

**The Financial Management of the Municipality between Obstacles and Reforms to Achieve Local Development:
A field Study in the Municipality of Sidi Bel Abbes
within the Period between 2014 and 2017.**

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Abstract:

This study aims to shed light on the financial management of the municipality and given the important role played by the Communes at the local level and how to motivate these local groups to develop new resources instead of waiting for the settlement of their financial problems through transfers from the state only in order to activate financial decentralization.

Key words: Management Financial, The Municipal Budget, Financial Reform, Financial balance, Budget deficit.

JEL Classification: G530, G310, M410, G320.

1. Introduction:

The Municipality is the base of local and territorial development since it works in favor of the achievement of development at the local level, and that for the realization of such a work to be successful it had to find new sources of financing that meet the evolution of the current world, and the delegation of taxation to the local level could not cover the expenses of the municipality, hence the intervention of the State by the budgetary allocation or to find solidarity financial mechanisms between these communities. Oil prices have recorded huge fluctuations in recent years which has influenced the global economic indices especially the balance of the general budget of the State and the balance of payments.

The fall in oil prices has led to the regression of revenue due to the drop in taxation which remains the primary source for financing the public treasury, hence the imbalance in the finances of local authorities, in particular the municipality which suffers from 'a deficit which encourages reflection on the reform of local financial management, new financing policies detached from traditional central financing.

The problem:

The study of the financial management of the municipality by the scientific method in order to find adequate solutions while insisting on the need for the modernization of the said management and its reform, leads us to expose the following problem:

What is the state of the municipality's financial management in the financial reforms?

Several subsidiary questions emanate from this issue:

- What are the finances of the municipality, its budget, its revenues and expenses?
- Are the reforms undertaken by the State with a view to improving the financial situation sufficient to deal with the budget deficit of the latter?

Hypotheses:

- Municipalities in Algeria are dependent on state aid to finance their budgets.
- The reforms undertaken by the State with a view to stemming the budget deficit of the municipalities are insufficient.
- The enhancement of the municipality's revenue and the rationalization of its expenditure are among the solutions that seek to minimize this deficit.

Importance and purpose of the presentation:

The strength of this study is to characterize the main obstacles to the ideal management of the municipal budget, and to highlight the various reforms and strategies ensuring the resumption of the budgetary balance of the municipalities, and ultimately that these municipalities fulfill their missions at the local level and ensure local development.

Previous studies:

From the most illustrious previous studies on the subject:

a- Algerian local finances: insincerity, deficit and good governance; by Cherif RAHMANI who dealt with the main characteristics of the municipality's budget from the point of view of its preparation, execution and control in addition to local financial reform as a tool of local governance.

b- Havens for the management of the affairs of the municipality; by Abdelwahab BENBOUDHIAF, who dealt with the financial and administrative management of the municipality .

c - Management of local development in Algeria: between legislative texts and the demands of reality; by Djamel ZIDANE, who dealt with the subject of local development in Algeria and the role of the municipality in its realization.

d - A considerable body of university theses dealing with the subject of local finances and the problem of the budget deficit in particular.

Axes of studies:

- **First axis:** Situation of the financial management of the municipality.
- **Second axis:** Obstacles to the financial management of the municipality.
- **Third axis:** Reforms proposed to improve the financial management of the municipality.
- **Fourth axis:** Study of the financial management of the municipality of Sidi Bel Abbas during the period 2014-2017.

2. First axis: situation of the financial management of the municipality.

2.1 Municipality budget:

The local budget is the document by which the local authorities (Municipality and Wilaya) operate their financial estimates. This budget is distinguished from the state budget.

2.1.1 Principle of the municipality's budget:

The definition of the municipality's budget was stipulated in article 176 of the Municipality Code (2011): "the municipal budget is the statement of forecasts of annual revenue and expenditure of the municipality. It is an act of authorization and administration which allows the operation of municipal services and the execution of the municipal equipment and investment program.

- We deduce from this legislative definition that the municipal budget has three characteristics of general budgets, to know :
- The provisional nature;
- The authorization character;
- The annual character.

2.1.2 Municipal budget documents:

The municipal budget is made up of two documents: the initial budget and the supplementary budget.

a. The original budget:

Is the initial document which foresees all the expenses and revenues, only that before approval and during the allocation of expenses and revenues, the President of the Communal People's Assembly reviews a panel of documents to know :

- The original budget for the past year;
- The state of employee salaries;
- Status of special funds allocated;
- Annexed statistical tables.

b. The additional budget:

The supplementary budget represents all the modifications and corrections, which affect the original budget, and therefore it is considered as a correction and a supplement to the original budget. In addition, the supplementary budget must show the results of the administrative account for the past year, an account that represents all operations completed during the financial year of the past year.

c. Preparation of the municipal budget, its vote and approval.

c.1. Budget preparation:

The general secretary is responsible, under the authority of the President of the Communal People's Assembly, for preparing the budget project, and the latter presents the budget project to the assembly for approval.

In this context, it is the duty of the secretary general of the municipality to ensure the following:

- Justification of the proposed forecasts, the calculation of which is made on the basis of the basic elements necessary for the valuation of expenditure and income;
- Classification of expenditure forecasts by subject and by service;
- Revenue forecasts should be made on the basis of actual data such as rental contracts;
- Rational support for the expenses of public celebrations and ceremonies and non-compulsory expenses;
- Granting of assistance to various establishments and associations within the framework of the legislative and regulatory provisions in force;
- The tax calculation bulletin (Annex 06) that the municipality withdraws from the tax services determining the fiscal forecasts with regard to direct and indirect taxes with a view to their registration in the municipality's budget.

c.2. Budget vote:

The Communal People's Assembly votes the budget, unlike the state budget, the local budget must be voted based on balance. And the dates of the votes should be determined as follows:

- For the original budget, the vote must be taken before October 31 of the year preceding its execution;
- For the supplementary budget, the vote must be taken before June 15 of the year of its execution.

c.3. Approval of the municipality's budget:

The municipal budget voted by the People's Communal Assembly can only be executed after approval by the supervisory authority, which controls all expenditure and income. It is commendable to indicate that this supervisory authority empowered to approve the budget of the municipality is the Daira.

In the event of non-adjustment of the municipal budget definitively before the start of the new financial year, for any reason, we continue to operate the ordinary income and expenditure recorded at each end of the year, until 'on approval of the new budget. However, it is not allowed to honor the expenses in the proportion of one twelfth each month (1/12) of the amount of the allowances of the financial year of the previous year

2.2 Content of the municipality's budget:

The municipality's budget is divided into two sections:

- Operation section;
- Equipment and investment section, which is subdivided into two sub-sections: that of equipment, and that of investment.

The following two tables determine the various revenues and expenses that fall under the operating and equipment sections:

Table 01: Subdivisions of the operating section

Recipes	Expenses
Product of tax resources to be collected for the benefit of municipalities authorized by law;	<ul style="list-style-type: none"> - Remuneration and expenses of municipal staff; - Allowances and charges related to elective

Contributions or allocations of operating income from the State, the common fund of local communities and public establishments;	functions;
Taxes, duties and fees for services authorized by the rules and regulations;	- Contributions on municipal goods and income;
	- Maintenance costs of movable and immovable property;
	- Municipal road maintenance expenditure;
	- Communal contributions and quotas;
	- Levy on the operating section for the benefit of the equipment section;
	- Loaninterest;
	- Management fees for municipal services;
	Previous charges.

Source: contribution from stakeholders on the basis of articles 195 and 198 of the Commune Code

Table 02: Subdivisions of the equipment and investment section

Recipes	Expenses
- Public equipment expenditure;	- Deduction from revenues for the benefit of the equipment section;
- Capital participation expenses as an investment;	- Proceeds from municipal public service concessions;
- Principal repayment of the loan;	- Surplus generated by public services managed in the form of an industrial and commercial establishment;
- Expenditure for the rehabilitation of municipal infrastructure.	- Equity participation products;
	- Grants from the State, the common fund of local communities and the wilaya;
	- Proceeds of alienation;
	- Donations and bequests accepted;
	- Footprint products.

Source: contribution from stakeholders on the basis of articles 195 and 198 of the Commune Code.

3. Second axis: Obstacles to the financial management of the municipality.

Several obstacles arise in front of the financial management of the municipality, minimizing the achievement of the required efficiency, namely:

3.1 The financial deficit of the municipality

Most municipalities in Algeria suffer from a deficit in their budgets, which is manifested by the scarcity of revenue on the one hand, and the increase in expenditure of the municipality on the other hand.

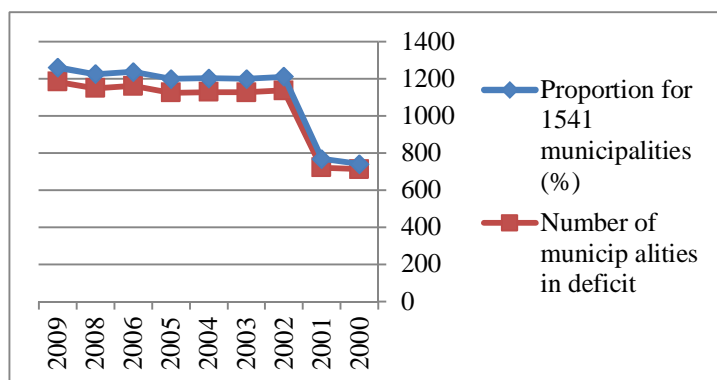
The following table describes it:

**Table 03: Evolution of the state of municipalities suffering from deficit in
Algeria**

Years	2000	2001	2002	2003	2004	2005	2006	2008	2009
Number of municipalities in deficit	714	722	1138	1127	1129	1126	1162	1150	1184
Proportion for 1541 municipalities	27.06 %	46.85 %	73.84 %	73.13 %	73.26 %	73.03 %	75.40 %	74.62 %	76.83 %

Source: CENAP, Reform of the tax system; Alger ; 2008.

Figure. 1 : Evolution of municipalities with a budget deficit



Source: Contribution of stakeholders based on the data in Table 03.

3.1.1 Cause of deficit:

The causes of the municipality's deficit can be summed up in regulatory and functional.

a. Regulatory causes

a.1 Scarcity of financial revenues for municipalities.

The scarcity of the financial revenues of the communes is summed up in the first place in the weakening of the fiscal revenues, which are the revenues produced by the exploitation of the goods of the commune, which represents globally 10% of the revenues of the local budgets, namely that the local communities have a broad authority in the field of determining the rates of these goods, as well as their prices and the methods of recovery.

a.2. Rapid growth in municipal spending

The main reason for the growth of the expenses of the municipality lies in the importance of the missions which are assigned to it, which induces the assumption of all expenses relating to these missions. In addition to the expenses of the management of the affairs of the general administration where personnel expenses represent the largest part, the municipality is required to tackle other missions affecting the daily life of the citizen.

Hence the difference between the potentialities available for the management of services and the real needs in order to guarantee their functioning in an efficient manner. These truths lead the Algerian legislator to review the competences according to the available local sources.

a.3. Inequity in the distribution of local tax revenues

The connoisseur of the fiscal financial system, will find that this system does not take into consideration the particularity of each community whether by the geographical area, the number of inhabitants or the level of economic activity, because it puts on a footing equality of local authorities in terms of benefiting from local tax revenues.

From what precedes the problem of the existence of a contradiction between unified local recipes for all local communities on the one hand, and the requirements of different local development according to the peculiarities of each zone is manifested, because it is possible to observe the difference in the geographical distribution of local authorities in Algeria within the framework of regional imbalance. The table below shows the results of fiscal resources and their distributions.

Table 04: All fiscal resources and their distribution

Number	Designation of recipes	Distribution rate	Beneficiaries
I. Direct taxes			
01	Tax on Professional Activity	66%	Municipality budget
		29%	Budget of the Wilaya
		05%	Local Authority Solidarity and Security Fund (Ex FCCL)
02	Property tax	100%	Municipality budget
03	Household Garbage Collection Tax	100%	Municipality budget
04	Single Flat Tax	49%	State budget
		40.25%	Municipality budget
		05%	Budget of the Wilaya
		05%	Local Authority Solidarity and Security Fund (Ex FCCL)
		0.5%	Chamber of Commerce and Industry
		0.01%	National Chamber of Crafts and Trades
		0.24%	Chamber of Crafts and Trades
.../...			
05	Lump sum payment	70%	Local Authority Solidarity and Security Fund (Ex FCCL)
		30%	Municipality budget
06	Heritage tax	60%	State budget
		20%	Municipality budget

		20%	National Housing Fund
07	Taxes on income from land income	50%	State budget
		50%	Municipality budget

II. Indirect taxes

01	Value added tax	75%	State budget
		10%	Municipality budget
		15%	Local Authority Solidarity and Security Fund (Ex FCCL)
02	Residence tax	100%	Municipality budget
03	Building Permits Tax	100%	Municipality budget
04	Tax on Advertisements and Professional Signs	100%	Municipality budget
05	Abbatage tax	100%	Municipality budget

Source: contribution of stakeholders based on the 2019 Law on Taxes and Assimilated Taxes.

b. Regulatory causes

b.1. 1984 administrative division

The administrative division of 1984 had as a consequence negative effects on the finances of local authorities, and in particular on the municipalities, because the majority of the municipalities created are poor municipalities, statistics indicate that among 837 municipalities, 89.2% are rural communes, in addition to the growth in the number of communes from 702 to 1541, there has been an increased growth in local financial needs, which has increased the number of poor communes.

b.2. Human resources tares

Appointment, recruitment and training across municipalities are not governed by the evaluation criteria stipulated by law, but are subject to considerations against the general interest, in addition to an increase in the number of staff regardless of altitude and level, which consumes a considerable payroll without any output.

4. Third axis: Reforms with a view to activating the financial management of the municipality

4.1 Promotion of local assets as a source of financing for local communities

The valuation of the assets of local communities and in particular is an imperative need with regard to local expenses and recession of resources, hence the operation of valuation of local assets which knows the following stages:

4.1.1 Inventory and valuation of goods

This operation aims to determine the assets and their real value, because it is necessary to update the asset register and its seizure in accordance with the regulations in force, this in coordination with the administration of State assets and conservation and the treasurer. , which guarantees the preparation of a precise statement of the goods of the municipality.

4.1.2 Development of an asset master plan

In this regard, it is the responsibility of any municipality to draw up a master plan for its properties; and it includes:

- The search for the most adequate methods of management of road rights, parking, temporary occupation of the premises, this by way of tender or direct management.
- Determination of the price of rent and rights, and valuation of the rent of movable property and equipment;
- Development of conditions for the effective collection of revenue from rents and various rights, in the company of the treasurer;
- The search for new recipes through the ideal use of communal spaces;
- Strengthening and empowerment of human resources responsible for the management of local assets.

4.1.3 Search for new resources through asset valuation tools

The decrease in the resources of the municipal budgets calls for the search for other resources, this by the cancellation of the existing legislative obstacles and the activation of the legislative tools of valuation of the local goods. These tools can be summed up in:

- The withdrawal;
- Public service delegation;
- Loans from treasury and banks;
- Mutual cooperation between municipalities.

4.2 Financial solidarity between municipalities

The development of legislative texts fixing the modalities of the application of articles 215 and 216 of the Code of the Municipality which stipulate that mutual cooperation between the municipalities is a necessity for the creation of a field of application of this cooperation as that better response to bring together a set of municipalities for the rational use of spaces and material and financial resources available in each municipality. This cooperation between the municipalities must take the form of negotiations between the municipalities, or by the creation of public establishments enjoying legal personality and financial autonomy.

Among the activities that require common resources, we relate the following areas:

- The creation of communal roads to open up the villages;
- The development of small activity zones for the benefit of small investors;
- The creation of sets of local services such as household waste collection and landfill, and school transport and public lighting;
- The creation of common public establishments.

4.3 Temporary credits as a new source of funding for public services and local productive activities

The solidarity and insurance fund of local communities for the permanent coverage of the deficit recorded by the municipalities for several years, suddenly the contribution of the fund must consist in the allocation of credits oriented towards the financing of productive projects with a view to the increase in the assets of local authorities and their public establishments, which takes the form of contributions of recoverable and allocated envelopes.

As it is the responsibility of the solidarity and insurance fund of the local communities,

the guarantee of the banking mediation in the form of insurance of payment of the credits allocated on the part of the banks for the benefit of the communes by reduced rates of profit.

As it is possible for the municipalities in the same wilaya to create a common fund between the municipalities in application of article 68 of the complementary finance law for the year 2015, and the possibility for the municipalities to use the imprints of the treasury at the subsidized interest rate not exceeding 01% for the creation of public utility facilities which allows the doubling of municipal assets through new revenue-producing investments, and contributes to improving its revenues financial.

5. Fourth axis: Study of the financial management of the municipality of Sidi Bel Abbas during the period 2014-2017

5.1 Analysis of the section of the functioning of the municipality of Sidi Bel Abbas (2014-2017).

In order to know the financial management situation of the commune of Sidi Bel Abbas at the level of the operating section, we will analyze all the income and expenditure relating to this section, highlighting the main sources. That the municipality adopts for the recovery of its expenses, this during the period from 2014 to 2017.

5.1.1 Analysis of the operating revenue of the municipality of Sidi Bel Abbas

Before analyzing the operating resources of the municipality of Sidi Bel Abbas during the period from 2014 to 2017, we will study the evolution of these resources:

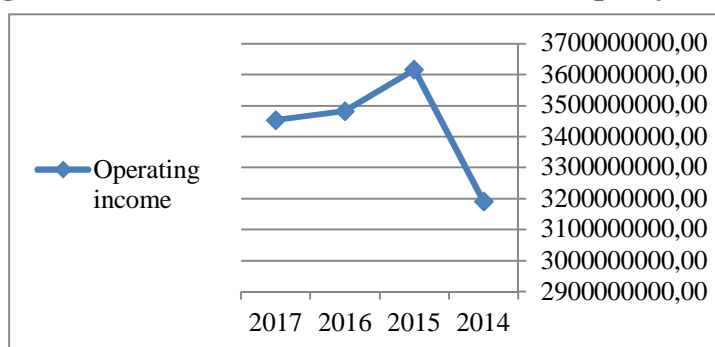
Table 05: Evolution of the operating resources of the municipality of Sidi Bel Abbas

Financial year	Operating income
2014	3 190 733 975.63
2015	3,615,467,605.44
2016	3,482,563,843.41
2017	3,452,836,305.40

Source: Administrative account of the municipality of Sidi Bel Abbas for the years 2014 to 2017

For greater clarity, the above-mentioned data will be represented in the following diagram:

Figure 02: Evolution of revenue in the municipality of Sidi Bel Abbas



Source: Contribution of stakeholders based on the data in Table 04.

With regard to the amounts of receipts in table 01, it appears that the operating resources for the year 2014 were estimated at 3.190 billion Algerian dinars to then experience an increase for the year 2015 of approximately 3615 billion dinars, to decline progressively during the years 2016 and 2017.

a. Study of the proportion: tax revenue / operating revenue

a.1 Status of tax estimates and collections in the municipality of SidiBel Abbas between 2014 and 2017

The estimates of fiscal resources are determined on the basis of the notification issued by the tax services, which is presented annually in the bulletin of the account No. 06 relating to the municipalities, and if there is a delay in the presentation of this bulletin, it is authorized to the municipalities to represent the amounts of taxes and duties actually collected during the previous financial year.

The table below represents the forecasts and achievements in terms of tax revenue.

Table 06: Forecast / Tax collections for the municipality of Sidi Bel Abbas

Nature of tax Years		Property tax + household garbage collection tax	Single flat-rate tax	Tax on professional activity	Value added tax
2014		17 070 184.00	31 693 271.00	795 197 114.00	111 601 678.00
		3 978 92.90	35 117 801.32	806 188 874.95	184 308 763.59
2015	Forecasts	5 096 431.00	33 519 020.00	854 690 706.00	158 694 174.00
		6 743 135.44	62 484 144.17	946 618 610.75	156 065 139.81
2016	Achievements	9 263 747.00	51 640 253.00	948 265 923.00	149 406 850.00
		8 041 356.75	72 688 447.43	1 014 688 179.99	171 225 760.67
2017		3 387 152.00	72 079 745.00	1 092 245 678.00	206 346 457.00
		7 324 279.38	83 595 700.49	1 100 244 729.64	237 896 611.18

Source: Administrative account of the municipality of Sidi Bel Abbas from 2014 to 2017

From the data in Table 06, it can be seen that the forecasts and the realizations know a difference in the rates, because, either the forecasts are minimal compared to the actual realizations, or they are higher; this is due to the absence of full exploitation by the municipality of all its assets. This is manifested by:

- The non-application of the prices in force, despite the existence of legislative and regulatory texts.
- Non-review and pricing only temporarily.

a.2 Tax revenues and their proportion of contribution to operating revenues

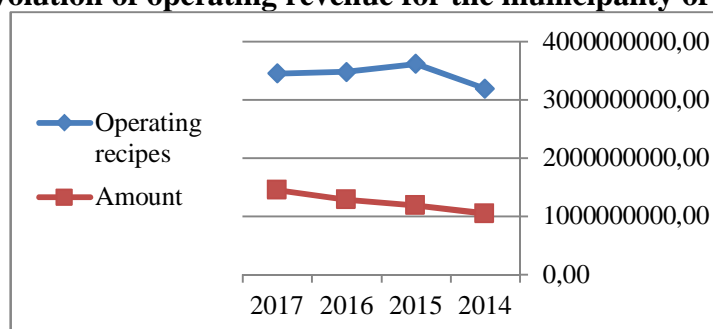
In order to know the contribution of tax revenue to the operating revenue of the municipality of Sidi Bel Abbas, the relative data can be consulted in the following table:

Table 07: Tax revenues and their proportion of contribution to the operating revenues of the municipality of SidiBel Abbas

Exercises	Operating recipes	Tax revenues	
		Amount	Rate%
2014	3 190 733 975.63	1 047 323 323.43	32.82%
2015	3 615 467 605.44	1 186 059 725.68	32.81%
2016	3 482 563 834.41	1 284 442 176.65	36.88%
2017	3 452 836 305.40	1 451 340 576.83	42.03%

Source: Administrative account of the municipality of Sidi Bel Abbas for the years 2014 to 2017.

Figure 03: Evolution of operating revenue for the municipality of Sidi Bel Abbes



Source: contribution of stakeholders based on Table 07.

From the analysis of the data in Table 07 and the diagram in Figure 03, it appears that the tax revenues of the municipality of Sidi Bel Abbes during the period from 2014 to 2017 are ascending, given that the proportion of tax revenues of the The year 2014 is approximately 32.82%, which induces new additional revenues.

b. Study of the proportion: income from goods + operating income to all operating income

The income from goods and the exploitation of the revenue from the goods of the revenue-creating municipality, as well as the duties and taxes relating to the provision of services such as parking and road rights, etc.

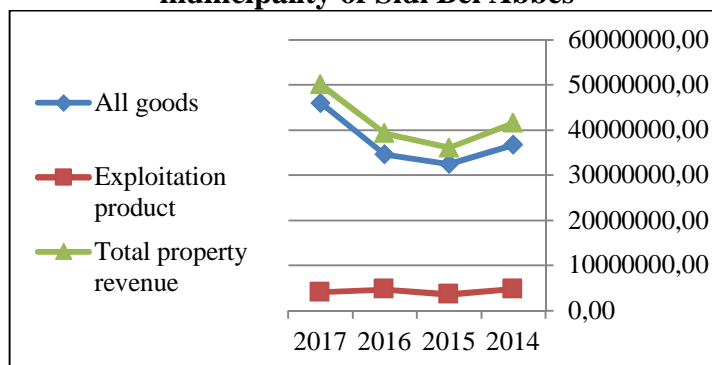
The following table represents the contribution of operating income and property income to the total operating income.

Table 08: Proportion of operating income and goods to all operating income of the municipality of Sidi Bel Abbes

Years	Operating recipes	All goods		Exploitation product		Total property revenue	
		Amount	Rate %	Amount	Rate %	Exploitation product	
						Amount	Rate %
2014	3 190 733 975.63	36 783 595.97	1.15	4 781 180.00	0.15	41 564 775.97	1.30
2015	3 615 467 605.44	32 475 936.41	0.90	3,607,250.00	0.10	36 083 186.41	1.00
2016	3 482 563 834.41	34 616 715.61	0.99	4 668 700.00	0.13	39 285 415.61	1.13
2017	3 452 836 305.40	46 023 358.25	1.33	4 072 030.00	0.12	50 095 388.25	1.45

Source: Administrative account of the municipality of Sidi Bel Abbes from 2014 to 2017.

Figure 04: Proportion of operating income and goods to all operating income of the municipality of Sidi Bel Abbes



Source: Contribution of stakeholders based on the data in Table 08.

From the analysis of the data in table 08, it emerges that the income from goods and the operating income of the municipality of Sidi Bel Abbes are too low, because its

threshold does not exceed 1.45% of the total operating income. . And from the analysis of the structure of the revenue of the budget of the municipality, seems that this kind of revenue is not taken into consideration and valued in particular the operating revenue which could guarantee substantial financial revenue to the municipality. And in this context and in order to encourage the municipalities to develop their assets, especially those that generate income, the criteria for granting financial assistance must be reviewed, which must subject the latter to criteria that take into account the efforts made by municipalities to promote their property.

c. Study of the contribution of other income to all operating income

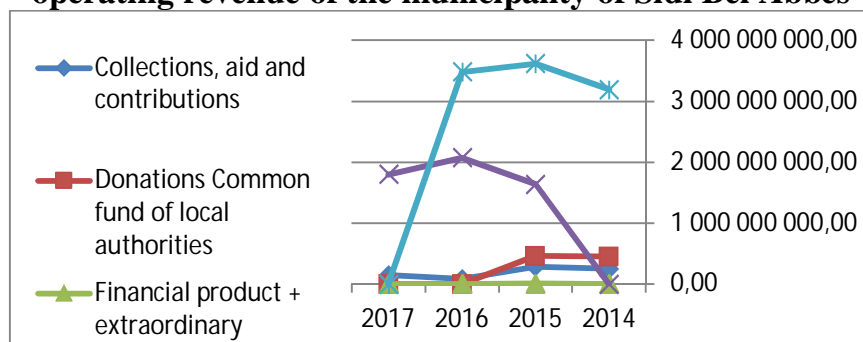
The remaining receipts consist of collections, aid and contributions, donations from the common fund of local authorities in addition to the financial income and extraordinary income, as shown in the table below:

Table 09: Proportion of the remainder of revenue to all operating revenue of the municipality of Sidi Bel Abbes

Years	Operating recipes	Collections, aid and contributions	Donations Common fund of local authorities	Financial product + extraordinary product	Reviews of previous years
		Amount	Amount	Amount	Amount
2014	3 190 733 975.63	253 116 784.80	452 763 758.00	5 118 699.67	1 390 846 63.76
2015	3 615 467 605.44	286 910 232.12	460 627 931.00	6 928 447.09	1 638 858 083.14
2016	3 482 563 834.41	82 773 767.12	/	5 157 702.60	2 070 904 772.43
2017	3 452 836 305.40	147 915 208.8	/	1 763 544.23	1 801 721 587.22

Source: Administrative account of the municipality of Sidi Bel Abbes for the years 2014 to 2017.

Figure 05: Proportion of the contribution of the remaining revenue to the total operating revenue of the municipality of Sidi Bel Abbes



Source: Contribution of stakeholders based on the data in Table 09.

It emerges from table 09 and the diagrams of figure 05 that the proportion of the financial years of the past years is increasing increasing, this since the year 2014 to 2017, it reached almost 60% of the total of the operating income, since they represent receipts not collected on time, i.e. in financial years for past years. We observe in particular that the other proportions consisting of recoveries and aid as well as donations from the common fund of local authorities, as well as financial and extraordinary balance sheets, experience fluctuations and decreases in comparison with overall operating income.

5.1.2 Analysis of the operating expenses of the municipality of SidiBel Abbes during the period 2014 to 2017.

In view of the analysis of the operating income of the municipality of SidiBel Abbes,

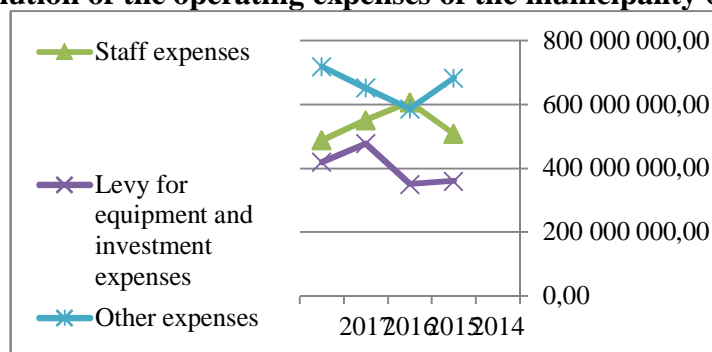
we first show the evolution of the operating expenses of the municipality of Sidi Bel Abbes as indicated in the following table:

Table 10: Evolution of operating expenses of the municipality of Sidi Bel Abbes

Expenses Years	Operating expenses	Staff expenses	Levy for equipment and investment expenses	Other expenses
2014	1 552 216 376.49	508 177 386.14	361 164 394.36	682 874 595.99
2015	1 544 562 833.01	607 040 776.25	350 966.356.16	586 555 700.60
2016	1 680 984 907.19	550 990 271.64	477 791 558.10	652 203 077.45
2017	1 627 159 455.93	487 863 903.76	420 264 906.85	719 030 645.32

Source: Administrative account of the municipality of Sidi Bel Abbes for the years 2014 to 2017.

Figure 06: Evolution of the operating expenses of the municipality of Sidi Bel Abbes



Source: Contribution of stakeholders based on Table 10.

Analysis of the data in Table 10 and the diagram in Figure 06, clearly shows us that the variation in operating expenses, and the proportion of staff expenses and the proportion of levies for equipment and investment expenses, s arogent the lion's share of the total running expenses of the municipality.

5.2 Analysis of the equipment section of the municipality of Sidi Bel Abbes during the period from 2014 to 2017.

In view of the analysis of the equipment section of the municipality of SidiBel Abbes, we will analyze the income and expenditure of this section during the study period.

5.2.1 Analysis of equipment revenue for the municipality of SidiBel Abbes during the 2014-2017 period.

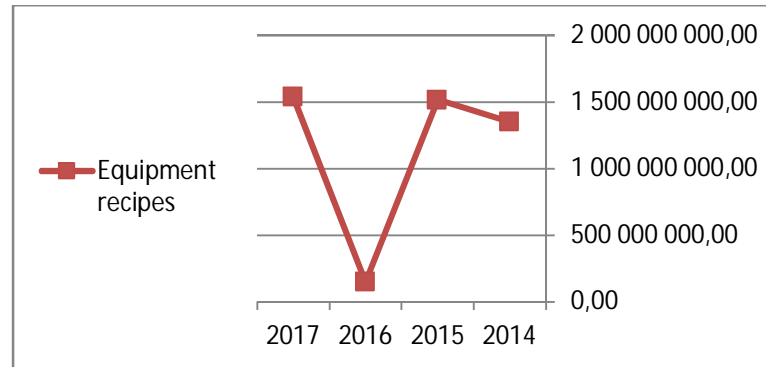
For the analysis of equipment receipts, the first step is to study the evolution of said receipts.

Table 11: Evolution of equipment revenue for the municipality of SidiBel Abbes

Years	Equipment recipes
2014	1 351 539 662.98
2015	1 515 731 276.80
2016	148 287 654.59
2017	1 539 854 484.97

Source: Administrative account of the municipality of Sidi Bel Abbes for the years 2014 to 2017.

Figure 07: Evolution of equipment revenue for the municipality of Sidi Bel Abbas



Source: Contribution of stakeholders based on Table 11.

It appears from the data in Table 11 and the diagram in Figure 07 that the equipment revenues of the commune of Sidi Bel Abbas during the period from 2014 to 2017, are generally increasing, as long as they have reached in the year 2017 about 1.5 billion Algerian dinars, because this is due to the growth in the number of projects that the municipality had undertaken.

5.2.2 Study of the proportion of levies for equipment and investment expenditure / Equipment revenue.

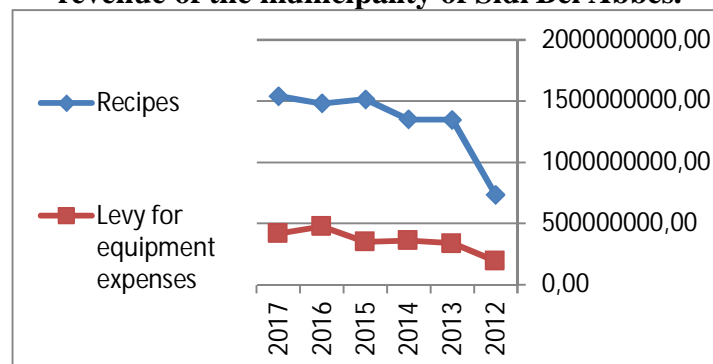
In order to assess the contribution of the levy for capital expenditure and investment in equipment revenue, the data in the following table will be presented:

Table 12: Levy ratio for equipment and investment expenditure to all equipment revenue of the municipality of Sidi Bel Abbas.

Years	Recipes	Levy for equipment expenses	
	Equipment	Amount	Rate%
2012	733 696 297.67	194 697 121.95	26.54
2013	1 347 653 787.97	337 840 308.60	25.07
2014	1 351 539 662.98	361 164 394.36	26.72
2015	1 515 731 276.80	350 966 356.16	23.15
2016	1 482 287 654.59	477 791 558.10	32.23
2017	1 539 854 484.97	420 264 906.85	27.29

Source: Administrative account of the municipality of Sidi Bel Abbas for the years 2014 to 2017.

Figure 08: Levy report for equipment and investment expenses to all equipment revenue of the municipality of Sidi Bel Abbas.



Source: Contribution of stakeholders based on data in Table 12.

In view of the levy amounts in table 12, represented in figure 08, it appears that these amounts oscillate between high and low levels, given that the proportion of levy for the year

2014 is estimated at 26.72% to fall in the year 2015 to 23.15%, to then rise again in the year 2016 to around 32.23% to relapse in 2017 to 27.29%.

5.2.3 Analysis of equipment expenditure for the municipality of Sidi Bel Abbes during the period 2014 to 2017.

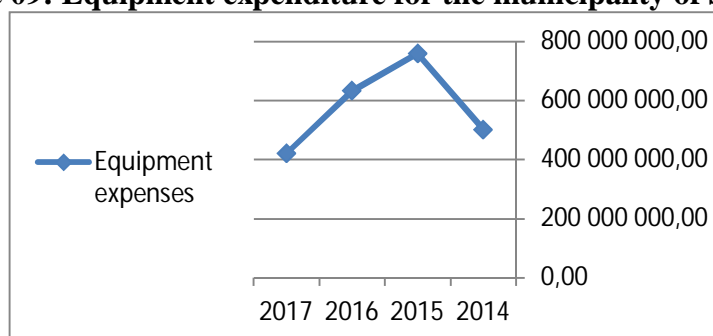
In view of the analysis of the expenditure of the equipment section of the municipality of Sidi Bel Abbes, we will introduce the following table which represents the evolution of the equipment expenditure of the municipality of Sidi Bel Abbes during the period from 2014 to 2017.

Table 13: Equipment expenditure for the municipality of Sidi Bel Abbes.

Years	Equipment expenses
2014	502 280 469.24
2015	760 042 121.30
2016	633 555 340.63
2017	421 199 507.50

Source: Administrative account of the municipality of Sidi Bel Abbes for the years 2014 to 2017.

Figure 09: Equipment expenditure for the municipality of Sidi Bel Abbes.



Source: Contribution of stakeholders based on data in Table 12.

Through table 13 and diagram 08, we can see that in 2014, equipment expenditure reached 502 million Algerian dinars, to then increase in 2015 to 760 million dinars, to gradually decline for display in 2017 about 421 million dinars.

Development expenses are essentially divided between new work, major repairs and the purchase of tools.

6. Conclusion:

In the light of the study of the subject of modernization and reform of the financial management of the municipality, it is possible to arrive at the following conclusions and recommendations:

a. Consequences :

- The system of local administration in Algeria faces a multitude of challenges which remain an obstacle to the achievement of the targeted goals. Among these challenges are the constraints of the municipalities' autonomous financial resources;
- The fact that the municipalities are dependent, and over long periods, on funds allocated by the State, has led to the lack of consideration of creating new means of exploiting the available resources;
- Most municipalities show budget deficits, as this deficit is inherent to them for a long period, due to the limited possibilities available to some municipalities on the one hand, and the neglect of some municipalities to enhance its wealth and heritage on another side;

- The reform of the financial aspect of the municipalities is of capital importance, except that other aspects must not be neglected; the situation requires, in addition to the existence of the institutional framework, the existence of technically competent frameworks in order to maximizing the efficiency of municipalities and establishing transparency and new techniques, and taking into consideration human resources, training and citizen involvement.

b. Recommendations:

- Review the legislative and regulatory framework that governs treasurers and receivers in order to improve tax collection and property resources;
- Involve more local communities in determining and updating the bases subject to taxation;
- improving revenue collection mechanisms by establishing municipal revenue agencies for collection;
- Tax domiciliation of some taxes at the level of the municipality instead of the exercise of the productive activities of establishments and companies;
- Recourse to the connection of databases and computer systems for an efficient tax intelligence dynamic;
- The need for the development of a special law on finance and local taxation;
- The need to exploit and enhance municipal assets and make them productive like municipal libraries, nurseries, stadiums, bus stations, in order to guarantee funding for their maintenance;
- Codification of the management of the municipal vehicle fleet to meet the costs;
- The development of a framework relating to the obtaining of credits for the benefit of the communes at subsidized rates with a view to the establishment of projects producing resources.

7. References:

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b. Journal article :

- Municipality code n ° 11-10 of July 22, 2011 relating to the Municipality Code.
- Article 180 of the Code of the Municipality.
- Article 183 of the Commune Code

8. Appendices:

a. Liste of table's:

- **Table 01:** Subdivisions of the operating section
- **Table 02:** Subdivisions of the equipment and investment section
- **Table 03:** Evolution of the state of municipalities suffering from deficit in Algeria
- **Table 04:** All fiscal resources and their distribution

- **Table 05:** Evolution of the operating resources of the municipality of Sidi Bel Abbas
- **Table 06:** Forecast / Tax collections for the municipality of Sidi Bel Abbas
- **Table 07:** Tax revenues and their proportion of contribution to the operating revenues of the municipality of Sidi Bel Abbas
- **Table 08:** Proportion of operating income and goods to all operating income of the municipality of Sidi Bel Abbas
- **Table 09:** Proportion of the remainder of revenue to all operating revenue of the municipality of Sidi Bel Abbas
- **Table 10:** Evolution of operating expenses of the municipality of Sidi Bel Abbas
- **Table 11:** Evolution of equipment revenue for the municipality of Sidi Bel Abbas
- **Table 12:** Levy ratio for equipment and investment expenditure to all equipment revenue of the municipality of Sidi Bel Abbas.
- **Table 13:** Equipment expenditure for the municipality of Sidi Bel Abbas.

b. Liste of figure's:

- **Figure 01 :** Evolution of municipalities with a budget deficit
- **Figure 02:** Evolution of revenue in the municipality of Sidi Bel Abbas
- **Figure 03:** Evolution of operating revenue for the municipality of Sidi Bel Abbas
- **Figure 04:** Proportion of operating income and goods to all operating income of the municipality of Sidi Bel Abbas
- **Figure 05:** Proportion of the contribution of the remaining revenue to the total operating revenue of the municipality of Sidi Bel Abbas
- **Figure 06:** Evolution of the operating expenses of the municipality of Sidi Bel Abbas
- **Figure 07:** Evolution of equipment revenue for the municipality of Sidi Bel Abbas
- **Figure 08:** Levy report for equipment and investment expenses to all equipment revenue of the municipality of Sidi Bel Abbas.
- **Figure 09:** Equipment expenditure for the municipality of Sidi Bel Abbas.