



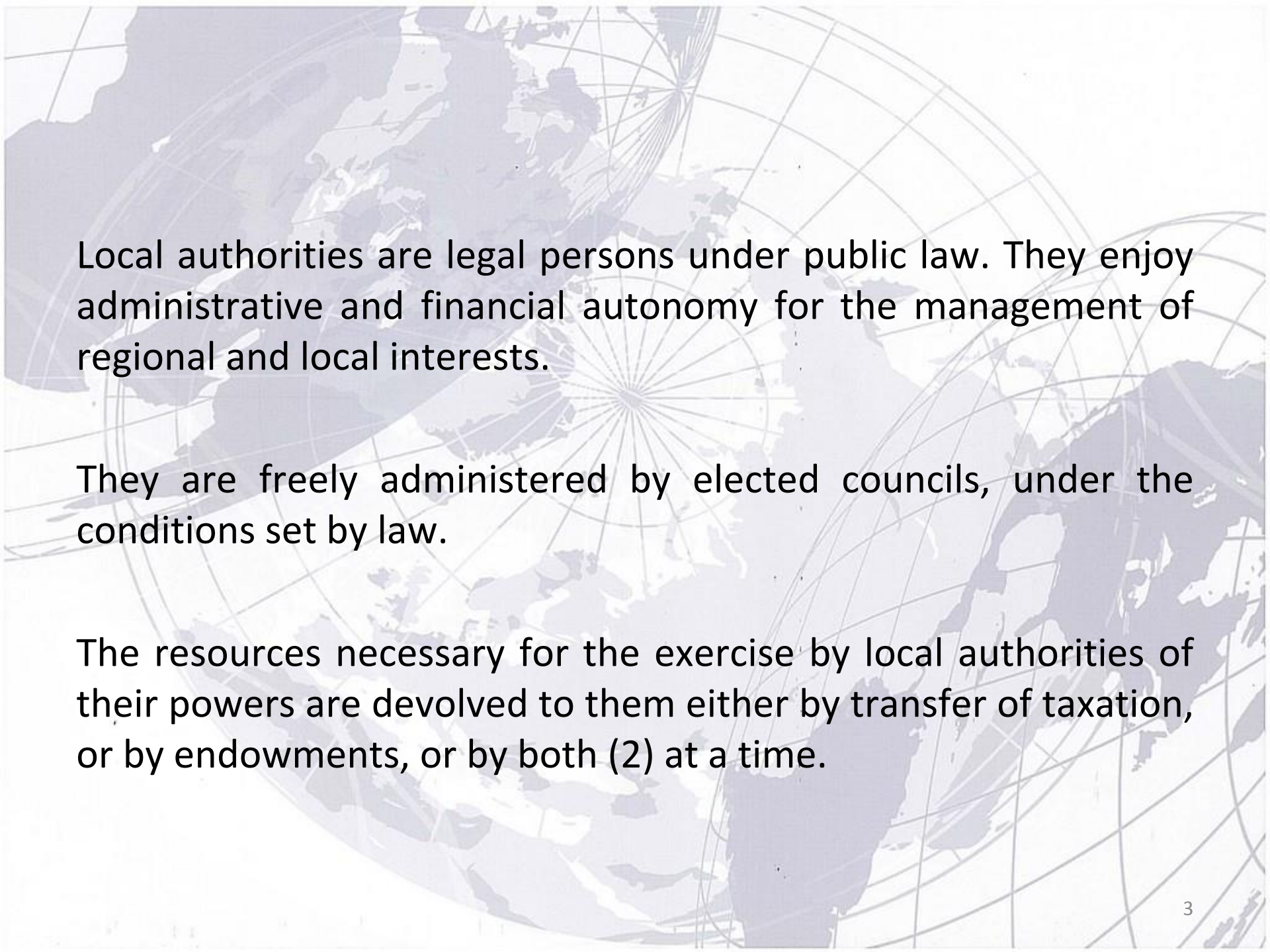
# **Round table 2: The different financing instruments in support of decentralisation**

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# Introduction

Article 2 (1) of Law No. 2004/017 of 22 July 2004 on the Orientation of Decentralisation states that decentralisation consists of a transfer by the State to local and regional authorities of special skills and appropriate means.

For the purposes of this law, it constitutes the fundamental axis of promotion of development, democracy and good governance at the local level.



Local authorities are legal persons under public law. They enjoy administrative and financial autonomy for the management of regional and local interests.

They are freely administered by elected councils, under the conditions set by law.

The resources necessary for the exercise by local authorities of their powers are devolved to them either by transfer of taxation, or by endowments, or by both (2) at a time.



Attention will be focused in this presentation on:

- the local taxation;
- the general decentralisation budget.

# I. The local taxation

The local tax is defined by Law No. 2009/019 of 15 December 2009 on local taxation of all levies made by the tax services of the State or competent local authorities in favor of the latter.

It applies to municipalities, urban communities, district municipalities, regions and any other type of territorial authority created by law.

The aforementioned law makes a distinction between local and communal taxes,

## I.1. Local taxes

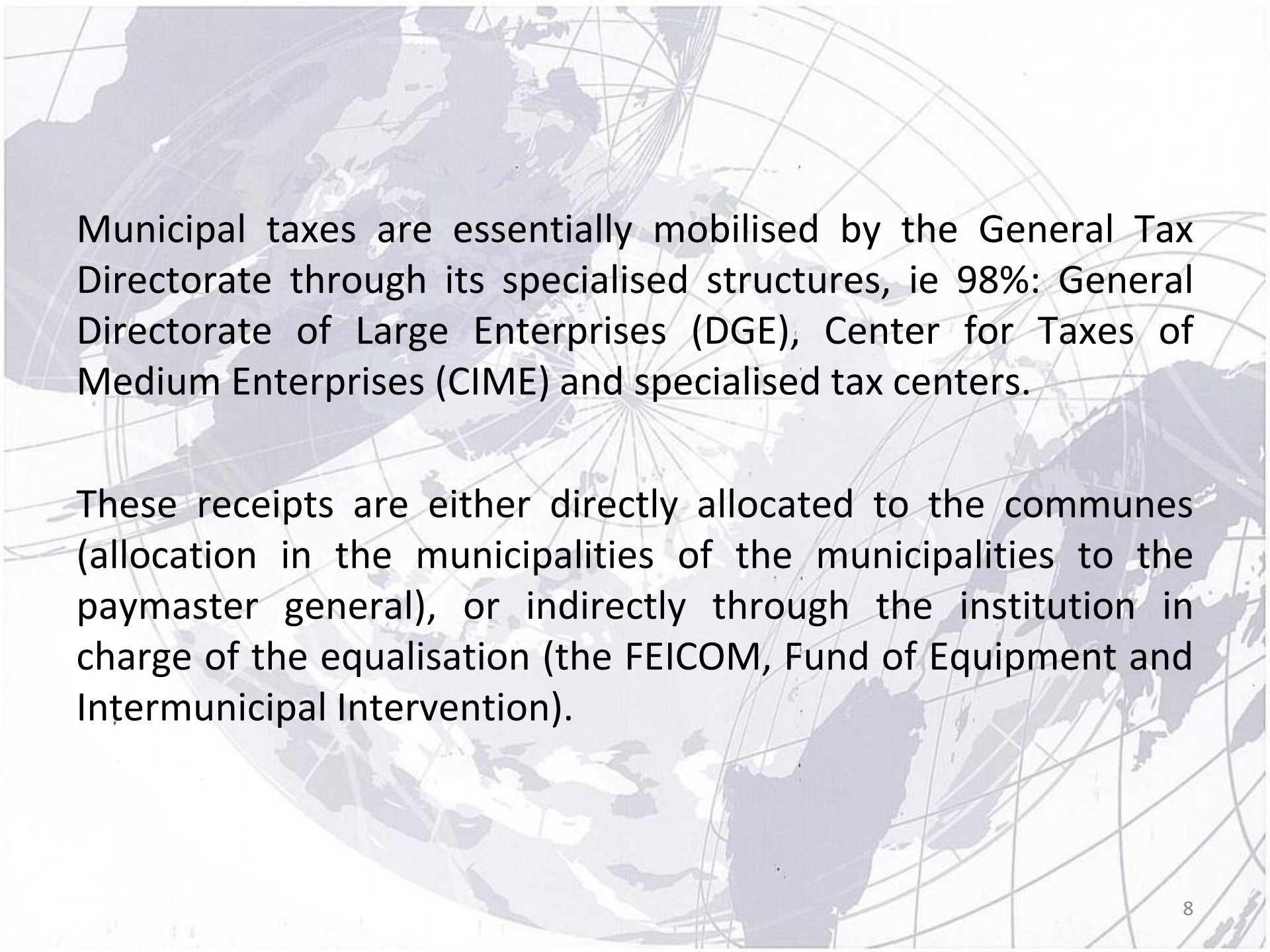
Local taxes include:

- the municipal taxes;
- the additional municipal fees on the State taxes;
- the municipal duties;
- the taxes and duties of the regions;
- any other type of levy provided by law.



The revenues of municipal taxes collected by the State come from:

- the contribution of patents;
- the contribution of licenses;
- the discharge tax;
- the property tax on real estate properties;
- the tax on games of chance and entertainment;
- the property transfer taxes;
- the automobile stamp duty;
- the forest fee.



Municipal taxes are essentially mobilised by the General Tax Directorate through its specialised structures, ie 98%: General Directorate of Large Enterprises (DGE), Center for Taxes of Medium Enterprises (CIME) and specialised tax centers.

These receipts are either directly allocated to the communes (allocation in the municipalities of the municipalities to the paymaster general), or indirectly through the institution in charge of the equalisation (the FEICOM, Fund of Equipment and Intermunicipal Intervention).



## 1.2. Municipal duties

Municipal taxes and other levies provided for by law come under the jurisdiction of local and regional authorities.

They include:

- the cattle slaughter tax;
- the communal tax on livestock;
- the tax on firearms;
- the hygiene and sanitation tax;
- the duties of the pound;
- the market place rights;
- the rights to build or implement permits;
- the temporary occupation rights of the public road;

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- the parking fee;
  - the occupancy rights for parking lots;
  - les tickets de quai ;
  - the quay tickets;
  - the tax on shows;
  - the stadium rights
  - the tax on advertising;
  - the municipal stamp duty;
  - the fee for degradation of the roadway;
  - the municipal transit or transhumance tax;
  - the tax on the transportation of quarry products;
  - the parking rights;
  - the tax on salvage products,

## II. The general decentralisation budget

The law instituted a general decentralisation budget for the partial financing of decentralisation.

This is the second source of funding for decentralisation after local taxation.

The budget law fixes each year on the proposal of the government, the fraction of the receipts of the State allocated to the general endowment of the decentralisation.

A decree of the Prime Minister fixes each year, the distribution arrangements of this general decentralisation budget which is set at \$ 10 billion for the 2018 financial year and is broken down into a general operating allocation and a general investment allowance of \$ 5 billion each.

## II.1. The general operating allocation

It covers:

- the remuneration of Municipal Magistrates;
- the operation of the National Council of Decentralisation;
- the operation of the Interministerial Committee on Services Local;
- the dissemination of the National Local Finance Strategy;
- the operation of the Interministerial Commission of Decentralised cooperation;
- the funding of Regional Training Workshops for certain Communal Officers in the program budget;

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- The support to the National Training Program for City Trades;
  - the support to Unions of Municipalities;
  - Operation of decentralised State services providing assistance or support to municipalities and urban communities;
  - the special or emergency operating expenses for certain municipalities or urban communities.

N.B. All 374 communes and communities benefit from the general operating allocation.

The amount for the general operating allocation is released at the level of the public treasury and transferred to the accounts of the various beneficiary organisations.

## II.2. The general investment endowment

The General Investment endowment is intended to finance the projects selected in the communes considered as priority:

- Construction, rehabilitation, equipment of classrooms, latrines and on-call housing;
- Construction, rehabilitation, equipment of Health Centers and on-call housing;
- Drilling and water supply construction;
- Road maintenance and construction of crossing structures;
- Electrification ;
- Construction of commercial equipment.

**N.B.** Priority is given to communities whose projects have not been included in the State Public Investment Budget (BIP). In addition, the most vulnerable, most indebted and sparsely populated municipalities have been prioritised.

The general investment endowment is transferred by the Treasury to the Special Fund for Equipment and Inter-Commune Intervention (FEICOM) which redistributes it to the targeted communes.