

## Kingdom of Belgium

(Koninkrijk België, Royaume de Belgique, Königreich Belgien)



**Capital:** Brussels

**Inhabitants:** 10.584.534 (2007)

**Area:** 30.528 km<sup>2</sup>

### 1. Introduction



Belgium is located in the north-west of Europe, bordering France, Luxembourg, Germany and the Netherlands. It is one of the founding fathers of the European Union (EU). Belgium has an area of 30,528 km<sup>2</sup>, and 10,585,000 inhabitants (population density: 347 inhabitants/km<sup>2</sup>).

Belgium was founded in 1830 as a unitary state. Five major rounds of state reform in 1970, 1980, 1988-89, 1993 and 2001 have turned it into a federal state, composed out of language areas, communities and regions.<sup>1</sup> In total, there are four language areas: the Dutch, the French and the German language area and the bilingual Brussels-Capital area. These language

areas have no powers of their own but serve as geographical circumscriptions to delimit the competency area of both communities and regions. After all, the competency area of the latter does not coincide. The three communities are the Flemish, the French and the German – speaking Community. They hold person-oriented competencies such as education, culture, health care, social policy and family policy. The three regions are granted power in territory-oriented fields such as the economy, employment, agriculture, water policy, housing, public works, energy, transport, the environment, town and country planning, nature conservation, credit, and foreign trade. These regions are the Flemish, the Walloon and the Brussels-Capital Region. In its turn, the Federal State has maintained competency over various nation-wide fields including justice, defense, the federal police, social security, monetary policy, public debt and other aspects of public finances, nuclear energy, state-owned companies (such as the Post Office and — an exception on regionalized transport— the Belgian Railways). The Federal State also holds responsibility for the obligations of Belgium and its federalized institutions towards the European Union and NATO and controls substantial parts of public health, home affairs and foreign affairs.

<sup>1</sup> Vande Lanotte, J., Bracke, S. & Goedertier, G. (2008). *België voor beginners. Wegwijs in het Belgisch labrynt*. Brugge: die Keure, pp. 27-33.



As such, Belgium's federalization process has led to a complex institutional framework.<sup>2</sup> At the federal level, the main institutions are the King, the Federal Parliament (composed out of the House of Representatives and the Senate) and the Federal Government. In their turn, each one of the communities and the regions has a parliamentary assembly (called a Council), a government (called an Executive) and a civil service. As such, there should be six Councils, six Executives and six administrations. In practice, there are eight of each of them. The underlying reason is twofold. Firstly, the Flemish politicians decided in 1980 to officially merge the Flemish Region (and its institutions) into the (institutions of the) Flemish Community resulting in one Council (called the Flemish Parliament), one Executive (called the Flemish Government) and one Flemish administration. Secondly, specific institutions have been created to exercise person-oriented competencies in the Brussels-Capital Region. As such, the communal interests of the French-speaking residents in Brussels are promoted by members of the French-speaking Community organized in the French Community Commission.<sup>3</sup> Likewise, the communal interests of the Dutch-speaking residents in Brussels are promoted by members of the Dutch-speaking Community organized in the Flemish Community Commission.<sup>4</sup> And a Joint Community Commission<sup>5</sup> promotes the

common interests of both groups of residents in the Brussels-Capital Region.

Apart from language areas, communities and regions, there are several other sub-national entities in Belgium including 10 provinces and 589 municipalities. In the following, we will primarily focus upon the latter.

The Belgian municipalities originate from 1795. They were created as an administrative structure under the Ancien Régime and hardly changed throughout the United Kingdom of the Netherlands. When Belgium was founded in 1830, its Constitution stipulated several key principles with regard to the then 2,739 municipalities. These principles include the direct election of the members of the municipal council; its competency for all matters of local interest; its supervision by central government and its right to impose taxes upon its inhabitants. Up until today, these principles are constitutionally guaranteed and thus need to be respected by the legislator when promulgating specific local government laws. It took the latter several years after the Constitution – until 1836 – to enact the first local government law. The delay was due to conflicts between the so-called centralists and localists over the appointment of the mayor and the aldermen in the local executive. In 1872, all articles of the local government law concerning the local elections were transferred to a separate law. Over the following decades, both laws were adapted repeatedly in order to keep the Belgian municipality's administrative and political functioning up to date. It finally took until 1988 before a so-called *new* local government law was enacted which consolidated all changes made to the *old* law of 1836.<sup>6</sup> Today, this new law is no

<sup>2</sup> Vranken, J., De Decker, P. & Van Nieuwenhuyze, I. (2001). *National and city contexts, urban development programmes and neighbourhood selections. The Flemish (Belgian) background report. A working paper for UGIS*. Antwerp: Ufsia, University of Antwerp, pp. 5-6.

<sup>3</sup> Commission Communautaire Française (COCOF)

<sup>4</sup> Vlaamse GemeenschapsCommissie (VGC)

<sup>5</sup> Gemeenschappelijke GemeenschapsCommissie (GGC)

<sup>6</sup> De Ceuninck, K. & Valcke, T. (2008). *De geschiedenis van de gemeente als instelling*. In: Reynaert, H. (Red. – 2008). *De kerktoerenpolitiek*



longer in force for the whole of Belgium as the regions were granted the competency for the basic local government legislation during the latest round of state reform in 2001. As a result, the Flemish Region promulgated its own local government decree on the 15<sup>th</sup> of July 2005. On the 10<sup>th</sup> of February 2006, it was complemented by another decree stipulating new rules for the local elections that take place in the Flemish Region, by amending previous legislation. In its turn, the Walloon Region first consolidated the existing local legislation into one text, known as 'Code de la Démocratie Locale et de la Décentralisation' (22 April 2004). On the 8<sup>th</sup> of December 2005, it then issued a decree introducing various changes with regard to the political functioning of the municipalities on its territory. Until now, the Brussels-Capital Region has not yet made use of its competency to legislate local government's functioning. As a result, its municipalities still function according to the Belgian legislation of 1988.<sup>7</sup>

Next to this competency for local government's basic legislation, the regions have been granted other key competencies with regard to the local government system: among others central supervision over local government (1980), the municipal fund (1988) and inter-municipal cooperation (1993). Additionally, the regions as well as the communities can steer their local counterparts in the respectively territory and person –oriented policy fields for which they hold competency. As such, they form a new layer of central government from the local point of view and indicate that Belgium's federalization process has been an

important factor in the municipalities' development.<sup>8</sup>

Another key factor in this development was the amalgamation operation of the 1970s.<sup>9</sup> As said, Belgium counted 2,739 municipalities in 1830. That number hardly changed until 1961. In that year, the so-called Unity law entrusted the (national) Executive with the competency to merge municipalities on financial grounds or on grounds of a geographical, linguistic, economic, social or cultural nature for over a period of 10 years. Roughly 300 municipalities were merged this way, resulting in a total of 2,359 municipalities in 1971. Four years later, on the 30<sup>th</sup> of December 1975, a new law regarding the merger of municipalities was adopted. The merger became effective on the 1<sup>st</sup> of January 1977, further reducing the number of municipalities in Belgium to 596. Antwerp was excluded from that amalgamation operation until the 1<sup>st</sup> of January 1983. From that day onwards, the city of Antwerp was merged with seven formerly independent municipalities. As a result, Belgium still counts presently 589 municipalities.

## 2. Territorial organization

Belgium's 589 municipalities are spread over its three regions. The Brussels-Capital Region counts 19 municipalities including the city of Brussels as capital of Belgium. In 1971, these 19 municipalities were joined into the Brussels Agglomeration on

voorbij? Lokale politiek in Vlaanderen. Brugge: Vanden Broele, pp. 46-49.

<sup>7</sup> Arrêté royal du 24 juin 1988 sur la codification de la loi communale, dite Nouvelle Loi Communale (M.B. 3 september 1988).

<http://www.avcb-vsgb.be/fr/Publications/texte-coordonne-de-la-nouvelle-loi-communale/>

<sup>8</sup> De Rynck, F. & Wayenberg, E. (forthcoming). *Local government in Flanders, Brussels and Wallonia: towards more convergence or divergence in Belgium's local government system?* In: Page, E.C. & Goldsmith, M.

<sup>9</sup> De Ceuninck, K. & Valcke, T. (2008). *De geschiedenis van de gemeente als instelling*. In: Reynaert, H. (Red. – 2008). *De kerktoerenpolitiek voorbij? Lokale politiek in Vlaanderen*. Brugge: Vanden Broele, pp. 50-52.



the basis of article 165 of the Constitution, of which it has remained the only application. In 1989, the Brussels Agglomeration de facto ceased to exist as the Brussels-Capital Region was then founded that took over its competencies. The Flemish Region and the Walloon Region respectively count 308 and 262 municipalities.

The three regions differ substantially in population and surface average.<sup>10</sup> With around 450 inhabitants per km<sup>2</sup>, the Flemish Region is clearly more urbanized than its Walloon counterpart that counts less than half of this number. The Brussels-Capital Region is the most densely populated (more than 6.000 inhabitants per km<sup>2</sup>). Belgium counts 8 municipalities with more than 100.000 inhabitants. They can take the initiative for so-called 'intra-municipal decentralisation' by creating sub-municipal administrative entities with elected councils, also known as intra-municipal districts (Constitution, art.41, as modified by constitutional amendments of 11 March 1997). Only Antwerp (over 460.000 inhabitants) used this opportunity, establishing from the 1<sup>st</sup> of January 2001 nine districts to be granted competencies in the fields of public affairs; youth, culture and sports policy; senior policy; traffic policy; public works; festivities and communication.<sup>11</sup>

The quest for the optimal scale has rather brought about the development of inter-municipal cooperation (table 3). Cooperation between municipalities of different regions is rare due to the region-specific nature of the respective legislation since the state reform of 1993. Only the

Brussels-Capital Region has not made use of this competency. As a result, the federal law of 1986 is still in force in case (some of) the 19 municipalities in Brussels (want to) cooperate. According to this law, inter-municipal cooperation can only take place within a so-called 'intercommunale' as a statutory body under public law.<sup>12</sup> Both the Flemish and the Walloon Regions have opted for varying forms of inter-municipal cooperation as one of the major reforms brought about by their region-specific legislation. The Flemish decree of 2001 has introduced four new forms: two light and two heavy ones as regards their legal status.<sup>13</sup> The Walloon decree of 2006 foresees three forms: two new and light ones next to the heavy and ancient form of the intercommunale.<sup>14</sup> The Walloon region has recently launched a rationalization operation by seeking more synergies between the activities of existing intercommunales in order to thus decrease their number and increase their efficiency.<sup>15</sup>

Due to their supra-communal objective, the 'communautés urbaines' do not resort under the Walloon legislation for inter-municipal cooperation. This is a form of cooperation on the scale of the city-region, bringing together a city with its surrounding and smaller local suburban governments. At present, 10 of these 'communautés urbaines' have been created, including those of Pays de Charleroi, Val de Sambre et Sud-Hainaut,

<sup>12</sup> Law of 22 December 1986 on the "intercommunales" (M.B. 26 June 1987).

<sup>13</sup> Decret of the Flemish Region of 6 July 2001 on inter-municipal co-operation, (M.B. 31 October 2001).

<sup>14</sup> Decret of the Walloon Region of 19 July 2006 modifying Book V of the First Part of the "Code de la démocratie locale et de la décentralisation" and concerning inter-municipal co-operation (M.B. 23 August 2006).

<sup>15</sup> DEXIA (2007). *Finances locales – Les intercommunales*. Stavelot: Chauveheid, 52 p.

<sup>10</sup> DEXIA (2006). *Elections 2006. Les finances communales: une approche thématique et statistique*. Oostende: Goekint Graphics, 64 p.

<sup>11</sup> De Ceuninck, K. (2007). Districtsraden. In: Reynaert, H. (Red.), *De kerktoerenpolitiek voorbij? Lokale politiek in Vlaanderen*. Brugge: Vanden Broele, pp. 179-189.



Centre (La Louvière), Mons and Liège. Contrary to the classical forms of inter-municipal cooperation, they do not seek to take one or more issues of a typical local interest to heart but to create a forum for the development and/or realization of a common strategy on behalf of a whole sub-regional area. Hence, they take a variety of (other) legal forms when operating in various policy fields such as employment, tourism, transport, culture and the economy.<sup>16</sup>

In approximately the same 10 sub-regional areas as the ones in which the 'communautés urbaines' operate, there is also an 'invest-company' active. This is a public-private partnership aimed at gathering capital to support new local initiatives or taking shares in local infrastructure. These companies have close relations with the local political elites that in most cases hold seats in their boards. As part of a new economic strategy (the so-called 'Plan Marshall de la Wallonie'), the Walloon Regional Government decided in 2006 to create 6 so-called 'structures locales de coordination'. They are aimed at bringing together all relevant institutions in order to improve the co-ordination of their activities on the sub-regional level and their cooperation with the Walloon Region and its administration.<sup>17</sup>

### 3. Local democracy

Belgium is a representative democracy. On the local level, elections are organized every six years and around 90 % of the voters do then voice a clear choice for a party.<sup>18</sup> Since 2000, at least two parties

have to compete for election in every municipality. Before that time, these elections were sometimes dominated by one local party (list). After the amalgamation completed in 1976, local politics turned to be nationalized, with more and more national parties appearing on the local scene. However, this nationalization has never become absolute. There have always been local parties participating at the local elections and thus keeping them 'localized', a feature that is said to be more typical for the Walloon than for the Flemish Region.<sup>19</sup>

In 2006, the regions became responsible to organize these elections according to their own legal framework. That framework differs in various regards, although local councilors are still directly elected by proportional representation. In their turn, these members appoint the local aldermen. Together with the mayor, these aldermen form the local executive that is responsible for local government's daily management as well as for the execution of the council's decisions. Beyond this, differences also exist between the Walloon and the Flemish Regions. The Walloon Region has introduced a form of direct election of the mayor and a motion of no-confidence of the local council vis-à-vis the local executive. The Flemish Region has granted the local council the power to elect itself another president than the mayor and to foresee administrative support for its members. However, both regions have maintained the gap in competency

box (though compulsory), by leaving the electoral form blanc or by casting a non-valid vote. Steyvers, K., Reynaert, H., De Ceuninck, K. & Valcke T. (2008). *All politics is local, partisan or national? Local lists in Belgium*. Vakgroep Lokale Politiek, Universiteit Gent, p. 8.

<sup>19</sup> No specific information is available on the Brussels-Capital Region. Steyvers, K., Reynaert, H., De Ceuninck, K. & Valcke T. (2008), pp. 6-8.

<sup>16</sup> <http://www.uvcw.be/articles/3,19,2,0,307.htm>

<sup>17</sup> <http://planmarshall.wallonie.be/spip/spip.php?article16>

<sup>18</sup> Research has shown that around 10 % of all voters in Belgium forsake to make a clear choice for a party either by not turning up at the ballot



between council and executive which forms the basis of Belgium's dualistic system of local political organization. Noteworthy in this regard is, however, that the Flemish Region has granted the local council the option to delegate power towards the executive, thus allowing local government to adapt its political organization more to its own needs.<sup>20</sup>

Regional differences also exist with regard to procedures of direct local democracy. In its 'Code de la Démocratie Locale et de la Décentralisation', the Walloon Region has resumed the existing procedures of the (former) Belgian municipal legislation.<sup>21</sup> Amongst others, these procedures concern citizen questions at the local council meeting, advisory bodies and consultative local referendums. The Flemish Region has, amongst others, legally anchored citizen appeals to the municipal council, local advisory bodies and the non-binding local referendum; however, this decree also foresees procedures for citizen initiatives and budget investments by district committees, allowing citizens to manage a local budget for a specific project and/or in a specific part of the locality and thus to do more than just giving their advice.

When turning to practice, the verdict seems rather pessimistic. As far as citizen questions to the municipal council are concerned, a recent survey amongst 100 Walloon municipalities showed that less than half of them provides for this procedure. In the Flemish Region, this is only the case for just below 10 % of all the municipalities, according to a survey of 2003. Moreover, the citizens themselves do

not tend to make much use of this procedure when it is provided: the survey in Wallonia showed that the majority of the municipalities that did organize sessions for questioning recorded less than 10 questions from citizens. Advisory councils seem to be more popular, at least in the Flemish Region. In 2003, more than 70 % of all Flemish municipalities had established at least one council whilst less than one third of the 100 municipalities questioned in the Walloon Region admitted to have done the same. On the other hand, both regions' records are alike on local referendum. This procedure has been used eight times since 2001: 4 in the Walloon Region and 4 in the Flemish Region. Three times out of four, it was the local council that took the initiative for the referendum in Wallonia; in Flanders the initiative came from the local opposition or an action committee in three of the four cases. But none of the eight cases could reach a turnout of 50 %. Repeatedly, it has been suggested that local politicians also hold little enthusiasm towards the referendum as well as towards other procedures of direct local democracy that are legally anchored. On the other hand, other procedures flourish from the bottom such as the participatory budget experiment in the Walloon city of Mons or the resident platforms of the Flemish municipality of Veurne.<sup>22</sup>

#### 4. Central-local relationships

However, far-reaching top-down steering and supervising is traditionally seen as a typical feature of the Belgian central-local relations.

As said, the regions have acquired key competencies with regard to the local governments on their territory. As a result, there seems to be various local

<sup>20</sup> De Rynck, F. & Wayenberg, E. (forthcoming). *Local government in Flanders, Brussels and Wallonia: towards more convergence or divergence in Belgium's local government system?* In: Page, E.C. & Goldsmith, M.

<sup>21</sup> See p. 3. As said, the Belgian municipal legislation is still in force in Brussels-Capital Region.

<sup>22</sup> Pilet J.-B. e.a., pp. 12-13.





government systems within Belgium today, separated by the country's main linguistic divide.

When comparing the basic local government legislation in the three regions, it becomes clear that the Flemish Region has opted for another course than its Walloon and Brussels counterpart.<sup>23</sup> The Flemish local government decree is a clear product of the Flemish Region's New Public Management thinking, whereas the Walloon and Brussels legislation embodies a more traditional conception anchoring the primacy of politics and a classical hierarchical relationship between politicians and public officials. Consequently, this legislation does not contain NPM inspired reforms.

As far as tasks are concerned, centralization seems to be the dominant trend in all three regions. The regions (as well as the communities) have profiled themselves as a new layer of central government vis-à-vis the local level by regulating many (new) local government tasks since their creation. However, a regional divide does emerge when a closer look is taken at local government's discretion to implement these tasks. Since the 1990s, the Flemish Region has increasingly used the intergovernmental policy agreement or contract to arrange local task implementation in a bilateral way, thus allowing local government to have a say in the matter. Up until today, this practice is less common in the Walloon and the Brussels-Capital Region where local task implementation is still primarily regulated by the regions in a unilateral way.

The same divide between the regions also emerges in relation to supervision of local government. The regions are now competent to exercise supervision over local government's decisions that are not embedded in any specific central legislation (the so-called 'ordinary' supervision) as well as to promulgate the respective legal framework. When exercising this supervision, the regions are bound by the Belgian Constitution that authorizes them to use two motives when suspending or nullifying a local decision. Each local decision has to be in line with the law as well as with the general interest, thus allowing the region to exercise control of the decision's legality and of its political opportunity. This second motive offers the regions the possibility to suspend or nullify a local decision when it counters the ambitions of their own programs but also when it does not serve the interest of the local community itself (for instance in case a local government would opt for very costly infrastructure that would influence the local budget for the next generations). In other words, this motive allows the regions to exercise far-reaching supervision over local decisions. This was recognized by the Flemish Region that recently (politically) engaged itself towards the local level to restrict its execution of opportunity control to only those decisions that could harm interests larger than those of the local government itself. Next to this, the Flemish Region has used its competency to legislate the ordinary supervision in order to reduce the number of local decisions that are subject to a procedure of ex ante control as well as to simplify the administrative burden caused by its supervision. So far, the same has not been done by the two other regions. The regulation of the ordinary supervision in the Brussels-Capital Region is still a copy of the former Belgian laws, allowing far-

---

<sup>23</sup> As far as local government's political organization and management is concerned, the regional differences are not that outspoken. See pp. 6-8.



reaching supervision over local decisions.<sup>24</sup> In the Walloon Region, there was a proposal to restrict the number and nature of the local decisions subject to ex ante control but it was never put in practice.<sup>25</sup>

The same regional divide prevails as regards the direct access of local government to central decision-making. This access goes via the so-called dual mandate system wherein a lot of mayors and aldermen combine their local mandate with a parliamentary mandate at federal or regional level or with a job in the cabinet of a federal or regional minister.<sup>26</sup> Holding dual mandates is still possible according to the basic local government legislation that prevails in the three Belgian regions, thus giving local politicians the possibility to influence central decisions concerning their locality. However, the extent of this kind of influence has died away since the 1990s in Flanders, when the Flemish Government has started to use more contractual relations with the local level for the daily management of its intergovernmental programs. As such, a more neutral management style has become more and more dominant in Flanders. A similar development does not prevail in the Walloon Region nor in the Brussels-Capital Region.

Next to direct access of local government to central decision-making, there also exists indirect access via a local representative organization. In the Flemish Region, local government's indirect access primarily goes via the 'Vlaamse Vereniging van Steden en Gemeenten (VVSG).<sup>27</sup> This association has become an important player in Flanders' central-local relations

due to its staff of more than 100 professionals in nearly all policy domains and its development of a dense web of formal and informal contacts with ministers, members of the ministerial cabinets and of the Flemish administration. In comparison, the 'Union des Villes et Communes de Wallonie (UVCW)<sup>28</sup> is smaller, less equipped and less professionalized although there has been a recent enlargement of its staff. Its main activities concern the provision of service and technical advice whilst it is less involved in lobbying and policy-making with the regional government in comparison with its Flemish counterpart. The same goes for the local representative organization in Brussels-Capital Region, the 'Association de la Ville et des Communes de la Région de Bruxelles-Capitale (AVCB)<sup>29</sup>. Noteworthy in the Flemish and the Walloon Region is the existence of various associations of local policy-makers. For example, the local financial managers have associated themselves into the 'Vlaamse Lokale Ontvangers (VLO)<sup>30</sup> in the Flemish Region and in the 'Fédération Wallonne des Receveurs Locaux (FWRL)<sup>31</sup> in the Walloon Region. The Walloon Region has also set up the 'Centre Régional d'Aide aux Communes (CRAC)<sup>32</sup> as a public body to support and advice local councils financially in order to structurally resolve the problem of local governments' debts.

## 5. Local responsibilities

The Belgian local governments can take whatever initiative they want as long as this is beneficial to local interests and no other government has legal responsibility for the concerned field of action. This basic

<sup>24</sup> Brussels region: decision on supervision 14.5.1998 (BS 17.7.1998)

<sup>25</sup> Union des Villes et Communes en Wallonie, note interne, 2006

<sup>26</sup> Exact figures of the number of dual mandates in the three regions are currently unavailable.

<sup>27</sup> <http://www.vvsg.be/Pages/default.aspx>

<sup>28</sup> <http://www.uvcw.be/>

<sup>29</sup> <http://www.avcb-vsgeb.be/>

<sup>30</sup> <http://www.ontvangers.org/Links.aspx>

<sup>31</sup> <http://www.receveurs-wallons.be/>

<sup>32</sup> [http://crac.wallonie.be/pages/1\\_1.html](http://crac.wallonie.be/pages/1_1.html)





principle of local autonomy is embedded in the Belgian Constitution and the regions are not entitled to legally alter it. In practice, the regions as well as the communities determine the local sphere of action quite fundamentally by the choices they make to centralize or decentralize in the policy domains they are competent for.

At first sight, local governments fulfill the same kind of functions throughout the three regions. When a closer look is taken at the local budgetary expenses for a select number of these functions, regional differences do pop up. Local expenditure in the Brussels-Capital Region is generally much higher than in the two other regions. This is definitely the case for education: the educational system in Brussels (and to a lesser extent also in the Walloon Region) is much more 'public' and much more 'local public' than in the Flemish Region. Security and social policy are two other policy domains that get more of the local budget in the Brussels-Capital Region than in case of its regional counterparts. This is hardly surprising as these domains typically absorb a lot of expenses in a big (capital) city. On the contrary, in the fields of culture, economy, urbanism and the environment, the local expenses in Brussels are the lowest due to the fact that the Brussels-Capital Region has taken over various tasks of these fields that belong to local government in both the Flemish and the Walloon regions.

In general, however, the overall trend is that Belgium's federalization process has led to the creation of a new layer of central government that got involved in most of formerly autonomous policy fields of local government, thus bringing about a new centralization.

## 6. Local finance and management

Throughout the three regions, local government gets its main income from local taxes and central revenues (central funds and central earmarked subsidies).

The most important tax income comes from a, additional rate on a central tax, either the property tax (regional) or the personal income tax (federal). Both count for 80 % of local government's tax income. The remaining 20 % comes from a wide variety of merely local taxes as local government has the constitutional right to impose taxes upon its inhabitants.

The main part of central government transfers is non-earmarked in the sense that local government can decide autonomously upon its spending. Today, there are three municipal funds in Belgium as the competency for this fund was regionalized in 1988. The Flemish Region grasped this competency to change the system by which the fund's money gets divided amongst its local beneficiaries by giving more weight to criteria of fiscal solidarity and compensation of costs in case a local government delivers services for a wider area of inhabitants than its own territory.<sup>33</sup> Furthermore, the Flemish Region also created a specific fund for cities, allocating grants on the basis of contractual agreements and with rather open end goals suited to introduce local priorities. The Walloon Region and the Brussels-Capital Region<sup>34</sup> dispose over a municipal fund that still primarily functions

<sup>33</sup> Decree of the Flemish Region of 5 July 2002 establishing the rules on the dotation and the repartition of the Flemish municipal fund (M.B. 31 August 2002).

<sup>34</sup> Order of the Brussels Capital Region of 21 December 1998, establishing the rules for the repartition of the general grant among municipalities of the Brussels Capital Region from the year 1998 (M.B. 23 March 1999).



according to the formerly national system. Earmarked subsidies are more important in the Walloon and the Brussels-Capital Region than in Flanders.

As regards personnel, the local sector is booming: between 1973 and 2004, the number of local personnel in Belgium grew from 125.000 to 326.000, by far the fastest growing segment in public administration. In the Flemish Region, the amount of local personnel doubled in that period whilst there was an increase of 80 % in the Walloon Region and a limited growth of 20 % in the Brussels-Capital Region. Despite these regional differences, the proportion of personnel expenses in the Flemish Region is presently much lower than in the two other regions as indicated in [table 8](#).

The local personnel's legal position has undergone a remarkable shift since the 1990s. Before that time, a life-long local appointment was the rule whilst employment on a contractual basis was exceptional and restricted to special programmes for the integration of unemployed and low-skilled people. Gradually, this situation changed so much that a life-long appointment on the local level is now less prevalent than a contractual one (table 9).

The human resources management on the local level is much more inspired by the NPM in the Flemish Region than in the two other regions. The same goes for other aspects of local government's administrative organization and management.

**Ellen Wayenberg**

**Filip De Rynck**