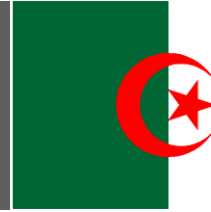


People's Democratic Republic of Algeria

(ةيبعشلالة طارقميدلة ئيرئازجال ةيروهمجال)

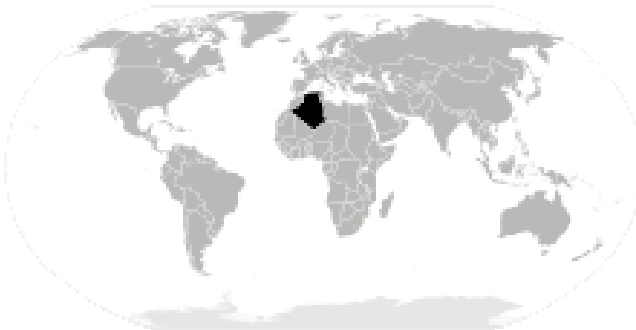


Capital: Algiers

Inhabitants: 33,769,669 (2008)

Area: 2,381,741 km

1. Introduction



Algeria covers a vast expanse of land measuring 2,381,741 square kilometres with 1,200 kilometres of Mediterranean coastline stretching from the Moroccan border to the Tunisian border. It is the largest country on the African continent after Sudan.

Its population stands at 33.80 million inhabitants (2008) with an annual growth rate of 2.4% and a density of 13.5 inhabitants per square kilometre. The population make-up shows that 63% of the population is under 25 and its age structure constitutes a predominately young population:

- 50% are between 0 and 19 years of age,
- 3.9% are over 65.

Algeria boasts significant natural resources. It is primarily an oil- and natural gas-producing country, though it also has

iron, uranium, zinc, gold, phosphate and tungsten reserves, among others. However, oil and natural gas constitute its main sources of revenue, which it sends to the heart of Europe thanks to the Algerian corporate giant Sonatrach that exploits the country's resources on a par with the world's major oil companies. Oil production stands at 1.45 million barrels per day (2004).

The World Bank ranks Algeria with a GDP of 102 billion dollars, i.e. 3,150 USD per capita. By way of comparison, Egypt's GDP is 90 billion dollars, i.e. 1,310 USD per capita, and Nigeria's GDP is 72.1 billion dollars, i.e. 390 USD per capita.

According to IMF forecasts, Algeria will see its foreign exchange reserves rise from 110 billion USD in 2008 to 121 billion USD in 2009 and to 130 billion USD in 2010. Revenue from hydrocarbons is to increase to 56.48 billion USD in 2007, to 56.23 billion USD in 2008, to 57.16 billion USD in 2009 and to 59.03 billion USD in 2010. In real terms, its economic growth will be somewhere in the region of 5% in the forthcoming years: 4.7% in 2006, 5.1% in 2007, 4.9% in 2008 and 4.8% in 2009-10. Exports will rise from 57 billion USD in 2007-2008 to 58 billion USD in 2009 and 59 billion USD in 2010. In sum, Algeria accrues significant revenue; however, its use is problematic, and a change in imports may engender problems should



the oil market turn around: 25 billion USD in 2006, 26.3 billion USD in 2007, 27 billion USD in 2008, 28.3 billion USD in 2009 and 29.4 billion USD in 2010.

Constitutionally, Algeria is defined as a People's Democratic Republic, one and indivisible with the people constituting the source of any power. Its system of representation of the people "has no limits except those defined by the Constitution and the electoral law".

Algeria has a bicameral legislature comprising a "National People's Assembly" (APN) and a senate designated "Council of the Nation". The members of the National People's Assembly are elected by universal, direct and secret suffrage for a five-year term. "Two thirds of the members of the Council of the Nation are elected by indirect and secret suffrage among and by the municipal people's assemblies and the people's *wilaya* assembly. One third of the members of the Council of the Nation is designated by the President of the Republic among the national personalities and qualified persons in the scientific, cultural, professional, economic and social fields". The President of the Republic, the head of the executive, is elected by direct, secret and universal suffrage for a five-year mandate. The President of the Republic can be re-elected once only.

2. Territorial structure

Since territorial restructuring in 1984, Algeria has 48 *wilayas* (provinces), 160 *da'iras* (districts or constituencies) and 1,541 communes (municipalities), all governed by the same municipal statute.

The commune is the country's smallest organic administrative division. Its elected assembly constitutes the foundation of decentralisation. It represents the State's

basic governing authority, immediately above which lies the *wilaya*, the intermediary between the commune and the State. The Algerian State, according to Article 14 of the Constitution "is based on the principles of democratic organisation and of social justice".

The regional structure (region) as a local authority granted legal status does not exist. However, the regional constituency covering a space comprising several *wilayas* is tangible to the extent that several State services as well as their public and private businesses have been established regionally, which is increasing thanks to the economic liberalism adopted.

The key figure in Algeria's territorial administration is undeniably the local governor or *wali*, who plays a functional dual role acting as State representative as well as executive of the people's *wilaya* assembly. As State representative he/she executes government decisions, directs, coordinates and oversees the activity of State services on a local level, and, on behalf of the executive of the people's *wilaya* assembly, he/she implements the resolutions taken. According to the provisions of the *wilaya* code, he/she also represents the *wilaya* "in all acts of civil and administrative life. ..." (Article 86).

Algiers is the capital of Algeria. It is largest city next to Oran, Annaba and Constantine. Presently, it does not have a special status but has enjoyed one on several occasions in the past, the latest derived from the ordinance of 31/05/97 which integrates Algiers within an unprecedented structure named the "Governorate of Greater Algiers", which was unfortunately dissolved some time after (Ordinance of 01/03/2000).



3. Local democracy

3.1 Local political system

As regards elections, it should be noted that they are officially multi-party, and suffrage is universal, direct and secret. Two fundamental texts regulate this delicate matter: ordinance 97-09 of 06/03/97 concerning the organic law governing political parties, and ordinance 97-07 of 06/03/97 regarding the organic law governing the electoral system. Municipal and people's *wilaya* assemblies are elected by a proportional representation system for a five-year term.

A multi-party system is enshrined in law; however, in practice, things appear to be quite complicated insofar as parties' competitive rationale is considerably poor, save for taking the political "show" as political competition. Elections exist and ballots seem to be competitive but upon careful examination of the system and electoral sociology, what a great number of authors call the democratic foil of these parties cannot be ignored.

Since its independence, the Algerian State follows the Jacobin model. In a word, this State, notwithstanding the discourses, texts and documents on decentralisation which have been so espoused, did not in fact respond to the requirements of decentralisation.

The much-proclaimed virtues of decentralisation and local democracy are not truly substantiated in practice where local freedoms always appear to be under the hold of the central government.

Algerian decentralisation is administrative, devolved insofar as the resulting democracy has not taken deep root. It constitutes only an extended form of centralisation, a variant or corollary of it, conceived and established in an institutional order which is layered,

complex, opaque and, in addition, undermined by a shareholder bureaucracy which is endlessly renewed. Its political and legal discourse remains on the official level while centralisation and its corollary, decentralisation, is experimentally verified.

"Local democracy", which should have been the keystone of the decentralised administrative structure, remains unaccomplished before the central power's incapacity to develop or strengthen the spheres of autonomy and responsibilities at the local level.

Democratic aspirations are not borne out in practice; they are dominated and marked by ambiguities and discrepancies between the official and actual reality, between political discourse and legal norms, in brief, between the different sequences, political discourse and legal "discourse" so that the State has ultimately, purely and simply turned its back on the principle of decentralisation to replace it with a centralist principle weakened territorially through decentralisation.

Local and regional authorities are highly dependent on the State despite their status; they appear in practice as quasi-state structures that act only when operated by the State, on its behalf and by means of its resources. Their natural purpose, long at the fore, is to listen to the citizens they are supposed to represent, but this has been relegated to the background.

The control exercised by these local and regional authorities is revealing of this situation since the classic "trusteeship supervision", already restrictive and unaccountable, has ended up being undifferentiated from hierarchical control so that the State thereby has simply subordinated them hierarchically.

Local and regional authorities and decentralisation positively have a



constitutional anchorage treated by Articles 15 and 16 of the Constitution. This anchorage is an official characteristic of Algerian constitutional law. However, its meaning concerning local freedoms and local democracy, understood here as the degree of autonomy held by local and regional authorities vis-à-vis the State or central power and in reference to the principle of free administration that these authorities are supposed to hold to administer local life, remains debatable for two fundamental reasons. Firstly, decentralisation does not appear as an accomplished and elaborated form of freedom and local democracy. Secondly, the principle of freedom of action or free administration as determining local freedoms and based on local democracy does not, in reality, have constitutional anchorage.

Local and regional authority bodies constitute two types:

- The municipal people's assembly and the president of the municipal people's assembly for the commune (executive);
- The people's *wilaya* assembly and the *wali* (appointed executive).

These bodies are elected except for the *wali*, who is a designated government representative and executive of the *wilaya*, and is appointed by presidential decree.

3.2 Civic participation

The Constitution and regional administration codes develop "local democracy" as part of the rigorous principle of representation that excludes any "grass-roots democracy" or "direct democracy" process. The texts make representation the impassable legal horizon of this institutional "local democracy", while in Berber or Amazigh country, "traditional local democracy", concurrent with the aforementioned institutional "local democracy", once again

finds its expression in adapted ancestral structures such as the *djemaa*.

Following the example of other countries in the region, Algeria is faced with low turnout rates in local elections. The latest legislative elections (May 2007) saw a turnout of 35%. Political figures endeavour to convince electors to take part in the vote to make change a reality and choose responsible candidates.

A new dynamic seems to be establishing itself among local authorities and inhabitants of slum neighbourhoods in certain towns in Algeria. Generally, civic participation leads to policies that are better adapted to the needs of individuals, which grants them greater legitimacy and representativeness.

4. Relations between central and local authorities

4.1 General context

The State covers the entire national territory by means of different administrative, judicial and social structures but especially by means of local and regional authorities. The strength or weakness of the State is expressed by the people's *wilaya* assemblies (APWs) and municipal people's assemblies (APCs) and their respective roles in the dynamics or inertia they imprint upon the *wilayas* or communes.

The strong centralisation of powers and prerogatives, exacerbated by endemic bureaucracy, has largely reduced the role of community structures, supposed to be the counterpart of citizens to the extent that, in theory, they embody and express the will of the people.

If, prior to 1989, local and regional authorities obeyed an order from the single State party, a multi-party system



established subsequent to this date has not really changed how the APWs and APCs operate. The first mandate of multi-party local and regional authorities has more partisan interests than public interest.

On the ground, the APWs and APCs have neither lived up to civic expectations nor electoral promises. If different parties are granted to elected representatives, particularly the opposition, attenuating circumstances of obstacles linked to the hegemony of local administration represented by *da'iras* and *wilayas*, the fact remains that a significant number of elected representatives managed their personal affairs to a greater extent than real citizen concerns and needs in the communes and *wilayas*.

The riots marking the years 1999, 2000 and 2001 expressed the anger of citizens against locally elected representatives and the manner in which they managed the APCs and APWs. The return of the National Liberation Front, FLN, to the scene in 2002, with a comfortable majority both in the Parliament and in the APCs and APWs, did not at all change the situation of local authorities, all the more so as the country's financial situation improved and the security situation greatly improved.

Therefore, the failure of APCs and APWs is not solely explained by the limitations of municipal and *wilaya* codes but particularly by the lack of competence of the elected representatives and their lack of integrity in the management of public affairs.

The Ministry of the Interior is currently preparing an amended version of the municipal and *wilaya* code. With a view to decentralisation and fostering local development, the prerogatives of the elected representatives should be extended and local authority budgets should be multiplied ten-fold.

4.2 Trusteeship and supervision of local authorities

Trusteeship exercised over local authorities allows the state of these relations to be appreciated. This mechanism of control is one of the most classic at least in a system where decentralisation is conceived as devolution of power by the State, only authorised to establish its scope and its limits.

This mechanism of control is unwieldy, archaic and bureaucratic. It is exercised both on acts and organs by virtue of the strengthened powers of the *wali*, a State representative who also holds the ultimate sanction, the power of substitution. Trusteeship appears as a routine and inefficient mechanism of control, dominated, in addition, by an excess of procedures of which the utility cannot always be appreciated.

Technically, the system of resolutions setting out provisions for deliberations declared void *ipso jure* and voidable resolutions does not involve long procedures. Broadly speaking, pursuant to the provisions of Article 41 of the municipal code, resolutions are binding fifteen days subsequent to their introduction to the *wilaya*, and in the event that the *wali* remains silent in this period during which he/she may voice his/her opinion or decision concerning the legality of the resolutions in question. Budgets and accounts, as well as the creation of services and municipal public establishments, are subject to prior approval.

Certain resolutions are "void" (Article 44) while others are "voidable" (Article 45). The former concern three types of resolutions: those concerning a matter foreign to the APC remit, those taken in violation of laws and those taken outside legal meetings. The latter concerns



resolutions in which APC members have taken part interested in the matter of which it is the object either on their own behalf or as proxy.

It should be borne in mind that the *wali* has the power of substitution, which he may implement subsequent to formal notice when the president of the APC refuses or neglects to undertake one of the acts prescribed to him by law or bylaw (Article 83).

Decrees by the president of the APC (executive body) constitute two types: the first concerning the execution of the assembly's resolution, and the second, less subject to control and therefore more discretionary, comprising governing local measures on matters assigned by laws under its care and jurisdiction. All of them are immediately transferred to the *wali*. It is noted that the system of preliminary and systematic approval no longer exists and includes decrees concerning general bylaws, binding in all cases, one month subsequent to their submission to the *wali* who may only declare them void by justifiable decree during this period (Article 80, Paragraph 2 of the municipal code).

4.3 The guarantee of local autonomy, rights and interests of local authorities

In Algeria, the Constitution, which grants local authorities a major role, also establishes decentralisation as an underlying principle of the country's administrative structure. Nevertheless, in practice, the APCs, which should take part in the management of policies as complex as those concerning regional development, environmental protection, the fight against unemployment and poverty, do not always have the resources required to implement these policies as they are weakened significantly by their financial dependence.

From a judicial point of view, local authorities still remain subject to strict trusteeship control that calls for the preliminary approval of the main acts of management prior to their implementation, which is the case concerning the budget, recruitment, the establishment of public services and the drafting of town planning schemes. From a financial point of view, local authorities cannot generate their own resources, as this constitutes an exclusively legislative power. Moreover, they are primarily financed by local taxation, which, as it happens, they do not control, and by State subsidies. Consequently, the vast majority of communes experience chronic financial dependency even though a number of them are rich.

5. Local responsibilities and powers

Local authorities are assigned important allocations: codes in this regard are instructive.

The commune appears to be granted a general clause regarding responsibilities and powers. It can establish municipal public services with a view to fulfilling the collective needs of its citizens, and may also directly exploit public services in the form of local government control.

The communes' field of responsibilities and powers is so wide that it practically covers all activity sectors in addition to the standard activities exercised in the name of the State as well as in matters concerning the civil State, national service and elections.

However, the absence of resources due to the palpable absence of local taxation and the incapacity of local authorities to mobilise their policy resources renders these measures more theoretical than practical.



Table 1: of powers and responsibilities

Missions	Commune	Wilaya
Irrigated agriculture	<ul style="list-style-type: none"> - Take the protection of the land into account during the implementation of projects. 	<ul style="list-style-type: none"> - Introduce and implement any initiative related to the protection, expansion and promotion of agricultural land and rural development: risks of flooding and drought, wastewater treatment and watercourse management. - Introduce any initiative related to reforestation, protection and restoration of soils, conservation of forest heritage. - Strive to develop small- and medium-scale irrigation infrastructure. - Provide technical and financial assistance to communes in projects concerning drinking water supply, sanitation and recycling.
Regional development	<ul style="list-style-type: none"> - Disseminate its opinion and decisions; take part in implementation procedures for operations. 	<ul style="list-style-type: none"> - Set out the regional development plan and oversee its implementation. - Take part in implementation procedures concerning development of a regional or national scope.
Association	<ul style="list-style-type: none"> - Foster development. - Provide assistance within the limits of its resources to youth, cultural, sports and leisure associations. 	
Development	<ul style="list-style-type: none"> - Foster and promote local development. - Promote and support the intervention of actors. - Process or take part in space planning for production or warehouse activities. 	<ul style="list-style-type: none"> - Undertake any action that naturally ensures development. - Foster any investment promotion initiative. - Introduce initiatives concerning the promotion and development of host infrastructure for activities. - Introduce any action capable of fostering rural development, particularly concerning electrification and improved access. - Introduce, foster or take part in employment promotion programmes in cooperation with the communes and economic actors in favour of young people and areas to be promoted.
Education	<ul style="list-style-type: none"> - Set up and maintain basic education establishments. - Foster and promote pre-school education. 	<ul style="list-style-type: none"> - Set up, operate and maintain secondary education, vocational education and professional training establishments.
Environment	<ul style="list-style-type: none"> - Give approval for any project that may endanger the environment. - Combat pollution and protect the environment. - Assume responsibility for the creation and maintenance of green areas. - Improve the quality of life. 	<ul style="list-style-type: none"> - Provide technical and financial assistance to communes in projects concerning water treatment and recycling.
Finance	<ul style="list-style-type: none"> - Manage revenue generated by taxation and taxes, capital, subsidies, loans, user fees. Monitor the development of municipal finances. - Prepare and execute the budget. 	<ul style="list-style-type: none"> - Responsible for their own financial resources. - Prepare and implement the budget. - Manage revenue generated by taxation, capital, subsidies, loans, and user fees.
Management	<ul style="list-style-type: none"> - Maintenance and administration of assets and revenue constituting the commune's capital. - Recruit, appoint and manage staff. - Public services and establishments: drinking water supply, sanitation, wastewater, household waste and other forms of waste, public transport, cemeteries and funeral services. - Manage public service concessions. 	<ul style="list-style-type: none"> - Recruit staff. - Manage capital. - Establish and manage public services: road, rail and waterways infrastructure and various networks, assistance and care of the elderly and disabled, public transport within the <i>wilaya</i>, hygiene and quality control. - Set up establishments to manage public services. - Manage public service concessions.



Housing	<ul style="list-style-type: none"> - Organise cooperation, foster and create conditions conducive to real estate development: real estate cooperatives, the conservation, maintenance and refurbishment of buildings or neighbourhoods, the promotion of housing schemes. 	<ul style="list-style-type: none"> - Afford support to communes in the implementation of their housing schemes: development of cooperatives, the promotion of housing programmes for rental use. - Renovation and refurbishment in cooperation with the communes.
Hygiene	<ul style="list-style-type: none"> - Protect hygiene and public health: drinking water supply, wastewater removal and treatment, fight against carriers of transmittable diseases, hygiene of food and places and establishments hosting the public. 	<ul style="list-style-type: none"> - Foster the establishment of structures linked to the control and sanitation of establishments hosting the public and the hygiene of consumer products.
Infra. facilities, road, rail and waterways networks	<ul style="list-style-type: none"> - Introduce actions linked to the development of networks, as well as their management and maintenance. - Create and maintain urban property. - Provide for measures related to the road, rail and waterways network. - Introduce measures to develop infrastructure and facilities for networks. 	<ul style="list-style-type: none"> - Introduce measures concerning planning works, maintenance, development and maintenance of roads in the <i>wilaya</i>. - Introduce measures aiming to create facilities that surpass the capacities of the commune.
Youth, culture, sports and leisure	<ul style="list-style-type: none"> - Within the limits of available resources, provide assistance to the bodies concerned; set up and maintain cultural centres. 	<ul style="list-style-type: none"> - Strive to create cultural, sports and leisure infrastructure in cooperation with communes, associations and other bodies. - Lend assistance and take part in sports, cultural and youth programmes. - Contribute to extending cultural heritage with regard to communes, associations and groups.
Architectural heritage	<ul style="list-style-type: none"> - Conserve and protect historic sites and monuments; safeguard the aesthetic and architectural nature of the type of habitat. - Guarantee the preservation of cultural heritage. 	<ul style="list-style-type: none"> - Carry out measures to develop cultural heritage, decide on every measure concerning its conservation.
Planning	<ul style="list-style-type: none"> - Formulate, adopt and implement the municipal plan consistent with the <i>wilaya</i> plan. 	<ul style="list-style-type: none"> - Adopt the medium-term <i>wilaya</i> plan. It delineates the programme, resources and objectives set forth in a binding manner with the State.
Religion	<ul style="list-style-type: none"> - Contribute to the maintenance of mosques and Koranic schools. 	
Health	<ul style="list-style-type: none"> - Assume responsibility for the setting up and maintenance of care units and health centres. 	<ul style="list-style-type: none"> - Introduce preventative measures and measures to combat epidemic diseases relating to animal health. - Set up and maintain infrastructure that surpasses the capacities of the commune. - Ensure the implementation of preventative health measures.
Social action	<ul style="list-style-type: none"> - Introduce social assistance measures and support underprivileged social groups. 	<ul style="list-style-type: none"> - In cooperation with communes, take part in social assistance measures for children, the disabled, the elderly, and the needy, and support the homeless and the mentally ill.
Tourism	<ul style="list-style-type: none"> - Formulate measures to foster the development of tourist potential, encourage operators. 	<ul style="list-style-type: none"> - Formulate measures to exploit tourist potential. - Promote investment in tourism.
Transport	<ul style="list-style-type: none"> - Foster school transport. 	<ul style="list-style-type: none"> - Promote public transport.
Urban Planning and construction	<ul style="list-style-type: none"> - Equip itself with urban planning tools and oversee their implementation. - Ensure land use is respected. - Monitor the compliance of building operations. 	



6. Local finances

In principle, as far as the budget is concerned, the texts allocate financial management based on a certain number of guiding principles.

- Receipts and expenditures cannot be executed except by virtue of a budget detailing the financial transactions decided by the deliberative assembly;
- The demarcation between the authorising agent and the accounting officer is indicated by the incompatibility of their functions: the head of the executive establishes the administrative account directed at the assembly whereas the accounting officer establishes the nominal account.

Two separate bookkeeping systems ensue, which logically enable the authorities to reciprocally control one another.

On the whole, the municipal budget includes the initial budget and the supplementary budget. The first constitutes a preliminary document established prior to the commencement of the financial year; the second intervenes to readjust the estimated receipts and expenditures and to incorporate the results of the previous financial year into the budget.

Two sections, each divided into necessarily balanced revenue and expenditure, comprise the municipal budget: the operating section and the section regarding capital and investment.

Without stating the principle of subsidiarity, codes governing local and regional authorities earmark significant funds to the latter but with an evident shortfall between these allocations, featuring so many expenses but not so many available resources. In other words,

there is a transfer of powers and responsibilities without a transfer of the resources required.

The lack of resources therefore considerably limits the action of these authorities whose proclaimed financial autonomy is, in actuality, contingent upon the State's allocation of these resources, local taxation being negligible particularly in view of property revenue. The financing of local authorities rests essentially on limited resources derived from taxes, and incidentally on resources derived from property. The resources derived from taxation comprise tax receipts, duties and taxes earmarked in entirety or partially to local authorities and their common fund.

6.1 Revenue allocated in entirety to local authorities and to the Local Authorities' Common Fund (FCCL)

6.1.1 Tax on professional activity (TAP)

This tax was established by the 1996 financing law to replace the tax on industrial and commercial activity (TAIC) and the tax on non-commercial activity (TANC). This tax applicable on the turnover is payable by taxpayers undertaking an industrial or commercial activity as well as those exercising non-commercial activity. It is applied at the rate of 2.55% and its revenue is distributed as follows: *wilaya* – 0.75%; commune – 1.66%; FCCL – 0.14%. It constitutes local authorities' main source of revenue.

6.1.2 Payroll tax (VF)

This tax is levied on individuals, companies and associations exercising an activity and paying salaries, allowances and emoluments. It is calculated by applying a rate of 6% on the wage bill and 1% of the pensions and life annuities. Income from payroll tax is earmarked in full to local authorities and its allocation is made among local authorities and the FCCL according to the following terms:



- 30% of the income is localised (paid directly to municipal budgets),
- 70% is centralised and distributed as follows: commune – 60%; wilaya – 20%; FCCL – 20%.

6.1.3 Property ownership tax

This is the municipal tax par excellence, which generates the most revenue.

6.1.4 Sanitation tax

This is a tax levied on the removal of household waste for the benefit of communes in which a household waste removal service operates. It is applied to all constructed buildings, and annually on property owners and usufructuaries. With regard to industrial, commercial, traditional or similar premises generating higher quantities of waste than the aforementioned categories, the tax amount is determined by decree by the APC President, subsequent to the deliberation and approval of the trusteeship authority, in a bracket of 2,500 to 50,000 Algerian dinars (DA). The revenue generated from this tax is paid in full to the communes.

6.2 revenue earmarked in part to local authorities and the FCCL

6.2.1 Value Added Tax (VAT)

This is applicable to sales operations related to real estate services and service provisions other than those subject to special taxes. It was brought into play to replace the TUGP turnover tax on imports and production and the TUGPS tax on service provision in force prior to 1 January 1992. The application of the VAT took effect from 1 April 1992, with four brackets at the outset: the premium rate, the normal rate, the reduced rate and the special reduced rate, to replace the eighteen brackets applied within the framework of TUGP-TUGPS to be reduced to three rates as from January 1995: the normal rate of 21%, the reduced rate of 13% and the special reduced rate of 7%.

The reduced rate was increased again to 14% from 1997. The 2001 finance law retained two rates: 17% and 7%. Revenue generated from this tax is distributed as follows: State – 85%; communes – 5%; FCCL – 10%

6.2.2 Animal-slaughtering tax

This tax is levied on slaughtered animals for the benefit of the communes. It is calculated according to the weight of the meat of slaughtered animals at the rate of 5 DA per kilogram.

6.2.3 Estate tax

This is levied on individuals having their tax domicile in Algeria on account of having their assets in Algeria or outside Algeria. The tax base is constituted by the net value of all taxable assets, duties and securities from 1 January of the year under consideration. Its threshold is on a progressive scale on the entire estate, a threshold whose upper bracket is 2.5% for a tax base exceeding 50 million DA. Its revenue is distributed as follows:

- 60% for the State budget;
- 20% for municipal budgets;
- 20% for the special earmarked account called the National Housing Fund (FNL).

The revenue incurred from estate tax only represents 8% of municipal revenue. It would seem the low percentage is due to shortcomings and a lack of consistency of the real estate base in the communes.

6.2.4 Motor vehicle tax disc

This is levied on individuals, corporations and associations in possession of a taxable motor vehicle. It is distributed as follows:

- State: 20%
- FCCL: 80%.

The motor vehicle tax disc rates are fixed unless otherwise indicated according to age, tonnage, power and category of the vehicle.



6.3 Subsidies

Of unequal importance, subsidies disbursed by the State and those granted by the FCCL are differentiated. The latter is worthy of mention here, be it but succinctly, on account of the role it plays with regard to local authorities.

The Local Authorities' Common Fond (FCCL) is a public administration establishment reorganised by the decree of 4 November 1986 (its history is not outlined here). It is under the auspices of the Ministry of the Interior and local and regional authorities, and is administered by an "advisory council" comprising 14 members:

- 7 elected members composed of 2 APW presidents and 5 APC presidents;
- 7 appointed members composed of 1 *wali*, 1 home office representative, 3 representatives from the Ministry of Finance and 2 managing directors.

Its resources are managed and bound for local and regional authorities by means of two funds:

- The solidarity fund;
- The guarantee fund.

6.3.1 Solidarity fund

The Solidarity fund is aimed at two types of operations outlined briefly below:

- Financial equalisation and special subsidy for the local operating budget section;
- Capital and investment subsidy for the capital section of said budgets.

a) As regards the financial equalisation sought in the first case, it should be noted that this mainly tends to reduce the inequalities and disparities in resources among the communes and among the *wilayas*.

It should be borne in mind that the authorities whose ratio of wealth is higher or equal to the national balance ratio do not benefit from financial equalisation. More than one thousand communes are characterised by a wealth index per capita that is lower than the average balance index, and, naturally, it is towards these underprivileged communes that financial equalisation efforts are directed.

b) Pertaining to the subsidies disbursed in the aforementioned case, it should be pointed out that these correspond to 5% of the local solidarity fund budget. On the one hand, they constitute special equalisation subsidies disbursed to authorities experiencing a difficult financial situation that does not allow them to cover the obligatory expenses (salaries, electricity charges, water, telephone, etc.). On the other hand, they are special subsidies aiming to cover catastrophes or other unforeseeable events such as natural disasters, which call for emergency rescue operations pending the State's rehabilitative intervention.

As regards the capital subsidies targeted in the second case, they represent 40% of the FCCL solidarity budget. They correspond to financial aid with a view to funding specific capital initiatives related to various fields such as electrification, drinking water supply, sanitation, etc.

6.3.2 Guarantee fund

The guarantee fund seeks to offset the loss in recorded tax value regarding tax estimates with respect to tax revenue. The revenue incurred from these two funds is derived from the fixed annual compulsory contribution of 2% of tax estimates in the communes and *wilayas*.



Moreover, communes benefit from indirect revenue by means of the municipal development plans for which drinking water supply and sanitation received 36.6%, urban planning 22.15%, roads and paths 17.03% and infrastructure 13%.

In conclusion, though decentralisation and autonomous management of the APC are principles enshrined in the texts, communes face a flagrant lack of financial resources. Dependent to a large extent upon the budget appropriations allocated by the State, the 1,451 APCs comprising the country settle for only 10% to 15% of the State's tax revenue.

has been brought to fruition to this day. However, voices make themselves heard demanding greater autonomy for communes, greater powers and responsibilities for locally elected representatives and greater civic participation.

7. Developments in recent years

The protest movements experienced by Algeria in the late 1980s and the early 1990s paved the way for the adoption of a new Constitution with the establishment of political pluralism and a free market economy. However, no change has been observed from the point of view of decentralisation; the former patterns remain. Law 90-08 regarding the commune and Law 90-09 regarding the *wilaya*, which are still in effect, have basically not changed the legally valid form of decentralisation in the former regime.

According to local organisations working in proximity in the field, the current situation of Algerian local authorities remains nonetheless alarming as it curbs local development and delays or prevents the construction of active citizenship. It hampers local initiatives, whether instigated by local authorities, the private sector or civil society, as the local world operates as a network and no entirely independent actor exists. To combat this situation, several draft bills have been introduced by different governments over the last fifteen years, though none of them