal transparency. However, the comparative analysis reveals that this performance is conditioned by two critical factors. On the one hand, the institutional and technical capacity of territorial frameworks, without which autonomy can lead to a misallocation of resources. On the other hand, the need for a national equalisation framework to prevent decentralisation from exacerbating inequalities between economically dynamic regions and peripheral areas.

As far as Morocco is concerned, the research points out that advanced regionalisation is a major structural reform, but one that remains "in the middle of the ford". Although the legal framework enshrines the pre-eminence of the Region, the persistent dependence on transfers from the central State (in particular VAT and corporate tax) keeps local authorities in a form of assisted autonomy. To transform this model into a real lever for development, it is imperative to undertake a profound reform of local taxation, to strengthen the decision-making responsibility of elected officials and to integrate the tools of digital transformation to optimize financial governance.

In conclusion, financial decentralisation should not be seen as a simple transfer of burdens, but as a performance contract between the State and the territories. Future research should focus on the impact of artificial intelligence and *big data* on local financial management, as well as on the evaluation of new State-Region contracting mechanisms. This transition to autonomy of responsibility is the *sine qua non* condition for regionalization to become the real engine of inclusive growth and territorial resilience.

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