

Decentralization: Problems and Solutions– Madagascar Evidence

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Abstract: *Most of African countries are committed for over a decade in decentralization reforms that promote better management of local public affairs. This significant development of local institutional landscape is materialized through greater autonomy in financial and administrative management of communes. The management of financial resources therefore constitutes the pillars for local authorities concerning the local sustainable development. However, with the evolution, the general observation is made that indicates that the financial capacity of municipalities remain low. Moreover, the decentralization is now a major subject for developing countries especially in the context of policies against poverty and exclusion. It can play a great role in a country's development and it has become an important political agenda in many developing countries. This form of transferring power from the central government to the local should help Madagascar in its development. Decentralization permits the rural communes to manage their own financial resources and their expenses. However, the local level is considered to be a central issue for the success of development policies and the fight against poverty in Madagascar as in other African Countries. This paper analyses the repercussions of the financial management on local municipalities in Madagascar and proposes solutions through which it can be improved. Moreover, the good governance for the States is sometimes reflected by a good financial management and transparency concerning public administration in general. Also, improving the management in the rural area is an essential way to ameliorate development in Madagascar.*

Keywords: *Madagascar, decentralization, communes, financial management, governance, transparency.*

I. Introduction

Actually, concerning its administrative subdivision, Madagascar is divided into six provinces, which are further subdivided into 22 regions comprising 119 districts. The number of districts depends on the size of the region. The existing 119 districts guarantee legal control of the communes. According to Malagasy constitution the 1,557 communes are the lowest level of decentralized local authority. Their primary responsibilities include the economic, social and cultural development of their administrative jurisdictions.

Geographically speaking, Madagascar is located in the Indian Ocean 250 miles off the eastern coast of Africa across the Mozambique Channel, just south of the equator. Over 1000 miles (1580 km) long and 350 miles (570 km) wide, Madagascar is the world's fourth largest island. The country has a shape that resembles a left foot. The population is 21,263,403 (as of 2012) and the country covers an area of 587,040 sq. km. Municipal institutions are in part a legacy of colonial rule and are based on a two-tier system: in rural areas, there is the traditional Fokonolona system, and in urban Agglomerations, the French Law of 5 April 1884 has been transposed. Before independence, Madagascar was composed of 26 urban communes, and 237 rural communes. The number of rural communes gradually increased to 739 and they were based on a structure very similar to that set out by French law. The existence of these township-style institutions was coupled with a centralized State; however the 1992 Constitution paved the way for decentralization.

In fact, the phenomenon of decentralization is now a major subject for developing countries especially in the context of policies against poverty and exclusion. It has become an important political agenda in many developing countries and is described as a new approach to the democracy and development and it can take many forms such as administration, political and financial. The financial management of rural communes in Madagascar is still a problem to be solved.

The management and development of rural territories is an important planning issue in Madagascar as in many other African countries. Good governance for the State or the local municipalities is sometimes reflected by a good financial management and transparency concerning public administration in general. The local level context takes part concerning decentralizing in Madagascar and was initiated in the 1990s. The region and communes became the main point of Madagascar's decentralization strategy. There are a number of factors that impede local development such as the absence of an effective financial management profile. Also, most of the communes in Madagascar employ a very informal accounting system.

Local organizations do not make use of internationally recognized accounting procedures. One reason for this is lack of funding and technology and unqualified human resources at the rural levels. This often leads to ineffective financial management, waste of resources and inequitable allocation of funds. Development at the local level in Madagascar is negatively impacted by these informal systems.

Finally, the aim of this paper is to provide guidelines for improving the financial management system in Madagascar, to increase more transparency over the financial situation of each commune, to improve the human resources skillset and to improve efficiency and organization within the commune to be efficient and well organized. This paper explores inefficiencies in the financial management systems at the rural level and proposes methods through which it can be improved. Moreover, improving the management in local municipalities is an essential step to ameliorate the development of Madagascar.

II. Concept Of Decentralization

Generality

In recent decades, decentralization has come to be regarded as an essential element of democratic governance and most Western states as well as some non- Western states have implemented decentralization reforms. There are, however, some distinct ways of understanding decentralization. These are distinguished as political, administrative, and economic types of decentralization.

Political decentralization refers to processes where the power of political decision-making and certain functions are transferred from a higher level of government to a lower one. This can be from the level of the central state to lower levels such as the meso (regions, provinces, or counties) and the local (communes or municipalities). It can also refer to the transfer of political decision-making powers and functions from the mesolevel—a region, for example—to the municipal level. Both kinds of political decentralization can be seen in the Spanish case, where a first wave of decentralization, following the transition to democracy in 1976 to 1978, involved transferring powers from Madrid to the Autonomous Communities (ACs). Although this decentralization was not completed, the start of the second wave of decentralization involved the transfer of competences from the ACs to the municipalities. In some political systems, such as in France and Sweden, there is no hierarchical relation among the levels of government below the national level.

Administrative decentralization means the transfer of a number of tasks and functions from central departments to lower levels of the administration. This may take different forms. It might simply mean increasing the tasks of lower branches of the same department, which remains a central department. Or it might involve transferring tasks to different territorial administrations (that is, to a separate territorial civil service) as in France after the 1982 decentralization reforms. It may also be a dispersal of branches of the administrative system in provincial towns away from the capitol as occurred in the United Kingdom where, for example, passport agencies or social security offices are found in different parts of the country, or as is the case in Ireland where the Irish government shifted a number of administrative offices outside of Dublin.

Finally, economic decentralization means the attempt to move industrial and other economic activities to the regions. This happens for two reasons. First, it reduces the industrial congestion and therefore high costs in centers and large cities. Second, it is a part of a regional policy aiming to bring jobs to the local workers.

These different forms of decentralization are not intrinsically related to each other although some forms imply the others. For instance Administrative decentralization can take place without a corresponding political decentralization, although effective political decentralization will usually decentralize administrative resources as well. Among these resources are fiscal powers to enable the decentralized bodies to carry out the tasks that are assigned to them. Additionally, Economic decentralization can occur without political decentralization although some administrative decentralization may be necessary if the central state is involved in the policy.

Conceptualization

The review of the literature shows that there is no common definition or understanding of decentralization. The concept has several meanings depending on the period of history in which it is referenced. During the period of the Trente Glorieuses, the state was in continual expansion as it sought to manage the postwar economic boom and to respond to the ever-increasing needs and aspirations of the population with expanding policy programs. This entailed a high degree of centralization and uniformity across the state's territory. Unitary states such as the United Kingdom, France, and Italy, as well as federal states such as Germany and the United States experienced such centralization.

Regional and local governments tended to become even in states with a strong tradition of local government, such as the United Kingdom, local administrations. Central-local relations were marked by a principal agent relationship in which the central state was the principal one, and regional and local authorities were the agents whose task was to implement a number of welfare services on behalf of the state. During this period, decentralization mainly took the form of administrative decentralization, which left intact the role of the center in political decision making.

Moreover, according several reports we can define decentralization as followed:

“ . . . Decentralization, or decentralizing governance, refers to the restructuring or reorganization of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity, thus increasing the overall quality and effectiveness of

the system of governance, while increasing the authority and capacities of sub-national levels. ... Decentralization could also be expected to contribute to key elements of good governance, such as increasing people's opportunities for participation in economic, social and political decisions; assisting in developing people's capacities; and enhancing government responsiveness, transparency and accountability.”

“... Decentralization stimulates the search for program and policy innovation, first of all because it is, per se, an innovative practice of governance. Second, because through its implementation, local governments are required to assume new and broader responsibilities in order to provide public services for all. The assumption of new responsibilities through decentralization often requires improved planning, budgeting and management techniques and practices; the adoption of new tools; and the development of improved human resources to operate the decentralized program.”

Decentralization is considered as means of improving the quality and accessibility of local public services and promoting local development, which in the view of many international development organization, makes it an important aspect of governance system (UNDP, 2002).

Decentralization versus Deconcentration

In a more comprehensive view of the decentralization, a comparison can be made with the concept of deconcentration on the basis of agents, finances, administration and decision. This is shown in the following table.

Table: Decentralization versus Deconcentration

	DECENTRALIZATION	DECONCENTRATION
AGENTS	Elected	Appointed
FINANCES	Own resources (Financial autonomy)	State Budget
ADMINISTRATION	Administrative Autonomy	Following State Policy
DECISION	Making decision on his behalf	On behalf of the State

Table 1: Table showing the difference between decentralization and deconcentration

As shown in the table above, there are differences between the concept decentralization and deconcentration. In the context of this research we shall focus on decentralization.

In addition to the characteristics described above, there are specific advantages to a decentralized governance system. These are explored below as well as several disadvantages.

ADVANTAGES	DISADVANTAGES
Improving services <ul style="list-style-type: none"> - Better appropriate to local needs - More flexible - More innovative - Cheaper 	Dangers for services <ul style="list-style-type: none"> - Overspending - State withdrawal in relation to its economic and social functions - Local agents unqualified, independent and willing to take risks.
Promoting local democracy <ul style="list-style-type: none"> - Increasing participation - Integration of local needs and interests - Autonomy and political integration of minorities - Opportunities for membership of organizations private in acting and communicating 	Local politics remains a politician <ul style="list-style-type: none"> - Reduced responsibility of local elected officials if local elections are considered unimportant and produce a low participation
National Integration <ul style="list-style-type: none"> - Distribution of resources more equitable - Vertical sharing of power - Tasks are performed conjointly 	Risk of separatism <ul style="list-style-type: none"> ▪ Institutionalization of ethnic fragmentation

Table 2: Table showing the advantages and disadvantages of decentralization

As we can see, all of the forms of decentralization can play an important roles in political, economic and social activities in countries even it also has its disadvantages.

III. Decentralization In Madagascar

A decentralized local authority in Madagascar is a portion of national territory in which all its citizen voters (Malagasy nationality) manage the local or regional activities. Their primary responsibilities include the economic, social, scientific, technologic, health and cultural development of their administrative jurisdictions. The creation and delimitation of regional and local authorities must respond to the criteria of homogeneity geographic, economic, social and cultural homogeneity. These criteria are determined by the constitution of Madagascar and Law.

History

The move towards to decentralization is not new, as far back as the period of colonization, and throughout different regimes administrations. Leaders have always attempted to decentralize government to establish the legitimacy of the regime.

In fact, they encountered the same problems that persist today:

- A large area poorly served
- Resources largely insufficient
- Human resources uncertain

On the eve of independence, Madagascar had 26 urban townships, 5 of which were fully operational, and 237 rural townships. From 1959 onwards, municipal institutions were standardized across the country (decision taken under Order of 24 August 1960). The number of rural townships increased to 739 and gradually all urban townships became fully operational, and were based on a structure very similar to that set out by French law. The existence of these township-style institutions was coupled with a centralized State, however. The 1992 Constitution opened up the way for decentralization. In its current form, decentralization in Madagascar is the product of a ten-year long process that is both an extension and an offshoot of political fluctuations in the country. The response to the principle of “moving developments forward” (townships date back to 1994–5, autonomous provinces to 1998 and regions to 2004) resulted in a complex structure that has been criticized at times for the loopholes and the relative lack of coherence and/or usefulness of documentation. Here, townships appear as the most deeply-rooted of decentralize entities, as they are the oldest and the most familiar to the people due to the proximity of their services. This process, which was standardized across the country, appeared to correspond to the country’s cultural situation, however. It related to the union of a pluralistic tradition, present since the time of independence (although its role has been limited and controlled during certain periods), and a people centered practice favoring local structures. These are all factors which strengthen and legitimize decentralization as a way of responding to the solid attempts at democracy at its foundation.

The documentation forming the basis of the decentralization process in Madagascar dates back to the 1990s. These texts set out the goals and principles upon which the idea of decentralization is based in Madagascar. Law N°. 93-005 states under Article 2 that decentralization “...aims to give the national geographical landscape a rational structure across the country to serve as an institutional framework for the effective participation of citizens in managing public affairs and as points of economic growth”. According to Article 1 of Law N°. 94-008 of 26 April 1995, a decentralized local-level authority “is a section of national land in which all Malagasy voters who live there govern regional and local activity with a view to promoting economic, social, health related, cultural, scientific and technological development within their constituency. With help from the State, it guarantees territorial planning, environmental protection, improvements to living conditions, as well the preservation of its identity. It is granted legal status and financial autonomy. With help from the State, it guarantees public security and administration”. This definition is followed up by Article 4 of Law N°. 93-005, according to which decentralized local level authorities “are granted legal status, financial autonomy, and as an institutional framework, guarantee effective participation of all citizens in managing public affairs, as an expression of their diversity and uniqueness. They are governed freely by councils elected by universal direct vote, in accordance with conditions set by the law and by regulations”.

The debate concerning decentralization became an important element in Malagasy political life since 1994. However, the recurrent changes to territorial divisions in the country have failed to establish a strong decentralization process. In effect every change Republic was accompanied by the change of territorial division. Institutional instability has accelerated under the Third Republic with a change of territorial division in each revision of Constitution. Different existing communes, only commune have operated continuously since 1994/95. Since the third republic (2003), the government recognized that the decentralized local level authorities in Madagascar are the regions and communes. Actually, Madagascar contains 22 regions comprising 119 districts. The existing 119 districts guarantee legal control of the communes. The 1,557 communes are the lowest level of decentralized local authority. The constitution of the fourth Republic reintroduces provinces as local government. In fact, the territorial division of the fourth republic reveals 3 levels of decentralized territory:

- **Provinces:** coordination and harmonization of the development and provincial interest. The Head of Province should be elected under the principles of universal suffrage. Deliberative functions are exercised by the provincial Council, the members of which are elected under universal suffrage. In reality, this level was not set up yet.
- **Regions:** economic and social vocation and planning of the town and country planning. Executive function exercised by an organ managed by the Area manager who should be elected by universal suffrage.

Deliberative functions are exercised by the Regional council, the members of which are elected by the universal suffrage. The head of the region is appointed by the executive power.

- **Communes:** urban and rural constitute the basic territorial entities. They contribute to the economic, social, cultural and environmental development and can establish themselves in groupings (links between local authorities). Executive and deliberative functions are exercised by different organs and elected in the direct universal suffrage. Since January 1st, 2012, the mandate of the mayors was extended. The communes are classified according to their population size, function (provincial, regional or district capital) and tax capacity. Communes are financed by grants from the central government, shared taxes and owned revenues and are administered by mayor and a council both elected by citizens.

Principles of decentralization in Madagascar

The decentralization policy in Madagascar ensues from several principles:

- The general orientation of the decentralization policy registered in the Law N°93-005 of January 26th, 1994;
- The principle of the free administration of Decentralized Regions with a measure of autonomy (Decentralized Territorial Collectivity);
- The distribution of skills between the State and the DTC, which is made considering the national, regional and local interests;
- The principle of subsidiarity, which is fact to confide the responsibility of a public action to the smallest entity capable of solving the problem itself which refers to the act of entrusting responsibility.

➤ **Organizational Laws**

Rules regarding the organization, functioning, and duties of territorial entities shall be established by law.

As we mentioned before, the decentralized local authority in Madagascar is a portion of national territory in which all its citizen voters (Malagasy nationality) manage the local or regional activities. Their primary responsibilities include the economic, social, scientific, technologic, health and cultural development of their administrative jurisdictions. The creation and delimitation of regional and local authorities must respond the criteria of homogeneity geographic, economic, social and cultural. These criteria are determined by the constitution of Madagascar and Law.

The creation and delimitation of territorial decentralized localities shall have some economic, social and cultural criteria. They are determined by law. The name of each decentralized territorial local may be modified by decree of the Council of Ministers after consultation with the regional authorities concerned.

The regions and communes are defined as local entities in Madagascar.

➤ **Regions**

Regions are essentially economic and social vocation. In collaboration with public or private organizations, the regions manage, coordinate and harmonize the economic and social development of all their territories and provide such as planning and implementation for all development activities.

The region is a strategic point of development.

- In the regions, the executive and deliberative functions are performed by separate bodies.
- The executive function is exercised by a body headed by a person elected by the terms and conditions established by law.

This person is primarily responsible for the strategy and implementation of all actions for economic and social development of the region.

This is the Head of Administration in the region.

➤ **Communes:**

Communes compete for the economic, social and cultural development of their territorial competence. The skills of the commune take into account essentially constitutional and legal principles as well as principle of closeness, promotion and defense of the population's interests.

As mentioned above, the debate around the decentralization is now a major political concern in Madagascar. However, frequent changes in territorial division did not facilitate a process of solid decentralization.

This is significantly low compared to Organization for Economic Co-operation and Development (OECD) countries where part of the expenses used the responsibility of the local government exceeds 30% , while in South-East Asia and in Latin America the amount allocated for decentralization is about 20% of public spending. In fact, compared to the average of other nations in the African continent, where it is estimated at 7%, Madagascar's decentralization budget remains embryonic where less than 4%. (Source: world Bank, country profile).

The main opposition to the budgetary decentralization is in the lack of competence of the local authorities. In 2009, these were far from possessing the minimal base of skills which would allow them to effectively manage the public resources. There was an urgent need to improve their skills regarding: i) budget and financial management; ii) procurement; iii) human resources management; and iv) transparency to be accountable. Besides, the question of the initial training of the agents of regions with a measure of autonomy, considered fundamental in the process of decentralization, was discussed for several years without satisfactory answers.

Another difficulty lies in the subdivision between the centralized and decentralized organs. Indeed, the sectorial ministries tend to work vertically while the entire stake in the decentralization consists of adopting a transverse approach to the public policies. This situation maintains the country in an undecided position towards its commitments to decentralization.

Challenges

Madagascar encounters many obstacles and has many challenges facing decentralization. The first problem is the political environment which is always unstable, as it is shown before that the decentralization in Madagascar changed at each succeeding republic. The changes under the first constitution of the third republic had the aim of introducing “effective decentralization”. In fact, implementing this effective decentralization did not work for various reasons mainly linked to the lack of a coherent legislative framework.

➤ **“Defining responsibility among levels of government”**

This definition of responsibility is complex concerning the decentralization in Madagascar. In the constitution, the role of regions and communes are well defined, its organization, its structure and also the role of each administrator such as chief of the region, mayors, councilor are clearly defined. Yet the issue is that these persons do not follow the text. In Madagascar the local authority and decentralization both exists but the power is still centralized. The Local leaders in the regions and communes in Madagascar are usually associated with a political party

- **Solution:** all citizens included members of government, the administrators; all persons who are elected by the people should respect the constitution. In effect, the government should enforce constitutional principles and be aggressive in their pursuit of decentralization reform, constitutional amendments etc.
- “The level of centralized revenue is much higher”

The level of centralized revenue in Madagascar is much higher. In Madagascar, the central government collects more of the total revenue. This centralization of revenue leads to a structural imbalance in the composition of revenue, which could only be redressed by a progressive increase in the mid- to long term revenue for local level authorities. We should notify that, revenue in each communes are different because taxes collected are different.

- **Solution:** the responsibility of collecting the communes’ own revenue should rest only on the communes. The government should apply a policy that all allocations for each tax go to one authority, and therefore it can exclude the possibility of splitting the revenue.

➤ **Lack of capacity or skills (Mayors)**

In Madagascar, most of the mayors have a difficulty to manage the communes. Most of the officials who have not received training on their executive role to manage projects have a difficulty to improve their capacity or skills. But, generally, Mayors have access to a mayor’s guide and to the manual of budgetary procedure. However, some officials often have limited knowledge concerning these manuals because most of them are written in French.

Solution: Although elected by vote of the people all candidates for official posts should meet a minimum criteria set by government. This could be related to experience qualifications of educational certification. Additionally, the government should give training for these officials and for the employees in the communes. Sessions of management are needed. It would be possible and it could also serve as a way of modernizing the mentality of the people. As we know that these officials are elected by the people, but the government should make a policy and make some criteria for all persons who want to be a candidate, for example to get a high diploma.

Analyze SWOT of the communes in Madagascar

After the analysis, we noticed the following facts:

<p>Strengths</p> <ul style="list-style-type: none"> • The commune obtains a State subsidy every year. • There is also a contribution of some partnership for diverse investments • The results over the three years are positive • Revenues cover the expenses so, the commune function normally. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • The commune does not manage to get back the taxes owed by the citizens especially the IFPB. • The commune does not manage to collect a useful sum to make the investments planned at the beginning of year. • Some investments are cancelled
<p>Opportunities</p> <ul style="list-style-type: none"> • The commune is vast and close to the city which is favorable for new business start-ups to increase their revenues. 	<p>Threatens</p> <ul style="list-style-type: none"> • The commune is lacking resources to bring to a successful conclusion its functioning and its attributions. • Lack of confidence between the citizens and the commune. • Lack of communication between commune, citizens and investors.

Problems, sources and solutions

To remedy those problems, this paper proposes the following solutions.

Problems	Sources	Solutions
<ul style="list-style-type: none"> ▪ The commune does not manage to get back the taxes owed by the citizens especially the IFPB. 	<ul style="list-style-type: none"> ▪ Lack of communication between the commune and the citizens. ▪ Lack of confidence of the citizens in the commune. ▪ Importance of the amounts of penalties on arrears. 	<ul style="list-style-type: none"> ▪ Inform the citizens on the importance of paying taxes. ▪ Improve the communication between the commune and the citizens to restore the confidence. ▪ Establish a tax amnesty each month where overdue payments can be collected without the imposition of penalties on the taxpayer.
<ul style="list-style-type: none"> ▪ The community does not manage to collect the useful sum to make the investments planned at the beginning of year. 	<ul style="list-style-type: none"> ▪ Lack of communication between the community, the citizens and the fund provider. 	<ul style="list-style-type: none"> ▪ Improve communication between the principles and agents (citizens and fund providers)

IV. Recommendations

If the political decentralization, through the division of the national territory in local and autonomous entities was accepted since the independence, this was not the case about the administrative and budgetary. There are more than 1500 communes in Madagascar and while most of spending is still controlled by the Central Administration, this asymmetry engenders regional disparities, in particular in terms of access to basic social services, which fosters social and economic frustrations. In order to facilitate decentralization for the development of the country, the following solutions are needed:

▪ **Effective sensitization and participation of the public:**

First of all, it is necessary to inform all citizens of the terms of the decentralization program. An understanding and awareness of the stakes involved will improve chances for program success. The strategies of application must also be communicated to the citizens for their support and individual or collective participation.

▪ **Training of the local elected members:**

Training constitutes a priority for the success of the decentralization program. Elected members should be more conscious of their responsibilities in local development and be capable of assuming the required roles to achieve it. Training financed by the State and the associations of regions with a measure of autonomy as well as by the partners in the development can contribute to the improvement of the performances of the local elected members. It is not only to master the local management but also and especially for being attentive to the national and international environment, with its opportunities and its evolutions.

▪ **The effective realization of the transfer of the competence and accompanying measures:**

It is urgent to apply all laws and texts about the transfer of competence by the administrations with a measure of autonomy. It passes inevitably by the application of the laws on the question, the signature of all the decrees of application and the additional ministerial decrees and their actual applications. However, one solution taken by the commune to increase efficiency is budgetary allowance from the central government and the collection of appropriate resources in application of the law on the land, fiscal and state-owned regime of these communes.

▪ **Institutionalization of the communes` agents status**

The quality, continuity and efficiency of the local public service orders the implementation of an appropriate local public service. It will be a question ensuring the legal and social security of permanent agents,

beneficiaries of an adequate training to lead the local development. It is necessary to shield the agents of communes from the pressures, the threats and the political uncertainties.

For that purpose several projects of decrees concerning the status of commune staff of communes should be adopted by the government and applied by communes.

Beside the elected representatives, certainly under their authority but in respect for their right, the agents must achieve their missions with professionalism. The local public service must be insured, to the advantage of all the populations and the users, on the basis of neutrality, impartiality and equality. Sectors or training centers can be thus created for the agents intended to work in the decentralized communes.

▪ **The promotion of the cooperation between communes and encouragement of outside partnerships:**

Monitoring from central government can be also established to allow communes to be better endowed and also to accompany those who are disinherited in their development. For that purpose, the methods of the cooperation between Communes will have to be the object of an associating study, the supervision and the communes through the local elected representatives and the local elites as well as partners in development.

Beyond inter-commune cooperation, decentralization also facilitates the direct relations with the international environment. Thus, actions of partnership can be undertaken to open opportunities of local development projects.

It is the duty of the State to create favorable conditions for this partnership through national stability and the maintenance of bonds of friendship, solidarity and confidence with the outside world.

The decentralization constitutes an irreversible process in the administrative organization of the State today. It requires populations to participate in the management of the local business. It is really a question of transferring responsibilities and means, not just problems.

▪ **Reclassifying the commune: it is needed to update the classification of communes in the country due to several aspects such as population and economic growth.**

Concerning the financial management, it is important for local territories as communes, with a measure of autonomy, to improve the mobilization of their internal resources if they want to maintain their existence, gain credibility and develop. The viability of the communes, and especially the credibility of the commune's officials, are generally measured through their capacity, even their ingenuity, namely to mobilize the resources for their communes and to implement local development plans.

The results of many studies show that communes have real possibilities of mobilization of the local financial resources. These financial resources, when correctly mobilized and managed, constitute an important source of funding for the local development plans so allowing communes to improve the range of basic services and to promote real local development. To do it, the following measures could be taken by the communes' actors:

- A system of effective communication capable of improving the knowledge of the operators economic and populations on the importance of the local tax system in the improvement of the standard of living of the citizens;
- The implementation of follow-up mechanisms whereby the commune executives can guarantee the transparency of the management of the funds mobilized. It is also practical to establish open sessions where the commune executive can discuss with the population and report on its management plans and progress;
- The implementation by the local power - supported by the central government - of a convenient environment to stimulate citizens to settle their fiscal obligations. Indeed, the system of taxation must be based on the real capacities to pay and the classification of the taxpayers of the private sector has to take into account their real turnover;
- The implementation of incentive measures allowing the development of local economic activities susceptible to improve the potential of taxes.
- Creating an institution to monitor the financial management of all communes: in that case, all information about financial field will be available. This institution will also help government or partnership for subsidies to the commune by fixing the amount for example.

At the end of the process, we may notice an increase in the resources of the commune which it is necessary to use for the improvement of the services offered to the population. The implementation of a good system of financial management and the allocation of resources to the satisfaction of the priorities of the population are essential factors for sustainable success. However, it is important to establish long-lasting public-spirited reflexes. Indeed, the transparency which is imperative is well beyond the commune level.

The leadership of the Mayor constitutes a mattering pillar to deepen local democracy and governance, by offering citizens a suitable space to express his view and have his concerns answered because transparent communication is one of the most important factors for good local governance. It is necessary to emphasize the practice of transparency and the establishment of operating accounts for certain services. Indeed, there is a link

between the level of mobilization of revenues and accountability. It gives more credibility to the local management and more relevance in the commune's autonomy, thus making them more responsible for their fate. Additionally, it is about a better relationship between the tax and the participative dynamics of the citizens.

The impulse of a dynamics of change towards a better financial governance of regions with a measure of autonomy passes inevitably through:

- The functioning of mechanisms of accountability to the citizens who must be completely included in the process (example of the participative budgeting);
- The respect by the commune authorities of mechanisms planned for good management of local public finances;
- The controlling of the legality by the State to respect and maintain the rules;
- The courage of the local authorities to denounce bad practices and require a reform of the fiscal system more adapted to the new context of decentralization.

V. Conclusion

The implementation of reform on the effective decentralization in Madagascar faced several difficulties. The country's decentralization process has been characterized by several radical turns. Moreover, the country has neither the means nor the capacity to setup a decentralized system, due to the associated upstream costs, i.e., in terms of electoral processes and investments; and downstream costs, i.e., in terms of functioning of the commune. Despite the costs, communes were well-organized but still faced challenges where management training and organization was concerned; this was often the most laborious.

The control mechanism of legality is not setup yet. In principle, the process of decentralization must be accompanied by a parallel process of devolution of the administrative and financial jurisdictions for the control of acts.

Economic and social development has to emanate from the communes, which has as their priority: good governance, reform of the local tax system and the strengthening of the capacity of the mayors.

Concerning the tax system, most of rural communes do not have sufficient taxes even for basic operational functioning. It is necessary to reform the local tax system in a way that allows the communes more autonomy in their decision-making activities.

This paper enabled a comprehensive understanding of the political environment in Madagascar as well as some of the challenges and complexities of the local financial management and governance system in the country. It concludes that an effective means of financial management for the communes in Madagascar is through the implementation of decentralization program. Under this program, the authority and capacity to manage the financial affairs of the commune lies within the local officials.

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