

**The limited resources of the city hall and the challenges of their activation  
An Analytical Study of the Budget of Laghouat's city hall 2010-2017**

محدودية الموارد الذاتية للبلدية ورهانات تفعيلها  
دراسة تحليلية لميزانية بلدية الأغواط 2010-2017

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**Abstract:** This article deals with the possible options of mobilizing the internal resources that provide the acceptable level of financial independence to the city hall that allows managing local affairs. The research takes its importance from reading and analyzing the budget data of the city hall of Laghouat during the period 2010-2017, and analyzing the resources of self-funding that the city hall relies on, studying its sufficient in fulfilling the city hall's increasing commitments and financing local development. The study concludes that one of the problems confronting the city hall of Laghouat today is its inability to strengthen its own resources, and it relies almost exclusively on foreign subsidies.

**Keywords:** local funding, city hall, Local financial resources.

**Jel Classification Codes :** H71, R51.

**ملخص:** يعالج هذا المقال السبل الكفيلة بتعبئة الموارد الداخلية (الذاتية) التي تؤمن الحد المقبول من الاستقلالية المالية للبلدية في تسيير الشأن المحلي. حيث استمد البحث أهميته من خلال قراءة وتحليل معطيات ميزانية بلدية الأغواط خلال الفترة 2010-2017، وتحليل مصادر التمويل الذاتية التي تعتمد عليها البلدية ودراسة مدى كفايتها في الوفاء بالتزامات البلدية المتنامية وتمويل التنمية المحلية، وخلصت الدراسة بالاعتراف بأن إحدى أهم المشاكل التي تواجهها بلدية الأغواط اليوم هي عدم قدرتها على تعزيز مواردها الذاتية، واعتمادها بشكل شبه تام على الإعانات الخارجية المقدمة.

**كلمات مفتاحية:** تمويل محلي، بلدية، موارد مالية محلية.

**تصنيف JEL :** H71، R51.

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## **1. INTRODUCTION:**

The city hall, since it is considered as a local and regional representative of the state, plays an a pivotal role in serving the public and the development of social and local economic in the region and it could not be possible without a considerable financial resources in order to fulfill all those commitments. In this regard, the financial independence is an important element for the city hall which efforts could be seen in activating its resources as well as its ability to fulfill the entrusted duties.

Thus, local financing is considered as the primary pillar on which the city hall depends on to accomplish its various activities and to follow the rest of the developmental projects located on its territory. So, the fragility of the financial status of the city hall might be a real hindrance to achieving all its duties.

The city hall of Laghouat, like most Algerian city halls, suffers from a weakness in mobilizing its own resources in the best way possible that serves the tasks performed. Although it has many properties, possessions and assets, the registered resources in its budget are weak and uncontrolled and its dependency on the state's subsidy is constantly increasing. This judgment lead us to the necessity of researching in its local finances and identifying the reasons why the city hall of Laghouat neglects its own financial resources, and then finding the best ways to mobilize them and develop these resources to reach for an optimal local financing structure.

The principal problematic: In light of what have been previously discussed, we can ask the following question:

How efficiently competent is the city hall of Laghouat in mobilizing its own resources? And what are the proper ways to activate them?

In this study, we used the descriptive and analytical, this methods to approach the main research is based on the collection of data, information, statistics and facts, and then we will try to explain and analyse them, in order to clarify the different variables related to the core subject of our study.

## **2. The concept of local finance:**

Without the availability of financial resources, the city hall will not have the desired efficiency to confront its burdens and provide the basic needs of the citizens living on the city hall's territory so it will not be able to meet its developmental objectives.

Based on the importance of local finance and its role in financing the different programs of the city hall, we will try to clarify the term “local finance” and its basics by introducing the most important concepts that deal with this notion.

The financial resource is a vital and indispensable source on which the city hall is based, in order to achieve its commitments and to get high rates of local development.

The city hall, as a legal entity, has a budget, and therefore multiple resources, and is bound to the expenses that allow it to take over the tasks entrusted to it by the law (Rahmani, 2009, p09).

The philosophy of local finance is based on how the city hall can obtain funds from various and available sources and how these efficiently sources help in organizing and managing its resources to provide qualitative and efficient services on the local territory.

In recent years researchers, in the field of local financing, have placed increasing focus on the term “fiscal sustainability”, by studying the extent of the city hall's capacity to meet existing spending commitments with accessible self-resources (Ward, Dadayan, 2009, p455).

Funding problems are identified as the primary obstacles facing city halls. Local financing is defined as the sustainable flow of financial and interior resources to achieve a durable stability in the city hall territory through the search of effective financing mechanisms, which operate within a strong legal and institutional framework to meet rapid demographic expansion and to provide better services to the citizens (Habitat iii, 2015, p02), Local funding can also be defined as the size of the financial resources directed to the local councils, as well as the revenues resources of the councils allotted by the legislation. These resources are appropriate for the local councils, according to their competences and responsibilities ( Hamdi حمدي, 1987, p82).

It is clear, through these definitions, that local financing is the engine through which the city hall can perform its duties effectively by which it can fortify and reinforce its financial aptitude and ability. The efficiency and sustainability of the services provided by the city hall depends primarily on the funding, which is the principal element for the success of the city hall's plans and strategies.

The city hall law 11-10 of 22/06/2011 concerning the city hall in Algeria

recognizes the autonomy of the city hall by enabling it to manage its financial means freely and to rely only on its own resources within its provided responsibility. Local finance can be considered as the primary tool for the managing the local administrations in the regional districts of Algeria “city hall”. It represents all the financial resources available which can be provided from various resources for efficient local governance and financing of developmental projects on the local territory (Aoulmi عولمي, 2006, p269).

Consequently, local financing in Algeria includes, in its entirety, the need to find ways to develop city hall’s revenues, both tax and non-tax, and to work on efficient exploitation of these resources. That’s why city hall’s law 11-10 states in article 169 that the latter is responsible for managing and mobilizing of its resources, considering that the city hall obtain moral autonomy and financial independence. It necessitates the city hall to rely mainly on its own financial resources.

It is important to note that a real local autonomy cannot exist unless financial autonomy is ensured by a transfer of powers from central to local level, i.e. through administrative autonomy. In other words, local autonomy cannot be implemented unless local authorities have adequate financial resources. The obvious dependence of administrative autonomy on the financial autonomy is reflected, in that local administrative autonomy is conditioned by financial autonomy and offers the possibility to submit the local and national public services to specific local demands and needs in terms of efficiency and efficacy. And therefore, we can consider the financial side as an important component of local autonomy, and thus has a big influence on the ability of decision of local authorities’ commitments and on local autonomy in financial terms (Jemna, Onofrei, Cigu, 2013, pp 49,50).

### **3. Financial resources of Algerian city hall:**

The city hall has many financial and various resources. Where Algerian city halls rely partially on the total local and interior resources and mostly on the support provided by the central authority.

According to the city hall law 11-10. In order to respond to the growing local needs, these resources have to be varied and diversified. The general pattern of these resources can be summarized according as following:

### 3.1 local financial resources (interior):

The city halls financial resources refer to the interior ability in depending on the self-autonomy of city halls. Local resources can be divided into (law 11-10, p26):

- Local tax collection, which is an important resource for the municipal budget. Tax resources are the largest resource in the city hall budget and it contains mainly tax revenues and levies allocated for the whole and in part to the regional groups;
- Revenues of the city hall's possessions and properties;
- The result of the special services performed by the city hall, which is mainly, all the financial resources resulting from the sale of products and the services provision to the citizens provided by the city halls;
- The result of the prerogatives of public spaces, including advertising space;
- The result obtained correspondingly from the different services.

### 3.2 External financial resources:

The dependence on external resources is sometimes an exceptional procedure for the city hall when it confronts a decrease of internal resources as well as its insufficiency to provide the processing and the investment costs programmed in the local budget. Sometimes, the provided subsidies from central authority seek to target local authorities and so the external resources are:

- Subsidies and allotments, which are the sums given by the central authority for the expending on local development (law 11-10, p26) states that the city hall shall receive subsidies and allotments for the following reasons:
  - Insufficient revenues compared to the functions and powers of the city hall as defined in this law ;
  - Insufficient financial coverage of compulsory expenses;
  - The consequences associated to the intervention in the majeure situations, in particular natural disasters and calamities;
  - The objectives of the required level to meet the legally authorized needs;
  - Imperfection of city hall revenues value.
- The result of gifts and commandments. (law 11-10, p26) stipulate for the acceptance of foreign donations and commandments that undergo in prior an approval of the Interior Minister so it has become stripped and included in the budget lines;

- The loans represent an indispensable funding branch for raising the local development rates, and the city hall use them because the government subsidies are limited in providing public services and achieving the lowest level of local development.

#### **4. The diagnostic of the financial possibilities of the city hall of Laghouat 2010-2017**

What we are trying to study in this chapter is diagnosing and analyzing the financial resources of the city hall's budget of Laghouat to track the developmental recent accomplishments in the interiors revenues part of the city hall during the period between 2010-2017.

##### **4.1 The taxation revenues:**

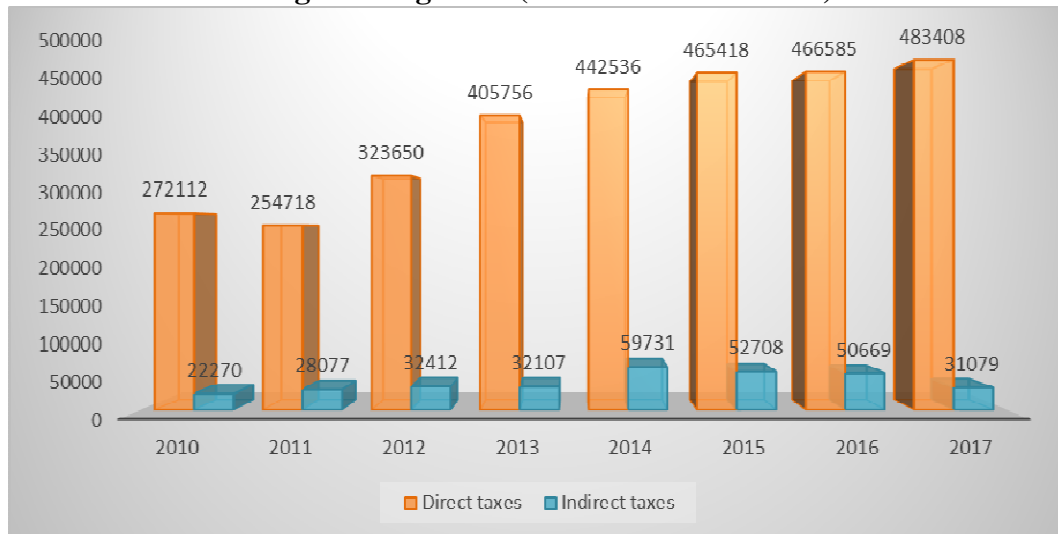
Local taxation is considered as a major source of local finance and a strong indicator of financial independence of local units. In the Third World, the lack of local resource bases leaves localities highly dependent on central funding, the expansion of local unit's responsibilities requires state intervention through increased central funding (Oxford Reference).

Under the mending of the local financing and taxation and according to the government instructions and directives of July 9th, 2007 a ministerial and common commission was established to repair the local financing and taxation; this repairing is included in next year's visions and it is established upon the present taxation diagnostic and therefore to plan the necessary work in the long and short term to the taped inadequacies and the disequilibrium and even the city hall finance (Ministry of Interior and Local Communities).

It must be indicated according to the shown data in the annex number 01 that the local taxation constitutes 32% of the proportion of management section revenues and about approximately 90% from the total of the interior finance resources and the revenues of the City hall of Laghouat. These revenues taxation of the city hall has contributed with 33.74% as average of the management section's revenues total and with 28.79 % from the overall revenues as a total average as much as 427 million dinar.

The taxation revenues in the city hall budget are divided into direct and indirect taxes and we can show this development in this figure:

**Fig.1. A comparison between the direct and indirect taxes of the city hall's budget of Laghouat (unit: thousand dinars)**

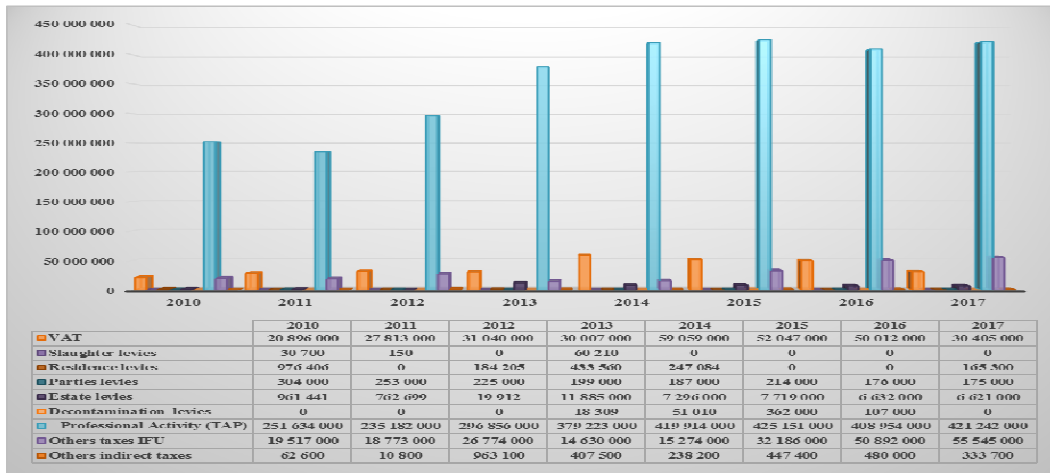


Source: Prepared by the researchers based on the data of Appendix number 01.

We calculate direct and indirect taxes with the total amount of taxes received for the City hall of Laghouat. We concluded that direct taxes contribute with a 91% of the total tax revenues while indirect taxes constituted with a merely 9% of the total tax revenues.

During the period of this study, the municipal budget recorded an increasing development in its tax revenues, which is increased at an accelerated pace since 2010, and it reached its highest level in 2016, with an estimation of 517 million dinars, which is a relatively qualitative jump compared with previous years. This development values the efforts and endeavors of the local authorities to remedy the situation and to improve the tax revenues under gradual withdrawal of the state, but it is still far from the realization of the expected economic activity and the real trade size to the City hall of Laghouat. Despite this development and improvement, however, the financial revenues received by the City hall of Laghouat did not reach the desired level due to the adoption of many exemptions and tax incentives granted to investors in the region, as well as the lack of collection of some local taxes and levies such as slaughter and residence levies, etc. When the city hall's dependence on the subsidies provided by the state increases, it is evident that the city hall's own resources are not functioning well, and this is the constraint that restricts its financial independence.

**Fig.2. Imported taxation’s revenues detail (unit: dinar)**



**Source:** Prepared by the researchers based on the data of Appendix number02

This bar chart shows that there is a significant difference in the revenues level of the various taxes and levies received by the City hall of Laghouat. The levy for the Tax on Professional Activity TAP is accounted for the largest share of the total taxes collected for local taxation. It contributes by 83.17% from the total of taxation revenues, so it has a big significance. The value of VAT is one of the most important sources of finance, with an average of 8.74%. So it is the second source of tax revenues, followed by the third tax rate average of this post for a tax of 6.37%. As for the real estate tax and the contamination levy, as the percentages recorded, are very weak, indicating that there is a problem in the collection of these taxes due to the urban development that the city hall of Laghouat has experienced in previous years. The application of these taxes is uncontrollable. As well as the absence of a semi-total collection of levies, which are fully obtained for the city hall slaughter residence and party’s levies, and the complete absence of a levy for advertising and professional sheets.

**4.2 Outputs revenues of the financial exploitation:**

The outputs of financial exploitation are mainly financial resources resulting from the sale of products or the provision of some services to the citizens by the city hall. These revenues are characterized by diversity, such as revenues from funerary levies, checks and stamping of meat, etc. The contribution of the outputs revenues of the exploitation in the management revenues to the budget of the City hall of Laghouat is very small and almost non-existent and futile,



constituting a contribution of approximately 0.27% as an average of the total revenues during the years of study See Appendix number 03

#### **4.3 Outputs of public properties:**

These revenues are generated by the city hall's exploitation of its own properties such as the sale of agricultural crops, the leasing rights of shops and public utilities of the city hall, the outputs of the exploitation of the exhibitions, the weekly market and the royalties of roads and motorways. The Algerian legislator stipulate for the reform of property revenues by free assignment of tourist properties and sports facilities which are abdicated for the benefit of the city halls located in its territory.

In the chronological presentation of these revenues Appendix number 04 we noticed that the City hall of Laghouat did not strive to value these properties and evaluate them to the required extent. Public revenues remained weak and thus did not contribute effectively in the revenues of the City hall of Laghouat. It required 53 million dinars as its highest level in 2016, equivalent to 3.98% of total revenue, although this proportion has improved but it is still little and negligible if we compare it to tax revenues.

As a result of what have been previously presented, the period between 2010 and 2017 witnessed a fluctuation in the City hall of Laghouat finance, which influenced the development pace of the city hall. So it was an inappropriateness of the choices between the increasing commitments of the city hall and the limits of financial and interiors means.

Although city hall law 11-10 has recognized its right to self-sufficient resources to confront its burdens, especially those resulting from the transfer of new powers, since the city hall can't confront its new challenges without relying on its own possibilities , creating its initiatives and managing its own resources , but the financial situation of the City hall of Laghouat is alarmed by the negative repercussions that began to float on the budget of the city hall, because it suffers from a deficit in its own financial resources, which has reflected negatively on its own ability to perform its functions on the light of the reduction in the volume of public spending, which often restrains the embodiment of various local development policies in all sectors which is related to the daily services of the citizens.

Therefore, the financial resources of the city hall of Laghouat are various,

but the collection mechanisms are still deficient and substandard because the city hall depends completely on state subsidies See Appendix number 05. The inevitable result of this reality is the imbalance in the city hall budget, and its disability to present modern and city hall services, in terms of efficiency, finesse quality, abundance and justice.

**5. The disequilibrium recorded in the local finance structure of the city hall of Laghouat and its remediation's ways**

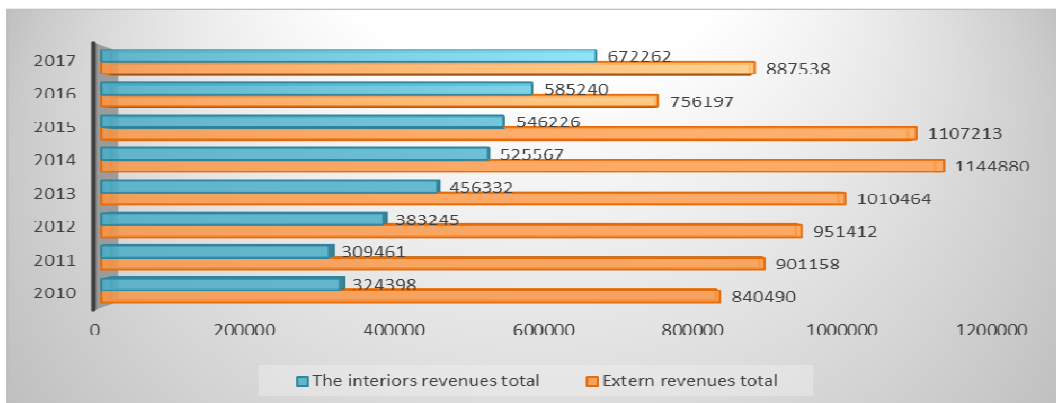
It is possible to say that the City hall of Laghouat suffers from many problems, the most important one is the financial problems that put the city hall in a situation that prevented the best performance of its functions and the achievement of local development, because of the inequality between interiors revenues and the expenses accumulated from year to year, this is mainly due to the dependence on the state's subsidies and contributions. The financial resources contribution of the city hall of Laghouat remained only a small part of the total resources available to the city hall due to the absence of a prospective vision that would activate the funding sources added to the revenues of the city hall, based on its own efforts to keep its increasing expenses pace. The following points are the obstacles that inhibit the activation of the city hall's own resources.

**5.1 Obstacles to the effectiveness of local interiors resources:**

**5.1.1 Study of the proportion of internal resources from the total revenues:**

The following graphic shows the contribution of interiors revenues in the total gross revenues received by the City hall of Laghouat.

**Fig.3. Evolution of the total revenues of Laghouat City hall (unit: thousand dinars)**



**Source:** Prepared by the researchers based on the data of Appendix number 05

The results of this graphic show that the real financial independence of the City hall of Laghouat is inconsiderable, whereas the most of its resources are provided by the government. External revenues constituted an important source for the City hall of Laghouat's budget with an average contribution of 66.93%. The contribution of these revenues were the highest in 2011 with 74.44% from the total revenues, and therefore the City hall of Laghouat did not have real financial independence because of its dependence on the subsidies and contributions provided by the state.

While the contribution of interiors resources represented an average of 33.05% from the total revenues; whereas 28.79% were tax's contributions. So, this reflects the weakness of the City hall of Laghouat in the development and activation of its own resources. Despite the growth following this proportion when reaching its highest level in 2016, 43.63% from the total revenue, it is still deficient and uncontrolled if compared to the opportunities and possibilities available to the City hall of Laghouat and the subsidies provided by the state, so it can be attributed to this percentage because of various reasons, the most important ones are:

- The state monopoly of fiscal authority has attracted the large part of tax revenues. The state reserves the right to deduct the most important taxes for its benefit, such as the VAT, 80% of the VAT belongs to the state treasury while the remaining 20% is divided equally between the city hall and the Solidarity and Guarantee Fund of local authorities CSGCL, and the modest returns of taxes are given to the city hall, as the cleaning and slaughter levies see Appendix number 09;
- The fiscal powers granted to the City hall of Laghouat and the rest of the city halls of Algeria are very limited. The People's Assembly can intervene within the limits of the law by establishing the levels of deduction in respect to direct collection only, such as clearance and residence levies. The powers of the legislator does not entitle to the city hall with the right to intervene for the taxes and levies amendment;
- Algerian legislator does not grant the city hall People's Councils with the right to establish a local tax, because the law has the right to achieve the justice and the unity of tax, which is contrary to the condition of interior resource mentioned earlier;

- The inability of the City hall of Laghouat to mobilize the necessary human resources to follow up the taxes and levies for its benefit;
- The instability of the tax legislation, the permanent changes in the tax legislation leads to the vagueness of the tax system because of the multiplicity's laws, and it leads to the lack of confidence of taxpayers in the tax system (Messaoudi مسعودي, 2013, p130);
- Fraud and tax evasion. These are due to a number of reasons related to the administration of tax interests. The executive role assigned to the tax authority in applying tax legislation requires a high degree of accuracy and adherence to the laws by qualified human resources and the necessary means for monitoring, so its limitations constitute an important outlet for tax evasion (Adjlane عجلان, 2013, p50);
- Weakness of tax awareness and responsiveness among individuals (Adjlane, عجلان, 2013, p50);
- Dependence of the tax system on the state and the concentration of taxation under the control of central authority, where only the state has the decision to establish or abolish taxes and levies, identify the vessel and rates, and this leads to weak tax control, which facilitates fraud and tax evasion (Boumediene بومدين, Gettouche قطوش, 2017, p04).

#### **5.1.2 Weakness of the properties revenues**

Through the data shown in Appendix number 06 it was clear that despite the availability of important properties in the City hall of Laghouat located on its territory, which can provide a sustainable and considerable financial revenues, and through the law 10-11 that gives city halls full powers to determine the prices for their services and the operation of their property. Article number 163 of this law stipulates that "the City hall People's Assembly shall periodically take the necessary measures to value and make the municipal revenues generate more profitable materials ", But the received revenue percentage of the City hall of Laghouat represents only a small percentage for the use of its properties. It contributed with 2% from the total revenues. This percentage reflects the lack of evaluation and actual estimation of the city hall properties because of:

- The city hall's ignorance of its public properties is due to mainly to the fact that the city hall did not make an inventory of all its properties under the succession of local directors of the city hall of Laghouat, which led to the loss

of many properties and documents and the loss of important financial resources;

- Many city hall's properties have been subject to various types of vandalism, resulting in the deterioration of properties;
- Non-renewal of rental rates, where many properties are leased at nominal prices that do not even provide the cost of its maintenance, including rent-free. The increase in expenditure was not accompanied by a revision of the property prices;
- Lack of optimal utilization of public utilities and facilities, where many city halls perform a range of services free of charge, as they can obtain financial revenues against its exploitation;
- The weakness of ideal management of the city hall's proprieties , for example: the weekly market revenues are not fully exploited due to poor management and organization in addition to the lack of the city hall's barns and public facilities exploitation in an effective way that can procure the city hall with significant financial returns and revenues. .etc.

From this point of view, we can say that the City hall of Laghouat did not strive to make more profits for the properties belonging to the city hall district, and the revenues collected from its properties exploitation does not reflect what can be provided through the actual exploitation of these properties.

### **5.1.3 Insufficiency of interiors resources for City hall expenses**

Any diagnostic of local resources is a double diagnosis. In that it can help in the determination of the financial resources at the disposal of the city hall and the adequacy of the city hall needs and requirements evaluation.

Through the table shown in Appendix number 07, which shows the evolution of the actual expenditures of the City hall of Laghouat, we have come to the conclusion that the actual expenditures of the city hall exceeded 1625 million dinars in 2017, adversely it was 817 million dinars in 2010 which indicated an accelerated increase of the city hall's expenses.

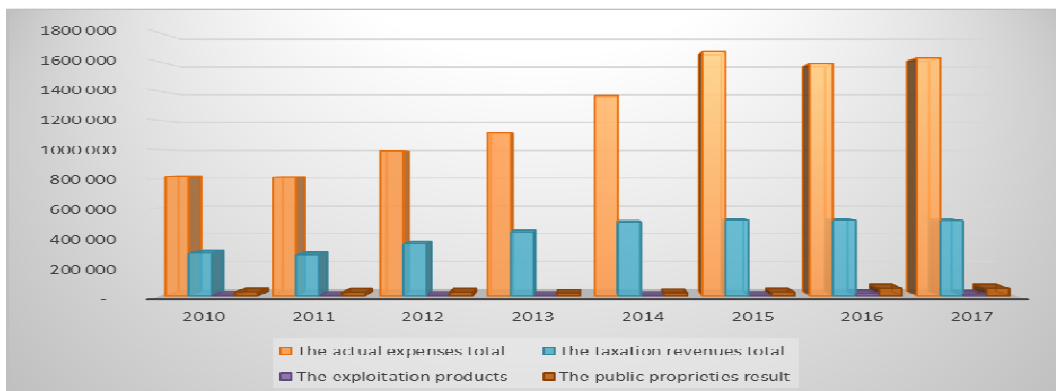
The results of the above table indicate that the highest percentage of expenditure at the level of the city hall is the share of user expenses compared to other areas of expenditure. The allocations and employees' salaries present 37% from the total expenditure of the management budget, the represented proportion and the amount constitute a big burden in the city hall's way, because it does not

meet its own resources payment only after recourse to external funding through the common case of local communities.

While the expenses of processing of new works and repairs a proportion of 25% whereas the other areas of expenditure accounts for a total of 40%, which shows the existence of a problem in the city hall resources management, so it bears the expenses and burdens non interfered in the service of the General Facility and the pressures that the city hall are confronted to.

The increase rate in the interior resources is very slow and does not respond to the rapid increase in expenditure. So, it creates a problem in local finance. The difference between expenditure and interior resources can be seen in the following figure:

**Fig.4. The interior revenues providence's proportion to the general expenses of the city hall of Laghouat (unit: 1 thousand dinars)**



**Source:** Prepared by the researchers based on the data of Appendix number 08

The rates of providence of the city hall own financial resources to the burdens and expenses represent the real indicator that reflects the city hall financial safety and reflects the nature its management.

The results, of the table above, indicate the proportion of the outputs providence of the internal resources to the City hall of Laghouat's budget. We concluded that the city hall needs larger financial resources that exceed the capacity of its own resources to meet its obligations, because these resources are not sufficient to meet the actual expenditures for the City hall of Laghouat's budget, it is always in constant need for additional external resources to confront this deficit; whereas we noted that the local tax revenue provide a percentage of 34.71% as an average of the total actual expenditure, and although the local taxation plays an important role in the city hall's budget financing, where the

taxation resources are insufficient to cover the expenses that have increased due to the large number of its obligations, while the providence of products and exploitation of public property are very decent in proportion about 1.44% and did not exceed the average of the actual total expenditures.

Therefore, in view of the size of the city hall's resources available, the results achieved at the local level are still inadequate and below the required level. The providence proportion showed that to confront the burdens and tasks assigned to the City hall of Laghouat and ensure the good management of its affairs, it needs sources that exceed the available resources. It is possible to recognize the heterogeneity between the interior resources and the burdens size in the city hall from the interior resources weakness.

The weakness of the city hall's interior revenues affects the growth curbing of its budget, which is facing an increasing demand for public services, and due to the lack of action and interference of local officials in estimating the local taxation and the actual valuation of their city hall's properties, it is imperative that local administrative implement full powers and discuss in all ways that could value and mobilize the interior revenues and the need to think seriously and effectively in practical mechanisms to activate the city hall's resources and to guide them in conformity for the objectives realization.

## **5.2 The entrances to the mobilization of City hall financial resources:**

The principle of financial independence is the most important objective of the City hall of Laghouat in particular and the others of Algeria in general in that they should strive to achieve it by developing their own resources and relying on their own, instead of relying on state subsidies and other sources of external funding for administering its affairs away from the central authority's directives.

As a result, we summarize that the reform is not limited to financial aspects only, but it should aim to review all administrative and regulative aspects of the city hall and take measures to ensure optimal local management and the provision of sustainable interior resources to provide city hall obligations. As stated in the following procedures:

- Reviewing the powers and tasks assigned to the city hall;
- Re-examine the relationship between the state and the city halls, because the state is called upon to actualize decentralization because it is the only way to guarantee their independence. The city halls which are able to collect their

own resources would become independent, whereas others which are unable to obtain and value their own resources would stay dependent on the state;

- The rationalization in the local expenses management and the continuous monitoring of the municipal taxes collection, through the development and the performance of human resources activation, which is a procedure that should be followed to activate tax resources (Zirmi زيرمي, Senousi سنوسي, 2013, p229);
- Dedicate the principle of fiscal decentralization by delegating more fiscal decisions to the local bodies so that the elected councils at the local level have the authority to determine the tax base and rates of subjugation, re-evaluation and liquidation as well as the collection of local taxes and levies. Such measures should be accompanied by legal amendments and adjustments to limit the intervention of state's guardianship in the administration of the city hall and respecting its local taxation ;
- The involvement of city hall councils in adapting taxes and levies proportionate with their economic periphery;
- Transfer some taxes from the state to the city hall, such as revenues tax, registration rights and stamps (Cherigui شريقي, 2008);
- Utilization of Sonatrach's oil pipeline and high-voltage electric lines of Sonelgaz should be evaluated in consultation with the city halls concerned;
- Actual valuation and evaluation of local assets and their revitalization contributes greatly to supporting local and interior resources.

#### **6. Conclusion:**

It is possible to say, through this short demonstration, that the resources of city hall of Laghouat are insufficient to meet its obligations. The study showed that the city hall is unable to provide the increasing expenses associated with the management, processing and investment of its own resources. despite the fact that it has multiple opportunities for self-financing and properties, City hall suffers from the deficit in its local budget, and the absence of a clear vision aimed at developing their own resources, which requires the need for the city hall to rely on its own means and possibilities to reach the local and integrated development aspects and to work on rationalizing expenditures, and by this ensuring its financial independence and thereby converting municipal being from a State facility to a department of making its local decisions.



The optimal local financing model that should be followed by the city hall requires an in-depth review of its main pillars and a clairvoyance to ensure a financial adequacy that goes along with the needs of the city hall's aspirations. It can only be achieved by all the active partakers who contribute to the finding of concrete solutions to the problems.

The study concluded up with a number of recommendations, the most important ones are:

- Formation of local councils to ensure optimal and local affairs management;
- Establishment of a local collection office in each city hall to monitor and follow up the collection of local taxations, especially in the city hall, in order to activate the control over the taxation's collection;
- Supporting local investment through the establishment of a city hall web site with its updating. It contains a geographical, demographic, economic, social, environmental, labor market and unemployment identification card in order to attract investment opportunities for the city hall (law 10-11) and thus foster the economic role of the city hall which supports this idea;
- Moving towards entrepreneurial thinking and finding ways to promote this trend and to consolidate the investment culture of the city hall and its transition from administrative management to economic management of its interests and pushing it towards financial independence by investing in projects that are parallel and profitable to the city hall's economic characteristics and capable to create wealth for its treasury;
- Activating partnerships between the public and private sectors in the management of the city hall. The shift towards dependence on the private sector could be achieved by local development at the level of Algerian city halls which is primordial and inevitable, especially through the modest results achieved by the public sector economic eligibility;
- Promotion of the BOT system Build, Operate, Transfer, in the construction of public utilities and the financing of city hall's projects;
- Reactivating the city hall's construction contract, which ensures the completion and support of construction projects, especially those which has an economic nature that generates financial returns at the level of the city hall;
- Realizing the idea of "joint cooperation between city halls" by promoting a space for partnership and solidarity between two or more neighboring city

halls in order to activate interior financing and develop the participatory and cooperative spirit among them.

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## Appendices

**Appendix number 01: the taxation revenues of the city hall Laghouat (unit: thousand dinar)**

Years	2010	2011	2012	2013	2014	2015	2016	2017
Direct taxes	272 112	254 718	323 650	405 756	442 536	465 418	466 585	483 408
Indirect taxes	22 270	28 077	32 412	31 107	59 731	52 708	50 669	31 079
total of Taxation revenues	294 382	282 795	356 062	436 863	502 267	518 126	517 254	514 487
The participation's proportion in the revenues managing	26,55%	23,27%	25,85%	28,77%	33,59%	38,65%	46,68%	46,61%
The participation's proportion in the total revenues	25,24%	23,35%	26,67%	29,78%	30,06%	31,33%	38,55%	25,34%

Source: preparing by a researchers depending on the data of the administrative account of the Laghouat city hall

**Appendix number 02: Imported taxation's revenues detail (unit: dinar)**

Years		2010	2011	2012	2013	2014	2015	2016	2017
VAT	Realization	20 896 000	27 813 000	31 040 000	30 007 000	59 059 000	52 047 000	50 012 000	30 405 000
	Proportion	7,10%	9,84%	8,72%	6,87%	11,76%	10,05%	9,67%	5,91%
Slaughter levies	Realization	30 700	150	-	60 210	-	-	-	-
	Proportion	0,01%	0,00%	-	0,01%	-	-	-	-
Residence levies	Realization	976 406	-	184 205	433 560	247 084	-	-	165 300
	Proportion	0,33	-	0,05%	0,10%	0,05%	-	-	0,03%
Parties levies	Realization	304 000	253 000	225 000	199 000	187 000	214 000	176 000	175 000
	Proportion	0,10%	0,09%	0,06%	0,05%	0,04%	0,04%	0,03%	0,03%
Estate levies	Realization	961 441	762 699	19 912	11 885 000	7 296 000	7 719 000	6 632 000	6 621 000
	Proportion	0,33%	0,27%	0,01%	2,72%	1,45%	1,49%	1,28%	1,29%
Decontamination levies	Realization	-	-	-	18 309	51 010	362 000	107 000	-
	Proportion	-	-	-	0,00%	0,01%	0,07%	0,02%	-
Professional Activity (TAP)	Realization	251 634 000	235 182 000	296 856 000	379 223 000	419 914 000	425 151 000	408 954 000	421 242 000
	Proportion	85,48%	83,16%	83,37%	86,81%	83,60%	82,06%	79,06%	81,88%
Others taxes IFU	Realization	19 517 000	18 773 000	26 774 000	14 630 000	15 274 000	32 186 000	50 892 000	55 545 000
	Proportion	6,63%	6,64%	7,52%	3,35%	3,04%	6,21%	9,84%	10,80%
Others indirect taxes	Realization	62 600	10 800	963 100	407 500	238 200	447 400	480 000	333 700
	Proportion	0,02%	0,00%	0,27%	0,09%	0,05%	0,09%	0,09%	0,06%
The total of taxation revenues		294 382 000	282 795 000	356 062 000	436 863 000	502 267 000	518 126 000	517 254 000	514 487 000

Source: preparing by a researchers depending on the data of the administrative account of the City hall of Laghouat.

**Appendix number 03: Revenues of the exploitation results of the city hall Laghouat (unit: thousand dinars)**

Years	2010	2011	2012	2013	2014	2015	2016	2017
The exploitation results	2 269	1 295	794	1 034	1 277	1 452	14 548	11 548
The participation's proportion in the revenues total	0,19%	0,10%	0,05%	0,07%	0,07%	0,08%	1,08%	0,57

Source: preparing by a researchers depending on the data of the administrative account of the city hall of Laghouat.

**Appendix number 04: The development of public proprieties results of the City hall Laghouat (Unit: thousand dinars)**

Years	2010	2011	2012	2013	2014	2015	2016	2017
The public proprieties result	27 747	25 371	26 389	18 435	22 023	26 648	53 438	52 021
The participation's proportion in the revenues total	2,37%	2,09%	1,97%	1,25%	1,31%	1,61%	3,98%	2,56%

Source: preparing by a researchers depending on the data of the administrative account of the City hall of Laghouat.

**Appendix number 05: The total revenues development of the City hall of Laghouat (unit: thousand dinars)**

Years	2010	2011	2012	2013	2014	2015	2016	2017
Extern revenues total	840 490	901 158	951 412	1 010 464	1 144 880	1 107 213	756 197	887538
The proportion from the revenues total	72,09%	74,44%	71,29%	68,89%	68,54%	66,96%	56,37%	56,90%
The interiors revenues total	324 398	309 461	383 245	456 332	525 567	546 226	585 240	672262
The proportion from the revenues total	27,82%	25,56%	28,71%	31,11%	31,46%	33,04%	43,63%	43,10%
The total	1 165 890	1 210 619	1 334 657	1 466 796	1 670 447	1 653 439	1 341 437	1559800

Source: preparing by a researchers depending on the data of the administrative account of the City hall of Laghouat

**Appendix number 6: The city hall of Laghouat proprieties which produce revenues**

Proprieties catalogue	Number	The annual revenues (dinar)
Depository	18	4 466 112,00
cafe	2	96 000,00
Offices	17	1 189 086,12
Store + kiosk	166	13 500 230,64
Lodging	47	422 341,80
Clinic	1	48 000,00
The weekly market	2	8 399 999,92
Slaughterhouse	1	225 000,00
Area	60	1 656 000,00
Hotel	1	800 000,00
Swimming pool	1	60 000,00
Kindergarten	2	2 626 666,68
The total of exploited proprieties	318	33 489 437,16
Non-exploited proprieties	55	
The total	373	

Source: preparing by a researchers depending on the data of the proprieties managing and evaluating office of the City hall of Laghouat.

**Appendix number 07: The expenses development of the City hall of Laghouat. (unit: thousand dinar)**

The expenses catalogue	2010	2011	2012	2013	2014	2015	2016	2017
The finished expenses total	817 113	813 581	992 828	1 116 812	1 370 105	1 670 376	1 587 298	1 625 278
The determinant expenses total	1 447 356	1 660 924	1 957 990	2 214 830	2 340 339	2 593 219	2 253 885	2 005 797
Remainder non achieved	630 243	847 343	965 162	1 098 018	970 234	922 843	666 587	380 519
Accomplishing proportion	56,46%	48,98%	50,71%	50,42%	58,54%	64,41%	70,42%	81,03

Source: preparing by researchers depending on the data of the administrative account of the City hall of Laghouat.

**Appendix number 08: The proportion of the interior revenues providence of the general expenses of the city hall of Laghouat.**

Years	2010	2011	2012	2013	2014	2015	2016	2017
The actual expenses total	817 113	813 580	992 827	1 116 812	1 370 104	1 670 375	1 587 298	1 625 278
The taxation revenues total	294 382	282 795	356 062	436 863	502 167	518 126	517 254	514 487
The providence proportion	36,03%	34,76%	35,86%	39,12%	36,65%	31,02%	32,59%	31,66%
The exploitation products	2 269	1 295	794	1 034	1 277	1 452	14 548	11 548
The providence proportion	0,28%	0,16%	0,08%	0,09%	0,09%	0,09%	0,92%	0,71%
The public proprieties result	27 747	25 371	26 389	18 435	22 023	26 648	53 438	53 438
The providence proportion	3,40%	3,12%	2,66%	1,65%	1,61%	1,60%	3,37%	3,29%

Source: preparing by researchers depending on the data of the administrative account of the City hall of Laghouat .

**Annex number 9: the proportion of the distribution of some local taxes**

Catalogue	Rate %	The distribution of taxes result %			
		The government budget	(CSGCL)	The city hall budget	The state budget
VAT	19-9	80	10	10	-
The Tax on Professional Activity (TAP)	2-3	-	5	66	29
Random and alone taxes	1	-	70	30	-
Random payment	12-5	48,50	5	40	5
Estate levies	Via tables	-	-	100	-
Contamination levies	Valuable	-	-	100	-
Residence levies	valuable	-	-	100	-

Source: preparing by researchers depending on the Algerian financial law for the past years.