

## Networks and the Transparency of Local Governments: The Effects of Municipal Unions

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Lebanon has one of the highest numbers of municipalities worldwide compared to the number of citizens.<sup>1</sup> Although municipalities are small, both in geographical coverage and citizens, they are left with a large set of responsibilities to provide services, ranging from waste to infrastructure management. In order to facilitate coordination of cross-municipal projects, many municipalities team up to form Unions of Municipalities (UoM) which have their own finances, elected presidents, and committees. Today, there are 60 UoMs in Lebanon, ranging from two to more than 60 members.

As UoMs facilitate coordination and communication among municipalities, they can represent networks that influence the quality of governance of each of its members. By facilitating frequent interaction and knowledge sharing, UoMs not only take over technical coordination but also influence its members' opinion on matters of everyday issues and politics. Frequent exchange on major issues of governance shapes the way municipal committees position themselves.

Transparency is a particularly important part of governance as it allows citizens to hold their elected local governments accountable. We investigated whether the networks effects of UoMs influence the way municipalities are transparent. And indeed, we find that membership in UoMs seem to shape municipalities' transparency more than other factors.

### The influence of UoMs in transparency scores

In order to understand what drives transparency, we examined the role of UoMs and whether municipalities that are unionized are more or less transparent. We focused on the Institutional Transparency Index (ITI), a new index to measure the extent to which municipalities leverage the IMPACT tool to provide and disseminate information on issues of governance and development. We deploy statistical analyses to take into account possible explanations for municipal transparency.<sup>2</sup> For example, more transparency could be explained by larger or richer municipalities having more capacity or more demand for publishing data by their larger citizenry, or by the fact that municipalities might have joined unions to share more information with others. We leveraged a range of different data, such as municipal revenues, population size, or economic development, to take all of these other effects into account.

While we find that unionized municipalities are not more or less transparent than non-unionized ones, municipalities within a given UoM are more likely to have similar scores. Municipalities within the same UoM can score both very high (such as the UoM El-Koura with an average transparency score of 11.1 and a standard deviation of 1.8), or very low (such as the UoM Gharbeh Baalbek with an average transparency score of 5.6 and a standard deviation of 2.0). The variation of scores among all municipalities is much larger (standard deviation of 2.8) than for UoMs (standard deviation of 2.3),

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1 Lebanese Center for Policy Studies. 2020. "Restructuring Subnational Governance in Lebanon: Towards Efficient Public Spending and Reduced Regional Inequalities." Democracy Reporting International. [https://democracy-reporting.org/wp-content/uploads/2020/11/DRI-LEB-DE-Fiscal-Decentralisation\\_29102020\\_combined-with-appendix\\_online-1.pdf](https://democracy-reporting.org/wp-content/uploads/2020/11/DRI-LEB-DE-Fiscal-Decentralisation_29102020_combined-with-appendix_online-1.pdf)

2 For this analysis, we take the municipal transparency index as the dependent variable and a dummy as well as a categorical variable for union membership as core independent variables. We include a number of control variables, including a municipality's population size, economic development, revenues, and poverty incidence, and cluster the standard errors in different specifications at the regional and union level. All details can be obtained from the authors upon request.

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meaning that municipalities within the same UoM are more likely to have similar scores. The 227 non-unionized municipalities have a larger variation than the whole sample of all municipalities (standard deviation of 2.9).

This result suggests that network effects on the level of UoMs shape the way municipalities decide to share information and to be transparent. It also highlights that UoMs do not only take over a role of technical coordination but appear to shape or reinforce opinions and norms of transparency among its members in repeated interactions and thereby make municipalities to likely have similar transparency scores. That way, UoMs influence the way municipalities interact with the Central Inspection Board, the IMPACT platform, and its citizens. Local and international efforts to increase municipal transparency and governance should therefore not only focus on the municipal level, but should also include UoMs to leverage coordination and networks in their favor.