

DECENTRALIZATION AND MANAGEMENT OF LOCAL FINANCE:
INTEGRATING NEW PUBLIC MANAGEMENT

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Abstract

At the end of the 1980s, decentralization was a priority for many developing countries. This decentralization concerns the transfer of competence from the State to elected representatives of local authorities, or appointed in the event of administrative and financial inefficiency. From the point of view of the overall dynamics of the socio-political and macroeconomic reforms undertaken, decentralization is perceived as a new approach to local development, which takes charge of their own needs and their mobilizable resources.

Madagascar is rather decentralized, to achieve medium and long-term development prospects. Within the local public administration, for the sake of equity, the state, through the decentralization process, grants financial autonomy and budgetary support, through the fiscal equalization system.

Local taxation is based on the distribution of jurisdiction and local financial autonomy. The power of the locality then lies in the diversity and size of the existing fiscal resources, which will subsequently encourage public investment. Thus, the autonomy of local finances allows them to define their own revenue and expenditure budgets, while respecting the regulations in force. Indeed, the place and authority of a local elected official in his administration will depend on his model of fiscal choices and optimal taxation (Leviathan model and political support model).

New Public Management is a reform of public administration, aimed at introducing principles and methods from the private sector into public organizations. Qualified as "managerialist", this application of new methods also requires a new managerial concept which is the reform of local finances and the establishment of budgetary performance.

Keywords: *Decentralized territorial authorities, local finances, New Public Management, decentralization, financial autonomy*

I - INTRODUCTION

The management of public administrations is an important issue, because it involves the use of funds from citizens. The latter therefore seem to be entitled to expect a quality public service in return for their contribution. Currently, in Madagascar, we see the loss of confidence of citizens in state and political systems. According to Christian de VISSCHER, Frédéric VARONE (2004), "[...] *The crisis in public finances, the dissatisfaction of citizens with regard to administrative services, the development of information technologies were all arguments to assert the need to "Reinvent government" in the United States or to adopt "New Public Management²" (NPM) in Commonwealth countries, Benelux and Switzerland. (...) In short, the NPM aims to turn traditional administrations into performance³-oriented organizations "*. Similarly by Anne AMAR, Ludovic BERTHIER, "[...] *The causes of the emergence of NPM are multiple. It could have been a desire for more coherent management to respond to inefficiency in the public sector (the case of Japan for example), a desire to be part of a neoliberal ideology (the case of the United Kingdom and New Zealand), to overcome the existence of financial crises (the case of Canada among others), to reabsorb an economic and political crisis (the case of Italy), a need for change or even an imitation process (especially for administrations at the local level). (...) From a theoretical point of view, the NPM is a concept which draws its foundations*

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² New Public Management (ou NPM).

³ Christian de VISSCHER, Frédéric VARONE, "The new public management in action ", International Magazine of politics compared, n° 2004/2, Volume. 11, 2004, p. 177-179, pp. 177-185.

from many currents of thought (neoclassical current, organization theory, agency theory, property rights theory, ...) and which in many ways echoes the ideology of Public Choice based on methodological individualism (i.e. on the idea according to which the interests of a public organization must above all be analyzed through the individuals whose composition and associated strategies), recourse to privatization and greater flexibility and decentralization of administrative units¹".

It is then necessary to reform in depth the mode of operation and the culture of the Administration, referring to an NPM management concept. Indeed, the orientation of central government objectives on results-based or performance-based management, cost minimization and good governance has become one of the priorities of successive governments. Talking about good governance is always talking about the same thing as the concept of NPM. For Peters and Pierre (1998, p.3), "[...] when they wrote on the debate on governance and public administration, also analyzed the similarities and differences between governance approaches and theory on public management. They note: The debate on [...] emerging forms of governance has almost arisen at the same time as the NPM in several Western democracies, mainly in the United Kingdom (...) For some researchers, the debate on governance has been partly launched by the management philosophy advanced by NPM experts (Rhodes, 1997). Obviously, there are many similarities between the general debate on emerging forms of governance and the philosophy underlying NPM (Peters and Pierre, 1998, p. 3). (...) In a similar way, Ongaro and colleagues (2010)² write : The systematic participation of actors' plurality, sometimes referred to as networks of policy makers (...), which transcends levels of government and Public sector boundaries have gradually come to be seen as part of the quest to improve public policy and service delivery pursued by governments. In this sense, the notion of governance has also become intimately linked to the NPM, even if the latter is far too focused on".

The application of the NPM within the management of local finances or decentralized territorial communities (or CTD), thus makes it possible to widen the threshold of their administrative and financial performances, by the introduction of the various tools and methods practiced within from the private sector. Until now, this concept is the key to the success of the private sector, in terms of budget management, management³ control, auditing, organization and administration. By drawing inspiration from this method of private establishments, their success in Administration and management control is in great request. It must be brought up to the level of local finances to allow the search for optimum management efficiency, that is why "New Public Management or NPM". Therefore, the effective application of the concept of NPM should be adopted within the CTD, as in most municipalities of the Organization for Economic Cooperation and Development (OECD) countries and multiple developing countries.

II - THE CONCEPT OF DECENTRALIZATION

The decentralization process aims to expand the fiscal space, through improving the efficiency of public spending, but also through the mobilization of additional public resources. The own local resources of the decentralized authorities constitute an essential component of the resources, which is possible to mobilize at the level of the decentralized authorities: the mobilization of own local resources is largely dependent on local decisions, and most often,

¹ Anne AMAR, Ludovic BERTHIER, "The New Public Management: Advantages and Limits ", RECEMAP, 2008 (Network of teacher Chercheurs and Experts in Public Management), p. 2-3, 13 pages.

² Quoted by L. TURKEWITSCH, M. STEIN, "The governance multi-level and the new public management: of the new ideas to integrate to the traditional approaches of federalism in the context of the survey of the intergovernmental relations ", Telescope, Volume 19, n° 1, 2013, p. 95, p. 85 -114.

³ An instrument of piloting that tries to value and to analyze the results and the global performances of the organization, and of each of its components in relation to its objectives.

taxpayers should be able to establish a link between local levies and the local supply of public goods. "[...] *The weak mobilization of local own resources stems from economic policy decisions which in a large number of countries are reflected in a negative decentralization effort. This result marks a reluctance of central governments to authorize the mobilization of own local resources. Besides the intervention of political factors linked to power games, one explanation for this reluctance may be the current low efficiency of local public spending. The influence of particularly pressing budgetary needs at the central level cannot also be excluded. Finally, the weak mobilization of own local resources stems from global factors (weak public governance, accumulation of public arrears, high incidence of poverty, possible demobilizing effect of certain forms of external aid). It is necessary to consider all of these factors to promote a stronger mobilization of local own resources*¹."

Decentralizations are indeed "*administrative processes, (which) far from being politically neutral, are the object of deconstruction and re-appropriation by the various actors concerned, insofar as they implicitly and explicitly call for a redistribution of power and resources between the central power, its administrations and local companies*"². It is a model of administrative organization of the state, especially since it grants more autonomy to the regions, and to other local communities, such as the Communes. It is a system of management and governance³, very close to the authority, at the base and close to the population, to encourage local development, and to gain the confidence of taxpayers.

It also makes it possible to crisscross the territories, by implementing fiscal ⁴subsidiarity.

In addition, the CTD effectively assume the responsibilities devolved to them by decentralization laws.

For Leclerc-Olive (2002), "[...] *Decentralization could thus correspond to two distinct objectives: to constitute an administrative division of the national territory, with a view to greater efficiency in terms of local development (...) and to bring together the public authorities, and facilitate their participation in decision-making*⁵ processes".

Decentralization is divided into three types:

– *administrative decentralization* which is the transfer of powers from the State, to ensure the

¹ Gérard CHAMBAS, Jean-françois BROWN, Grégoire Rota GRAZIOSI, "The mobilization of local clean resources in Africa ", Forum " Decentralization and local governance ", United Nations, Vienna, June 22, 2007, p. 23, 27 pages. www.diplomatie.gouv.fr/fr/IMG/pdf/La_mobilisation_de_ressources_propres_locales_en_Afrique.pdf, consulted the 11/09/2017.

² Giorgio BLUNDO, Roch MONGBO, "Editorial: Decentralization, local powers and social networks, APAD ", Münster, Bed. Velag, 1999, p. 2.

³ "[...] *The good governance allows the governments to look after the existence of a detailed and believable budget, in relation with the priorities and the sectorial policies, for a coherent and efficient management of resources. It is essential, in the promotion of the good governance, to fight against the abuses of power.*
Martine BONDO, Martin BALIKWISHA NYONYO, "Cooperation decentralized in the French-speaking space ", Commission parliamentary Business, Document n° 12, ABIDJAN, 2013 (Coast of Ivory), p. 20.

⁴ The fiscal egalitarianism or adjustment: The adjustment can be defined like: "the set of the means permitting to adjust the financial and economic relations between the situated public collectivities or no to the same level, so that the set of the public tasks is possibly best filled ". The adjustment is said vertical when it applies to collectivities of different levels, horizontal, when it is about the reports between collectivities placed on a same plan. The adjustment is indirect, when the subsidies that the State pours to the collectivities are stepped up according to the nature of the tasks to accomplish and the financial capacity of the collectivities. It is about incentive remittances. The adjustment is direct, when the State, possibly the collectivities themselves, participate in the food of a general fund of adjustment, whose resources are distributed as unique assignments determined by the financial capacity of the collectivities, for and on behalf of the subsidies. It is about remittances aiming to reduce some gaps between expenses and/or resources.

⁵ Leclerc-olive M., "The sociologies critical of the capitalism ", Ethical and international cooperation, Paris, 2002, p.180-181.

management and supply of local public services (for example, civil status, hygiene and cleanliness and the city, the organization of urban transport,...);

– *financial* and technical decentralization corresponds to fiscal egalitarianism or equalization, that is to say the transfer of resources, but also of State charges, due to allocations, and the autonomous management of their budget by local authorities ;

– and *political decentralization* which consists of establishing a democratic will of state policy at the local level. It is inspired by the principle of citizens' equality in matters of local development decision-making, expressing their needs and proposing local development strategies (for example, drawing up participatory budgets).

But decentralization has its advantages and drawbacks. It is a factor for the proper functioning of the Administration, at the local level, so that the decisions taken by the administrative authorities (in particular the elected representatives) correspond more to the needs of the citizens, than the decisions taken by a distant central power and more or less informed. It is also a factor of liberalism which allows the people an effective participation in public affairs and the habit of attending to the affairs of the state.

Among other things, decentralization weakens the central power, multiplies what the Anglo-Saxons call "*the counterpowers*", prevents concerted and harmonious administrative actions. Decentralization gives primacy to local interests. However, the general interest and local interests may not exactly match. Each decentralized authority having the initiative in local affairs, it can result in a certain disorder. It can be a source of financial waste: the structures of the decentralized communities are often heavy, and their incomprehensible expenses, the State subsidies are then necessary, but they contribute to maintain the communities in a state of permanent deficit, which do not justify the services rendered.

So, the general policy of decentralization within the CTD is an orientation of the State, with a view to making common basic structures, to boost local development, to provide quality local services and local governance.

II.1 - HISTORY OF DECENTRALIZATION IN MADAGASCAR

The grip of French colonization has influenced the administrative and economic history of Madagascar. Its administrative law, as well as its administrative organization, were inherited from the French administration.

The colonial system was based on a territorial division, comprising Regions, Provinces, Rural Indigenous Collectives (CAR in 1950, Modernized Indigenous Rural Collectives (CRAM in 1951) and Rural Communes in 1956), full-service rural communes, Urban Communes. This division took place gradually and was supported by decentralization (Cantons, Districts).

It is the framework law of 1956 (1st Republic) which is the first to distinguish the two levels of decentralization (provinces with an elected Provincial Assembly and endowed with a provincial budget devoted to the administrative system).

During the 2nd Republic (1975-1992), socialist revolution and Madagascar, decentralization was at four levels, namely Fokontany (basic CTD, Firaisampokontany (group of Fokontany) or communes, Fivondronampokontany (groups of Firaisampokontany) or sub-prefectures and Faritany (groups of Fivondronampokontany) or Provinces.

During the 3rd Republic, the 1st period under the regime of President ZAFY Albert brought the abolition of State supervision over the CTD, the abolition of the Provinces, for the benefit of the Regions, and the establishment of three levels of Decentralization (Regions, Departments and Only the Communes were set up in 1976. This period was also the establishment of the subsidiarity principle recognized at all levels, with well-defined powers of the communities, but this time, by granting more autonomy. to communities, with a posteriori legality checks,

but with a territorial administration and a State authority to be rebuilt, hence the reinstatement of the prefects and sub-prefects, and the decentralized technical services, strengthening themselves at the level of Fivondronana (current District). The 2nd period, return of the socialist regime, the Provinces became Autonomous Provinces, the attachment of Decentralization to the Ministry of the Budget, initiation of pilot experiences (World Bank through PAIGEP¹, UNDP² with DAP-I (Direct Aid Program) ; the French Cooperation PAIQ³, capacity building through the CAC (Centre d'Appui aux Communes Support centers in the communes). And the 3rd period, in 2002, the reduction of the number of levels of decentralization to two (suppression of autonomous province for the benefit of the region)), the creation of the local development fund or FDL, and direct involvement of non-governmental organizations or NGOs and civil society in the technical and financial support of the CTD.

In developing countries like Madagascar, donors have always emphasized the concept of decentralization, from the perspective of fiscal decentralization and the effectiveness of development aid, and improved service delivery. . This is the case with participatory budget initiatives, participatory budget monitoring, and the participation of users in improving public services, through the various partnership and cooperation programs, that is to say, free choice and arbitration for the decentralized territorial actors, according to their priorities, and according to the rules of use, this, in coherence with the sectoral policies of the economic development of the State. This is why Jean François BAYART emphasizes this reality "The decentralization policy is experienced at the local level, rather as a manna. Most local elected officials perceive decentralization as a rent-seeking situation that allows the state to be bypassed, and sometimes access to donors, to directly beg for resources⁴".

II.2 - THE TRANSFER OF SKILLS

According to Article 2 of Organic Law No. 2014-018, in accordance with Article 143 of the Constitution, the CTD of the Republic of Madagascar are the Communes, Regions and Provinces. The decentralization process is accompanied by the deconcentration (article 6) of state services, ie deconcentrated power. Thus, the deconcentrated services allow the State to broaden the powers of its representatives at the territorial level, in order to apply the rules that it defines, and allow a greater harmonization of the actions of the public power, with those local authorities.

Within the framework of the competence, the modalities of organization and functioning of the CTD, or general orientation of the decentralization policy, appear the fundamental principles relating to the modalities of distribution of competences and resources (arts. 16 to 25).

This deconcentration is accompanied by transfers of jurisdiction, for which the necessary material and financial resources are provided by the State (art. 25).

The CTD ensures the identification of economic potential and economic, social, cultural and environmental needs, as well as their implementation (art. 27).

The State has the power to set, through laws and their implementing decrees, the conditions for the exercise by the Territorial Collectivities of their respective competence. Any transfer of

¹ Institutional support project for the Public Management: pilot experiences to the level of 12 farming townships that permitted to improve the clean resources of the townships (returns multiplied or even by 5 by 10 in some townships) writing of guides and manual (the administrative organization of the Townships, financial resources of the farming and urban Townships).

² Writing of the Mayor's Guide, Guide of development of the local plan of development (PCD).

³ Project of support to the Initiatives of the Districts, writing of the Memento of the civil status, manual of legality control.

⁴ Jean-François BAYART, "Africa in the world: a history of extraversion ", Critical International n°5, Memory, justice and reconciliation, Presses of Science Po (P.F.N.S.P.), France, 1999, pp. 97-120.

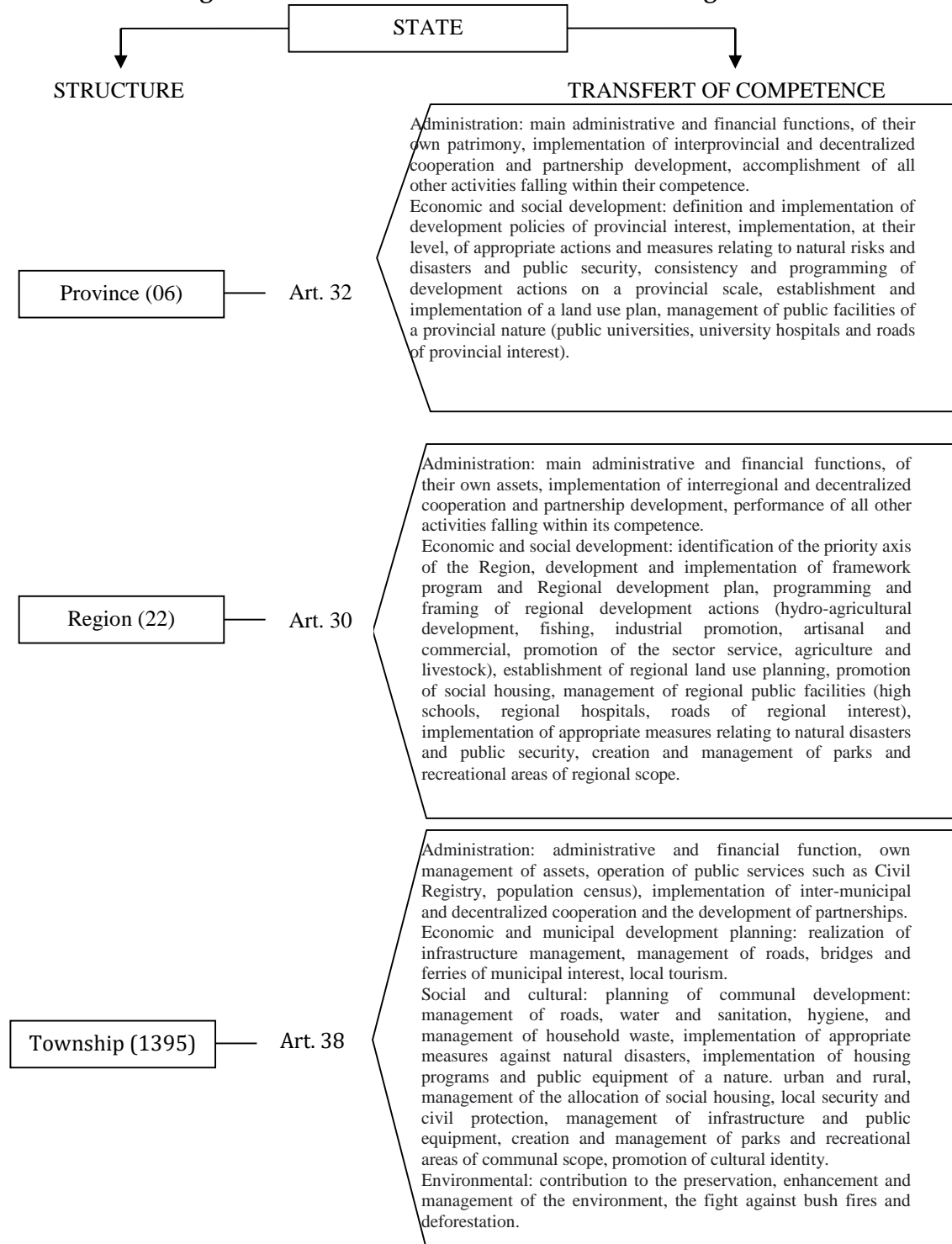
competence, between the State and the Collectivities must relate to all the attributions relating to a given competence, and carried out for the benefit of a determined category of collectivity, considered more apt to exercise it, and which will have it full responsibility.

According to Article 28, the law also determines it, according to the powers attributed to the Municipality and based on four fundamental principles:

- in terms of Administration (administrative and financial function, own management of assets, operation of public services such as Civil Registry, population census), implementation of inter-municipal and decentralized cooperation, and partnership development);
- in economic matters and municipal development planning (realization of infrastructure management, management of roads, bridges and ferries of municipal interest, local tourism);
- in social and cultural matters (municipal development planning: management of roads, water and sanitation, hygiene, and management of household waste, implementation of appropriate measures against natural disasters, implementation of housing and urban and rural public equipment programs, management of the social housing allocation, local security and civil protection, management of infrastructure and public equipment), construction and management of parks and recreational areas of communal scope, promotion of cultural identity;
- in environmental matters (contribution to the preservation, enhancement and management of the environment, the fight against bush fires and deforestation).

For Regions and Provinces, their transfers of jurisdiction are listed in art. 29 to 33.

Figure 1: Structures and skills of CTD in Madagascar



Source : Organic Law No. 2014-18 on decentralization in Madagascar

Thus, the transfers of jurisdiction must be supplemented by a parallel effort to deconcentrate responsibilities, without eliminating any intervention by the State¹ in the areas concerned by the transferred powers. They lead, in many cases, to new forms of action or control of public power. Thus, a decentralized power must correspond to a deconcentrated power: this is the basic principle which governs, within the framework of effective decentralization, the intervention of the State at the territorial level.

II.3 - AUTONOMY OF LOCAL FINANCES

Speaking about the autonomy of the CTD, art. 28 of organic law n ° 2014-018, the transfer of competence gives the CTD administrative and financial autonomy. As a legal and physical person, the CTD manage their administrative and financial activities themselves, within the limits of the rules and laws in force of the central state. For JC Maitrot, "[...] *whether it is a question of territorial decentralization or technical decentralization, the legal person, whose originality in relation to the State has been recognized, and which has been set up as a subject of law, In order to live his administrative life, he must have human and material resources, and to do so, spend, which in return calls for the provision of financial autonomy*"².

The idea of autonomy, closely linked to that of territorial decentralization or by service³ (technical or financial). This creation of a public service or establishment then grants a capacity for administrative autonomy. In the Notion of Public Establishment in French Administrative Law, "[...] *to confer administrative autonomy on a public body is to institute, within this body, a kind of legislative power which will be responsible for voting on all or part of the organization's income and expenditure* ", quoted by René Connois⁴". By the same author, "[...] *administrative autonomy therefore has a double function: an executive function of laws and a function of management of the whole community. In other words, administrative autonomy would therefore be the freedom given to decentralized territorial communities with a view to creating legal standards in execution of state laws, for the management of the community and local interests*"⁵ ".

As stated previously, the transfer of competence obliges the CTD to collect and manage their own resources themselves, to maintain its financial viability, and the assistance of the State in terms of resources (material and financial for its normal exercise, art. 25 of organic law n ° 2014-018) to respect the principle of equalization, the financial autonomy of the CTD must be well controlled, for the success of local development⁶. For Robert Pierrot, financial autonomy is the

¹ [...] *The countries of French-speaking Africa adopted a decentralization staying extensively under the control of the central State, based on the transfer of functions by elected local collectivities and having the autonomy of decision, in financial matter and management.*

Philippe COQUART, Saïd BOURJIJ, Cécile PRATDESSUS, "Decentralization and financing of the local collectivities in Africa Sub-Saharan: the case of West Africa ", *Financial Techniques and Development*, n° 100, 2010, p. 147, pp. 145-170.

² Jean-Claude MAITROT, "Research on the financial autonomy notion in public right ", Thesis of doctorate in Right, Paris, 1972, p. 152, pp. 152.157.

³ Creation of public establishments. This shape of decentralization is the " technical decentralization ". It corresponds to the idea that it is better for a better management of the service, to allow it to organize itself in an autonomous way, and notably to have a clean budget.

⁴ Landry NGONO TSIMI, "The administrative and financial autonomy of the territorial collectivities decentralized: The example of Cameroon ", Thesis doctorate in public right, U.F.R Law, Paris-France, 2010, p.158, 561 pages.

⁵ Landry NGONO TSIMI, " The administrative and financial autonomy of decentralized territorial communities: The example of Cameroon", Doctoral thesis in public law, U.F.R Law, Paris-France, 2010, p.168, 561 pages.

⁶ [...] *The French local collectivities have a strong financial autonomy. France appears among the countries where the collectivities have strong fiscal man.uvre margins (she/it is to the second rank, behind Sweden and before notably the other countries of Northern Europe).*

combination of "autonomous decision-making bodies, with regard to central power", and "control over financial choices in terms of both revenue and expenditure"¹.

All the various budgetary decisions would be an essential element in the execution of CTD activities (local development and proximity service)

Financial autonomy requires that the local authority can vote its own budget itself, through its elected bodies (Articles 147 to 150 and 155 of Organic Law No. 2014-20). Thus, the autonomy of local finances allows them to define their own revenue and expenditure budgets, while respecting the regulations in force².

Madagascar is still very far from effective decentralization, and a delay in development, due to various economic and political crises. According to Jacques Morisset, " [...] *The paradox of Madagascar's economic backwardness finds its origin in the quasi-chronic inability of its political and financial elites to make economic policy decisions that benefit the entire population, rather than to special interests. And (...) to improve governance in Madagascar must be part of the pursuit of public finance management reforms, which remain the main instrument of the State's economic policy, and of the decentralization process. (...) no one can ignore the current lack of coherence between the relative political decentralization (with more than 1,500 municipalities) and the virtual absence of budgetary decentralization (with nearly 95% of public expenditure under the control of the central administration). A rebalancing is necessary to allow the development of a real proximity policy, which will have to take into account the needs of local populations, while seeking to strengthen the capacities of decentralized administrations* ".

III - THE MANAGEMENT OF LOCAL RESOURCES: CONSTRAINT OF FISCAL POLICY CHOICE OF LOCAL ELECTED OFFICIALS

The basis of all state budget financing is taxation. Local taxation is based on the distribution of jurisdiction and local financial autonomy. The power of the locality then lies in the diversity and size of the existing fiscal resources, which will subsequently encourage public investment.

III.1 - THE THEORY OF PUBLIC CHOICE: TAX CHOICES

According to R. Barro (1990), " [...] *public investment in infrastructure positively influences the long-term development of territories*"⁴. MUSGRAVE, 1969 and Hinrichs, 1966, "[...] *favor the existence of reciprocal relations between economic and social structures and fiscal structures. According to them, tax structures correlatively vary with the level of economic development, insofar as the taxable material is most often dependent on aggregates representative of national wealth. (...) The economic and administrative constraints (the inefficiency of the tax administration) which shape the tax structure. (...)*

Guy GILBERT, "The finances of the collectivities decentralized and the financial relations between levels of collectivities in France: Tendencies and perspectives ", Symposium organized by the Commission on the Fiscal Unbalance, Quebec, 2001, p. 3.

¹ Landry NGONO TSIMI, " The administrative and financial autonomy of decentralized territorial communities: The example of Cameroon", Doctoral thesis in public law, U.F.R Law, Paris-France, 2010, p. 174, 561 pages.

² Law of the finances (rate of distribution and limit of the maximal taxation). For the returns fiscal, only the legislator retains the " *initial fiscal power* ", while the city councils don't have any power of fiscal recipe creation but only of the no-fiscal returns.

³ Jacques MORISSET, "Toward an economic raise diary to Madagascar: The economic impact of the political crisis, Antananarivo-Madagascar, 2009, p.8, 20 pages.

⁴ Robert J. BARRO, "Government spending has simple model of endogenous growth", Newspaper of Political Economy, n°98, Volume.5, 1990, p. 122, pp. 103-125.

According to Hinrichs, each company would then have its own tax style¹ ”.

Tax systems therefore require to be studied in a theoretical framework where tax behaviors are located both in the economic system and in the politico-institutional system. This theoretical framework is that of public choice theories. Whereas the theory of “social choice” is a rational analysis of voting procedures. This tradition is old and dates back to the 18th century.

In addition, Hugues C. (2002) defines moreover, municipal public policy as “ [...] *an organized approach, built around shared goals, elected by the municipal majority aiming to resolve societal situations deemed problematic on the municipal territory; taking into account the constraints and opportunities of the municipal and extra-municipal environment and of the public intervention sector considered; on the basis of various means of action (human, material, financial, regulatory and symbolic) and within a time frame marking the constancy of political decision-makers in their choices and in their willingness to intervene² ”.*

For A. DOWNS, “ [...] *the actors, whether individual or collective, obey the same rationality, they seek to maximize their interest, to obtain the most advantages for themselves. A political party is defined as a team of men who seek to take power by election, and when in power, who seek to be re-elected. Selfish ends motivate their action: "to take power in order to benefit from the income, prestige and power provided by the direction of the government apparatus³", that is to say that the choice of policy results from willingness of politicians to maximize the likelihood of their re-election, in order to exercise their powers; policies tending to play on redistribution and the optimum of the median voter⁴. Hence the interest in "lobbying⁵" and "logrolling⁶". From then on, collective rationality is no longer relevant for studying politics, especially for Tullock. Logrolling is empirical proof that collective rationality is only the result of individual calculations. A. DOWNS (1957, p.135-136) also specifies that: “ [...] *economic theory had until then tended to attribute to the State the role of maximizing social well-being, when a problem was encountered. in the allocation of resources, the theory**

¹ Quoted by Christine AYMAR, "The theory of the public choices facing the explanation of the fiscal structures: different points of view ", Policies and public management, Volume. 10 n° 4, 1992, p. 86, pp. 85-104

² C. HUGUES, " Some thoughts on the notion of municipal public policy in order to facilitate its evaluation", Workshop 5 - Can the assessment question the public resource ?, 7th foundation of the financial function, control and evaluation of public policies of local authorities, Cabinet Evalua, Montpellier, 2002, p. 2, 6 pages.

³ Anthony DOWNS, "Economic Theory and political theory ", French Magazine of political science, Volume. XI, n° 2, 1961, p. 402, pp. 382-412.

⁴ Invented by Duncan BLACK in 1948: In the electoral systems of majority type, the median voter, that is to say the one that is in the center of the distribution of the individual political preferences, determine the adopted politics. The procedure of vote permits to clear a steady majority in favor of a unique choice, this choice is the one of the median voters. It confirms the common sense: respectable to gather 50% of the voices more one, the voice of the median individual can make the balance lean.

⁵ According to the definition set out in the Quebec Lobbying Act, "Lobbying means any communication, written or oral, between a representative or an interest group and a public decision-maker with the aim of influencing decision-making".

http://www.transparence-france.org/ewb_pages/div/Encadrement_du_lobbying.php, consulté le 31/05/2017.

⁶ [...] *The exchange of the votes sends back to a negative lobbying procedure because it allows some parts to reverse the result waited of a majority decision. However, the contribution of Buchanan and Tullock shows that this mechanism permits to take into account the intensity of the individual preferences (level of importance that an individual grant to a politics) in the process of collective decision that uses the rule of the majority. Indeed, it is possible to improve its well-being while accepting a decision contrary to his/her/its preferences in a domain in which the intensity is weak in return for a decision favorable to its interests in a domain where the intensity of preferences is strong. The negotiations and the exchange of the votes can generate reciprocal advantages therefore.*

Sylvain FONTAN, James M. BUCHANAN, Gordon TULLOCK (2014), "rule of the political decision and the exchange of votes ", consulted on <http://www.leconomiste.eu/decryptage-economie/113-james-m-buchanan-and-gordon-tullock-rule-of-the-decision-politics-and-l-exchange-of-votes.html>, 31/05/2017.

of public choices has pushed to analyze whether, really, politicians were led to achieve the public good, through the search for their own interest, as economic agents are forced to contribute to the public goods, to achieve their well-being within the market¹ ”.

Unlike entrepreneurs or business owners who are directly interested in the value of the share, which is equal to the sum of discounted future profits, statesmen or elected officials prefer the short term, because their primary ambition to stay in power, and are thinking about the next election. So, in the short term, the local elected official has his political behavior. This idea was also expressed by Milton FRIEDMAN for whom “ [...] *the deliberate choice of the short term meets the requirements of the policies. In the political realm, the equivalent of the entrepreneur must first be elected before any innovation can proceed. However, to be elected, you have to convince your voters in advance. This is why he finds himself forced to prefer the immediate results that he is likely to offer his fellow citizens. It is therefore impossible for him to focus on the long term, while retaining some hope of staying in power²”.*

Indeed, the place and authority of a local elected official in his administration will depend on his model of tax choices. The tax choice model will depend on two models: - *Leviathan model* ; - and *model of political support*.

III.2 - THE LEVIATHAN MODEL

The Leviathan model where the maximization of tax revenue due to its position of power. For Brennan and Buchanan, “ [...] *the government must of course return part of this revenue in the form of transfers to the voters who brought it to power. But since the rational behavior of a party is not to seek 100% of the vote, but only the majority (Riker's minimum decisive coalition, 1962), a significant proportion of the total resources are then available for use. discretionary power of the ruling party. This is why the government is a Leviathan: its behavior is the same as that of a bureaucrat who seeks to maximize his budget (niskanen, 1971)³”.*

In terms of fiscal policy, this electoral constraint implies that the government compose between, on the one hand, its desire to increase public spending (which is assessed positively by the voters-taxpayers), and on the other hand, the need to finance them through taxes (which voters oppose). The constraint of re-election is not, however, the only one facing the government. This is moreover much less effective during the mandate: the government is then rather constrained by the various actors of the political game, in particular the opposition gathered within the deliberative bodies (municipal councilors) and the pressure groups (members of the executive board, civil society, the association of consumers or citizens who consume public services,).

The theoretical model is as follows :

Let R = amount of tax revenue and G = amount of public expenditure, $G = \epsilon R$ with $0 < \epsilon < 1$, ϵ represents the share of tax revenue that the government is obliged to use for the provision of public goods and services. The government's surplus S is then: $S = (1 - \epsilon) R$

The maximum levy that can be made by the government is: $R^* = \text{Max}_R [b(r), r]$, R^* is the maximum income which is a function of b , the taxable base and of r , the structure of the tax

¹ Quoted in the Theory of the public choices and legal interpretation, Geneva (2012), p. 4, 9 pages, http://www.kbblegal.ch/files/Theory_of_the_public_choices_and_legal_interpretation.pdf, consulted the 31/05/2017.

² Milton FRIEDMAN, trad. Daisy CAROLL", *Inflation and monetary systems* ", Calmann-Lévy, France, 1976, p. 29, 380 pages.

³ Quoted by Christine AYMAR", *The theory of the public choices facing the explanation of the fiscal structures: different points of view* ", *Policies and public management*, Volume. 10 n° 4, 1992, p. 88, pp. 85-104.

rates constitutionally authorized.

From this model, the conclusion of the thesis of Brennan and Buchanan which is based on the existence of this maximum tax revenue R^* : “ [...] In fact the underlying idea is that of Laffer (1940) according to which the tax yield (amount of revenue collected) increases with the tax rate then reaches a maximum (R^*). Then the increase in the tax rate leads to a decrease in the tax yield for different reasons: disincentive effect of tax, evasion, tax evasion, Along a Laffer curve, there are therefore two tax rates t_1 and t_2 (t_2 very clearly higher than t_1 which provide the same level of tax revenue). The Leviathan will maximize its revenues by imposing high rates on the broad bases or inelastic to the tax rate; the rule of efficiency of the normative economy becomes a rule allowing the maximization of the receipts. In fact, the government will act very much like a monopoly seeking to maximize its profit. The tax revenues are analytically comparable to the monopoly rent ¹”.

The importance of the School of Public Choice² theory then lies in the definition of the elected official's choice of policy, precisely in terms of tax rates and investment, to strengthen the treasury.

III.3 - THE POLITICAL SUPPORT MODEL

Local public administrations (or APUL), specifically the CTD, are highly politicized public institutions, in the presence of the elected official. The model of political support, according to Hettich and Winer, is that “ [...] the objective function of government is to maximize political support, and to maximize the number of votes expected. For their part, individuals seek to obtain the maximum net benefits from public policies. From a tax policy perspective, benefits come from government spending, while costs (losses) arise from taxes. It is these net benefits that will influence an individual's vote, and therefore their support for government. They develop their model of fiscal structure, from these assumptions on the behavior of the government, and on that of the voter-taxpayers ”. Taking into account the three main elements present in all tax systems are: - tax bases, - rate structures, - special clauses such as exemptions, tax deductions.

Let G be the public expenditure, and $b_i(G)$ the benefits drawn from these expenditures by the

individual i with: $\frac{\partial b_i}{\partial G} > 0$.

¹ Quoted by Christine AYMAR, "The theory of public choices facing the explanation of tax structures: different points of view", Public policies and management, volume 10 n° 4, 1992, p. 88, pp. 85-104.

² The school of the public choices: Vote of the citizens and choice of the politics of the elected

Besides, Anthony precise Downs that " [...] all citizen knowing pertinently that the influence of his/her own vote on the final result of an election stays limited very, don't go invest of times nor efforts in the understanding of the political topics and in the selection of the best candidate, that will also influence to the management of the Administrations and the finances of the State; (.) the politics explained maybe here with the help of the tools of the microeconomics where the politicians and civil servants behave like the actors of the market, except that it is not their own money that is in game. They aim to maximize their well-being and one can be therefore skeptical when to the action of the elected. The knowledge of this politics will permit to calibrate the orientations of the programs and the political actions to come that the elected will achieve during its mandate; (.) the elected don't get the advantage of a good management of the State and the public finances directly, if it is not the honor of which one understood here that he didn't often operate, they don't have any interest to pursue in this way but prefer to assure their maintenance rather to the power, their political orientation in his/her management will be on order of reelection but not on a lasting development, from where a temporary reform; (.) and the public sphere is by less efficient gas than the market. She/he doesn't look for profit. Indeed, the bureaucracy is not submitted to the competition and doesn't have therefore to worry about its productivity and its efficiency. Besides the controls exercised on the administration are inoperative because these are same administrations that provide the information necessary to their own control ”.

Anthony DOWNS, "Economic Theory and political theory ", French Magazine of political science, Volume. XI, n° 2, 1961, p. 402, pp. 382-412.

In addition, the individual's vote will be negatively influenced by the losses in full income resulting from taxation: let V_i be these losses and $C_i(V_i)$ the function representing the individual's opposition to taxes with $\frac{\partial C_i}{\partial V_i} > 0$. The larger $C_i(V_i)$, the weaker the political support will be. The government will have to choose a level of public spending and a tax rate that maximizes political support. The government's maximization program is then: $Max \sum_{i=1}^N [b_i(G) - C_i(V_i)]$. The solution of this model therefore consists of N taxable bases and N associated tax rates.

III.4 - OPTIMAL TAXATION

The increase in the domestic tax burden cannot be carried out without worrying about the distortions that taxation produces on market balances (efficiency), nor on its redistributive impact (equity). The two models of tax choices given, it is then necessary to resort to a theoretical tool to guide tax reforms in an optimal direction, while reducing social inequalities. The theory of "optimal taxation" maximizes collective well-being, for a given level of tax revenue.

The analysis of the incidence of taxation was originally developed by Ramsey (1927). The framework of assumptions is standard: Markets are competitive and free of externalities. The preferences of consumers and producers are convex. The optimal solution of the property tax rates obtained by the resolution of Ramsey's program (1927), known as the "Ramsey¹ rule", is then the solution which minimizes the "impact" of the intervention of the government. State. Let x_i and t_i are respectively the demand (volume) of the consumer and the rate of taxation of goods i . Let R be the fiscal income of the State, R can be written: $R = \sum_{i=1}^n x_i t_i$

The preferences of the representative consumer are represented by an indirect utility function, whose arguments are: the price of goods to the consumer (q_i), the wage rate (w) and a flat income (I). Hence, the indirect utility function is written: $V = V(q_1, \dots, q_n, w, I)$ (I is assumed to be zero thereafter). So, the optimal tax program is written:

$$\begin{cases} \max V = V(q_i, w, I) \\ R = \sum_{i=1}^n x_i t_i \end{cases}$$

The RAMSEY rule can then be stated as follows: " [...] The goods for which the compensated demand varies little according to the set of prices must then be relatively more heavily taxed. The authors place an additional restriction on the RAMSEY rule hypothesis framework, assuming that the cross-price elasticities are zero. The partial nature of equilibrium is further enhanced (Atkinson and Stiglitz 1980). "The law of inverse elasticities" is therefore a special case of Ramsey's law, which makes it possible to obtain a relation of greater practical interest. It can be expressed as follows: a tax system is optimal, when the tax rates on goods are inversely proportional to the direct price elasticity of their demand²".

Thus, by considering this optimal taxation, various theoretical literatures enumerate the

¹ Quoted by Jean-François GAUTIER, "Optimal taxation and tax reforms in developing countries: A review of tropicalized literature", DIAL, Work document DT/2001/02, 2001, p. 4-7, 31 pages.
² Cité par Jean-François GAUTIER, "Optimal taxation and tax reforms in developing countries: A review of tropicalized literature", DIAL, Work document DT/2001/02, 2001, p. 4-7, 31 pages.

existence of horizontal interactions between communities, the choices of a community, in particular in terms of taxation, can impact the choices of other communities of the same rank. These fiscal interactions are due either to the potential mobility of the tax base (we then speak of models¹of tax competition), - or to the fear of local decision-makers of not being re-elected (models of political competition by comparison (yardstick competition) or political support model seen previously). According to the analysis of TIEBOUT C. M. (1956)², households are located in the Commune, offering the public goods / tax pair that best meets their preferences. Households will compare the combination of taxes and services offered by their Municipality with that of others. By moving, a household changes the level of well-being in its departure Municipality as well as in its destination Municipality.

IV - THE FINANCING OF THE MUNICIPAL BUDGET

The financing of the municipal budget is provided for the most part by revenue from local taxation, various duties and taxes from public services, royalties, and a small assistance fund from the State. Contrary to developed countries, for example like France, whose CTD have a strong financial autonomy, " [...] *the various transfers to the local communities went from 15% of the budget of the State in 1980 to more than 19% in 1999, to date, (...) is largely true of the decentralization of competence*³", the support funds are very high.

IV - BUDGETARY CONSTRAINTS AT THE LEVEL OF CTD

The decision-makers or the executive head approved by the board is the agent of the CTD's execution budget. As part of the fluctuation of economic variables (inflation, variation in revenue induced by the crisis, ...), political decision-makers are subject to budgetary constraints when it comes to budget management. In a decentralized economy, "*the hard budget constraint*" requires that local decision-makers perceive the totality of the gains and bear the totality of the financial burden entailed by their decisions, that is to say that the efficient allocation of resources requires that they internalize the gains and costs incurred from the execution budget. As McKinnon (1995) point out, " [...] *a hard budget constraint is necessary for competition between communities to take place and to provide local decision-makers with the incentives to maximize the well-being of residents*⁴". Contrary, it is possible that the CTD, by respecting the rule of ex-post budgetary balance (forecast resulting from the ex-ante budget N-1) has the possibility of transferring all or part of the expenses to other agents external to the CTD. For example, the case of the assumption of responsibility for CTD debts by the State, through an equipment or investment subsidy⁵, depending on the nature of the expenditure. We then speak

¹ For example, the differences of applied tariff concerning Refund on the export of Litchis (Urban Township of Fenerive-East) and the tariff of the parking Litchis right in the city of Toamasina. I.

² C. M. TIEBOUT, "IN Pure Theory of Local Expenditures", Newspaper of Political Economy, n° 64, 1956, pp. 416-424.

³ Guy GILBERT, "The finances of the collectivities decentralized and the financial relations between levels of collectivities in France: Tendencies and perspectives ", Symposium organized by the Commission on the Fiscal Unbalance, 13. September 14, 2001, Quebec, 2001, p.13, 30 pages.

⁴ Guy GILBERT, François VAILLANCOURT, "budgetary Balance and solvency of the local collectivities in a decentralized environment: What lessons to pull national experiences? ", French Agency of Development, Document of work n° 132, Paris-France, 2013, p. 64, 94 pages.

⁵ [...] *One recovers an identical situation of soft budgetary constraint in the model of Wildasin (1997) where the concession of supplementary endowments on behalf of the state can only benefit to the collectivities of a sufficiently important size so that in case of financial difficulties, the cuts that they would be brought to practice in the collective services would be so important that they would require a supplementary help on behalf of the State.*

of "budgetary externality" and "financial externality or fiscal externality", if the expenditure generates financial expenditure (in the case of loans). This externality then encourages the CTD to ask for more resources or to spend more (in the event of a surplus). We thus speak about a "budgetary indiscipline"¹ (fiscal indiscipline) because it places the CTD in front of a "soft" budget constraint (or constrained soft budget).

We then have the equilibrium equation: $S = T - G$ with S: gross savings, T: operating resource and G: operating expenses excluding interest in the event of a loan. In the context of a soft budget constraint, the equilibrium is then written: $\Delta S = (T + D) - G$ with ΔS : variation in gross savings or marginal gross savings and D: endowments or subsidies.

So, the general policy of decentralization within the local public administration (APUL) is an orientation of the State, with a view to making common basic structures, to boost local development, to provide the quality of local services and local governance.

V - PROBLEM OF THE FINANCIAL ANALYSIS OF CTD BUDGET EXECUTIONS IN MADAGASCAR

In practice, the financial analysis of the CTD is limited to the result² (balance between revenue and expenditure) to analyzes of the variation in revenue and expenditure flows, that is to say the calculation of budget execution ratios. by nomenclature and analysis of their monthly variations, and overall ratios, by operating and investment section. It is the relationship between actual execution and potential execution. This is how we have the following formulas:

- let r be the revenue realization ratio for year n

$$r_n = \frac{\text{recouvrement}_n}{\text{prévision}_n} \quad \text{recovery : recouvrement / Prevision : prévision}$$

- or d , expenditure execution ratio for year n

$$d_n = \frac{\text{exécution}_n}{\text{prévision}_n} \quad \text{execution: execution / prevision}$$

For changes in budget execution: evolution des recettes: evolution of revenues or incomings / evolution des dépenses: evolutions of expenses

Quoted by Guy GILBERT, François VAILLANCOURT, "budgetary Balance and solvency of the local collectivities in a decentralized environment: What lessons to pull national experiences? ", French Agency of Development, Document of work n° 132, Paris-France, 2013, p. 64, 94 pages.

¹ Budgetary insubordination: "1 - [...] the recourse to the financing of the local expenses by transfers from other non justified collectivity levels by expenses or the exogenous constraints take in charge of the collectivities, or, what comes back to the same, by the export of the local taxes. (.) 2. [...] the possibility to take back the budgetary deficits of year in year (deficit rollovers). (.) 3 - [...] the possibility to benefit from measures of refloating by other collectivities (bailing out). In this case, the local expense, non-financed ex ante, it becomes ex post, thanks to the contribution of outside resources ".

Quoted by Guy GILBERT, François VAILLANCOURT, "budgetary Balance and solvency of the local collectivities in a decentralized environment: What lessons to pull national experiences? ", French Agency of Development, Document of work n° 132, Paris-France, 2013, p. 63-64, 94 pages.

² [...] - **the global result or fund of rolling** is the balance of the operations achieved during an exercise. It can be improved fictitiously by a certain number of practices that consists in keeping under the elbow the invoices received during the last quarter, to anticipate broadcasts of titles of returns, to defer annuities of loan, to practice an amortization fine in, ...; - the net result is the algebraic sum of the global result and operations reported (committed expenses not mandated again, returns not regained again). These plottings are registered to the administrative account (balance of execution of the previous exercise) that is voted September 30 of the following year at the latest, the plottings being taken then immediately on a document that one generally calls the supplementary budget.

Michel KLOPFER, "The financial analysis of a local collectivity ", ENA / IEP, Paris, 1992, p. 152, pp. 151-167.

$$\text{- evolution des recettes}_{n+1} = \left(\left(\frac{\text{recouvrement}_{n+1}}{\text{recouvrement}_n} \right) - 1 \right) \times 100$$

$$\text{- evolution des dépenses}_{n+1} = \left(\left(\frac{\text{dépenses payées}_{n+1}}{\text{dépenses payées}_n} \right) - 1 \right) \times 100 \quad \text{dépenses payées : expenses paid}$$

This method does not make it possible to appreciate an in-depth analysis of the municipal budget because we will never know the different analyzes of charges in relation to the revenue collected. Hence the need for a financial analysis¹ and especially in the event of a municipal debt. For example, the structural rigidity ratio which makes it possible to perceive the staff charge, the interest charges (in the event of a loan) compared to the operating income to make hiring decisions and to have room for maneuver (or limit of the threshold) to the operating expenditure to be realized.

VI - THE CONCEPT OF NEW PUBLIC MANAGEMENT

VI.1 - THE FOUNDATIONS AND ADVANTAGES OF NEW PUBLIC MANAGEMENT (NPM)

Known under the Anglo-Saxon name of New Public Management (NPM), New Public Management is a reform of public administration, aimed at introducing principles and methods from the private sector, into public organizations. Qualified as “*managerialist*” (Pollitt, 2000) ², “*this reform takes various forms depending on the country. Emery and Giauque (2005) state that: the purpose of this reform is to conduct public affairs, by largely transposing the methods developed within private companies. More generally, the market model, strongly brought up to date by neoliberal economists, conveying the values of competitiveness, competition and skepticism in the face of State interventionism, was essential in the background of a simplified vision of public services, assimilated without distinction to public service companies manufacturing products for customers*”³.

“ [...] Historically, NPM first appeared in the UK before spreading to all OECD countries as well as several developing countries. In Anglo-Saxon countries, the establishment of the NPM was rapid. For example, in the United Kingdom, in the early 1980s, many public companies were privatized (British Telecom, British Airways, British Rail, ...). As early as 1983, measures to reduce waste and increase the quality of services were put in place. Subsequently, the Next Steps program in 1988 led to the creation of numerous executive agencies responsible for specific public service missions. These agencies, whose mode of operation is similar to that of companies, can free themselves from public law. They have enjoyed great autonomy in financial matters, in human resource management and in terms of organization and mode of production in order to provide citizens with better quality public services at a lower cost. Various texts followed to support the reform of the public sector such as the Citizen's Charter in 1991 (placing the

¹ [...] An ignorance of these mechanisms brought numerous collectivities to be content, concerning clean saving, of the strict minimum (often same negative) permitting the balance by section (cover of the amortization of the debt in capital by definitive returns that can limit themselves legally to specific subsidies) what is notoriously insufficient to guarantee a lasting financial autonomy. So cumulative processes of deterioration of the financial structure engaged themselves in a number important of townships, risking to clear on a real trivialization of the excessive debt risk.

Michel KLOPFER, "The financial analysis of a local collectivity", ENA/IEP, Paris, 1992, p.151, pp. 151-167.

² Quoted by Beloved TOGODO AZON, "Impact of the Context Factors on the Design of the Systems of Management Control in the Collectivities Local Beninese: A Contingent Approach", Thesis economics, University of Liege, 2012, p. 16, 363 pages.

³ Yves EMERY, David GIAUQUE, "Paradoxes of the public management", The Harmattan, Paris, 2005, p. 12, 252 pages.

citizen at the center of the administration), the Deregulation and Contracting Out Act in 1994, the Investors in People program in 1996 or the Modernizing Government. White Paper in 1999 promoting an effective, efficient but also fair and diverse public service. In New Zealand, similar reforms appeared in 1984 in order to alleviate the serious financial difficulties encountered by the country. The reforms will affect the sharing of responsibilities (State Sector Act, 1988), accounting (Public Finance Act, 1989) but also local administrations (Local Government Act, 1989) and the public service (Public Service Principles, Conventions and Practices, 1995)¹".

" [...] Management methods - traditionally employed in the private sector - have gradually spread in the public sphere, constituting the current of New Public Management (NPM) also called New Public Management (NPM). This process has affected, to varying degrees and in various forms, all OECD countries and many developing countries. (...) The main idea of NPM is that the management methods of the private sector, superior to those of the public sector, can be transposed to it. The public sector is considered inefficient, excessively bureaucratic, rigid, costly, focused on its own development (Leviathan effect), non-innovative and having an overly centralized² hierarchy "

Three reasons could explain the need for this NPM:

- the application of NPM obliges the CTD to set up a new accounting procedure based on new techniques, detailed, reliable and up-to-date information;

- the use of financial valuation techniques: the ratios " [...] Local authorities are manifested in the growing interests of financial analysis techniques (solvency diagnosis, budget forecasting and handling of uncertainty) which requires further study to provide territorial administrations with truly effective tools for the anticipated management of financial risks, as well as fiscal risks, in order to fill their scarce financing resources (financing by tax revenue and borrowing). Local financial analysis aims, in the words of Joseph CARLES (1992), to manage the future in the present³";

In other words, the NPM aims to achieve: economy (assurance that there is no more money spent than expected), efficiency (reflection of the relationship between input (input) and output (output)) and efficiency (ensuring that the objective of meeting social needs is achieved). But the controversies that the NPM, cited by A. TOGODO AZON (2012)⁴, " [...] aroused (Pallot and Lapsley, 2000; Boden et al., 2006; Newberry and Pallot, 2004; Hernes, 2005), have led : Emery and Giauque (2005) to point out the paradoxes of this reform, Cunningham and Harris (2001) to ask for a great deal of responsibility and the taking into account of contingent and configurational approaches⁵ in its implementation, Kane and Patapan (2006) to urge to a prudent and wise application of the NPM "

The NPM is inspired by the British model, Christopher Hood (1991). He defined it as the ideal type of new public management.

¹ Quoted by Anne AMAR, Ludovic BERTHIER, "The New Public Management: Advantages and Limits ", RECEMAP, pp (Network of teacher Researchers and Experts in Public Management). 4-5, 2008, 13 pages.

² Anne AMAR, Ludovic BERTHIER, "The New Public Management: Advantages and Limits", RECEMAP, 2008, p. 1.

³ Quoted by Alain GUENGANT, "Financial Analysis of the local collectivities and uncertainty ", Policies and public management, volume 13, n° 3, 1995, pp. 123 - 139.

⁴ Quoted by Beloved TOGODO AZON, "Impact of the Context Factors on the Design of the Systems of Management Control in the Collectivities Local Beninese: A Contingent Approach ", Thesis economics, University of Liege, 2012, p. 17, 363 pages.

⁵ The effect of the size, the effect of the strategy, the effect of the uncertainty to the environment.

VI.2 - REFORM IN THE MANAGEMENT OF LOCAL PUBLIC FINANCES THROUGH THE NPM APPROACH

The general problems of public finances are the inefficiency of public spending, in terms of expected results for the delivery of public goods and services, with a view to reducing poverty, for several reasons. These problems are expressed by a significant budget deficit, poor orientation of public spending or failure to take into account the needs of the population, lack of knowledge and more effective method¹ of officials, economic instability² induced by political and economic crises.

To resolve these problems, given that the CTD, here precisely the Communes, are Local public administration (APUL), they cannot escape the rules and processes of public finance reforms, applied by the State, and imposed by donors and cooperation missions, to get the developing countries out of their poverty. So, a medium-term planned public expenditure management where Medium-term expenditure framework (CDMT³) oriented to Result-Based Management (GAR) is adopted by the Madagascar⁴ State with its General State Policy (a rationalization budget and performance).

The succession of the various reforms of public finance management (or PFM), at the level of local communities, are concerned with:

- improving the collection and management of local taxation;
- improving budgetary and fiscal information provided to communities;
- adaptation of the budget nomenclature⁵ of communities to the standard of the program budget;
- and training for local decision-makers and managers.

This reform process relates to the development of the performance approach. According to (Waintrop, Chol, 2003), " *the ability to achieve previously set objectives, expressed in terms of socio-economic effectiveness, quality of service or management efficiency*"⁶. Further specify by "VILLARMOIS (1998) which distinguishes two dimensions of performance: an objective dimension of

¹ [...] Essentially because of their complexity. More specifically, in the French case, three reasons of failure in the RCB can be put forward: first of all, an insufficiently taken political context in account, a lack of transparency and collaboration between the ministry of the finances and the extravagant ministries, finally, the successive macroeconomic ruptures of 1975 and 1982. We can add to these reasons, a vision excessively centralizing and the insufficiency of the formation of the administrative settings to these new methods (Perret 2006).

² According to the survey of the tie between poverty and the economic instability, by Guillaumont and Korachais (2006), " *the instability creates phenomena of pitfall to poverty. So, the social public expenses are going to prove to be inefficient if they are not Contra cyclic, what can prove to be difficult in the setting of the countries in development and in transition that sees their capacity of tax collection, their resources to decrease when the conjuncture is bad. So, the social public expenses are going to prove to be inefficient if they are not Contra cyclic, what can prove to be difficult in the setting of the countries in development and in transition that sees their capacity of tax collection, their resources to decrease when the conjuncture is bad* " .

³ To see Setting of expenses medium-term or CDMT to the page 22.

⁴ From the Organic Law on the Laws of Ministry of Finance (LOLF) 2004 and application in LOLF 2005 and on this day.

⁵ [...] This nomenclature also appears to be closer to the political concerns of elected officials, who can thus foresee and monitor the implementation of the broad guidelines they have defined, by area of competence exercised by the community. In his mind, the functional presentation is the most likely to approximate the new budget presentation of the State resulting from the Organic Law of the Finance Law.

⁶ Thierry THE NEDIC, "The Performance in the public sector: Tools, actors and strategies, The experience of the City of Paris ", Memory Sciences of management-Master 2, University Paris X, 2009, p. 25, 128 pages.

economic type (efficiency) and systemic (sustainability of the organization) and a subjective dimension both social (human resources) and societal (legitimacy of the organization)¹ ", in particular, Urio (1998)² characterizes this approach by the " 3E ", that is to say by the criteria of economy, effectiveness and efficiency, the latter aspect being the overriding objective of the NPM.

So, a generalization of internal and external audit processes, the development of management control within the communities and the widening of the budgetary orientation debate to an indicative multi-year forecast must be put in place.

The current way in which the CTD proceed with their management technique cannot therefore effectively achieve the objective of this reform, due to the lack of skills or traditional techniques as well as the predominance of elected officials' politics.

Through the study of the budgetary policy of the case of a Municipality in Madagascar³, previously, the problems of room for maneuver, the budget forecasting and execution process not correlated with the economic situation,, we can see that a prospective new principle of administration must be put in place. It is with this in mind that local authorities, as local public administration (APUL), must use the best management techniques allowing them to account, at all levels, for their policy, their effectiveness and their service mission. Public. However, the increased development of public policy on decentralization increases the complexity of the operations to be carried out, the reduction of the means associated with their needs, following financial autonomy, requiring them to take into account a new dimension in matters performance improvement, more demanding in administration and management methodology. This is why Benoît LEVESQUE, in his article entitled "The new public value, an alternative to the new public management", quoted that " [...] *The new public management (New Public Management) inspired most of the reforms and innovations in public administration over the past three decades (Osborne and Gaebler, 1993). (...) This approach has given rise to various definitions inspired by two theoretical sets: the new institutional economy (public choice, monetarism and the supply⁴-side economics) and a "managerialism" formed by a mixture of management theories, motivational psychology in business and "pop management" (Hood, 1991). These two groups share the same desire to introduce models of private enterprise and competition in the public sector, and to question the traditional values of public administration, in the name of efficiency, creativity and of risk-taking* ⁵". Likewise also for Dahlström, Peters and Pierre (2011, p. 263), " [...] *The idea behind the NPM was to increase the efficiency of the public sector by separating policy from service delivery activities. government and specialize government. These changes have led to the "decentralization" of the*

¹ VILLARMOIS, "The concept of performance and its measure ", Acts of the XIVth Days of the IAE, Volume 2, Nantes, 1998, pp. 199-216.

² URIO, Paolo, "The public management to the service of the market, in M. Hufty, The thought accountant: State, neoliberalism, new public management ", The new Notebooks of the IUED, PUF, Paris and Geneva, 1998, pp. 91-124.

³ Amaïde Arsan Miriarison TSIKOMIA, "To Optimize the budgetary performance of the Territorial Collectivities Decentralized: Research of a model ", Thesis of Doctorate in economics. Public Economy, University of Antananarivo, 2017, p. 150 - 170, 536 pages.

⁴ [...] *The theory of the offer makes come out again that the actions of the State first affect the allowance of resources and that one of the consequences of this allocative effect can be a variation of the level of the general economic activity. In the same way, this fashion of analysis shows that these allocative effects of the budgetary measures influence the consequences of these same actions strongly concerning distribution.* RABOY, G. DAVID", The economy of the offer, "Economica, translates the American by Henri P. BERNARD (1984), Paris, 1984, p. 15.

⁵ Quoted by Benoît LEVESQUE, "The new public value, an alternative to the new public management ", Magazine Economic Life, Volume 4, number 2, Montreal, 2012, p.1, 18 pages.

government, that is to say, they have deprived the center of significant leadership capacities¹ "

Public management must be adapted to the economic situation and to the many changes in State administrations. It is with this vision that Thomas ALGUAZIL, Aurélie BONNIN et al. Stresses that " [...] the NPM calls into question not only the management of public administrations strictly speaking, but also pushes the State to question itself about its role and its missions: it is the finality of the State which is put to the test. And who says change of purpose says change of strategy. NPM is therefore a redefinition of state strategy. Such a reorientation therefore implies a change in the means of achieving these objectives²".

For Pettigrew (1997)³, he defines NPM by the following principles:

- refocusing of the public sector on sovereign activities and on activities recognized as a public service (exclusion from the public sphere of market activities);
- greater autonomy granted to managers and intermediate levels (principle of managerialization) and accountability for the results expected by users and / or supervisors (principle of accountability);
- negotiation of resource allocations (budgets), including through competitive bidding procedures. This translates into greater participation of public sector executives in the construction of their budgets, and a desired increase in their commitment;
- strengthening of governance arrangements by systematic evaluation of the resource / value pair (value for money).

The major position of the elected local in his decision rather of a political rationality (being reelected or the effect of domination of the political party), his inexperience in his choice, can cause major socio-political problems. And as most are themselves politicians parachuted by the power or the adversary party, we call here butterflies, no need to be surprised at the spectacle as strange as unexpected that their efforts of governance offer us, as we will not necessarily judge from a positive vision. This is why public management is such an ambiguous and imprecise term.

Table 1: Comparison of Weberian and NPM type administrations

	Weberian Administration	NPM administration
Objectives	To respect the rules and the procedures	To reach the results, to satisfy the customer
Organization	Centralized (functional hierarchy, pyramidal structure)	Decentralized (delegation of expertises, structuring in network, governance)
Sharing of politicians' responsibilities/administrators	confused	clear
Execution of tasks	Division, parcellisation, specialization	autonomy
Recruitment	contest	contracts
Promotion	Advancement to the seniority,	Advancement to the merit,

¹ Quoted by Benoît LEVESQUE, "The new public value, an alternative to the new public management ", Magazine Economic Life, Volume 4, number 2, Montreal, 2012, p.1, 18 pages.

² Thomas ALGUAZIL, Aurélie BONNIN, Charlene COUTET, Rudy PARIAUD, "The new public management in question: Is the application of the New Public Management adapted to the French public organizations of today? ", University of POITIERS, 2010, p.6, 25 pages.

³ Andrew PETTIGREW, "The new public management drives to a new public-deprived hybrid model ", French Magazine of Management, 1997, p. 113 -120.

	not of favoritism	to the responsibility and to the performance
Control	Indicator of monitoring	Indicator of performance
Type of budget	Centered on the means	Centered on the objectives

Source : Anne AMAR, Ludovic BERTHIER, "The New Public Management: Advantages and Limits", RECEMAP (Network of Teachers, Researchers and Experts in Public Management), p. 3, 2008, 13 pages.

The comparison of the administration carried out by Anne AMAR and Ludovic BERTHIER shows that the NPM groups together seven categories of elements: objectives, the type of organization, the mode of sharing of responsibility between the politicians and the administrators, the management of human resources. (recruitment and promotion), the means of budgetary control and the type of budget. In general, for Madagascar, in the context of the decentralization process, the local public administration is the NPM type, both political, objective and budgetary, only within the framework of the human resource (HR) which is mixed. Only HR is more of the Weberian type for public establishments, and NPM type in the semi-public or EPCI (public establishment of an industrial and commercial nature). The reforms were marked above all by the shift from Weberian to NPM, a budget of means towards budgets focused on the objective and the result. This HR problem is a major problem at the APUL level given the social recruitment hypothesis. So, the application of the HR mode of the NPM can encourage organizational refusals on the part of employees, due to the refusal to change (constraint of incompetence and stability in their career management), a major structural load in the framework for training and upgrading staff ...

But it must be taken into account " [...] *that there is no single and homogeneous conception of public decision-makers in the face of NPM: for some, the public sector has no other vocation than to replace the failures of competition and the market and its improvement requires the application of the tools and methods of the private sector (Jacot, Fouquet 2007), when it does not go as far as the outright privatization of public services¹ "*.

However, we note that management monitoring systems are gaining ground following reforms of public organizations, demonstrating the in-depth analysis of performance and results of public activity, through indicators and Dashboards. The elements resulting from management monitoring must be such as to optimize the means implemented. The measurement of the efforts devoted to an activity makes it possible to verify the results obtained, with regard to the availability or existing resources. It is therefore a question of using the results with a view to a possible redeployment of the initial means, to obtain a higher level of service, or to develop the quality of the service, without increasing the available means in the event of insufficient resources. local resources and the weak contribution of the State in times of crisis. This is how " [...] *the NPM also recommends a clear separation between design (political decision) and implementation (management). It distinguishes between the relevance and coherence of public policies (which is the responsibility of political decision-makers) and the efficiency of the services which implement the policies decided (which is under the responsibility of managers). The effect of "good" policies (ie offering tailored solutions to the problems that citizens face) can be minimized or even wiped out by ineffective implementation, while "bad" policies can be applied with care. efficiency. Performance measurement must therefore provide information on both **the effectiveness of policy choices and the***

¹ JACOT, Henri FOUQUET, ANNIE, "The citizen, the elected, the expert ", The Harmattan, Paris, 2007, p.53.

*efficiency of management choices*¹.

NPM is not just a method based on performance indicators and analysis of these results on a dashboard developed by local decision-makers as an evaluation system. " [...] *In this context, the question of evaluation also arises, addressed by Frédéric Varone and Steve Jacob. If the use of evaluation, by making the effects of policies visible, potentially serves to steer and (re) legitimize political action, how is it that its institutionalization is not widespread in some countries? Few of the politico-administrative systems adopt it as a common practice in the service of democracy, as a means of improving the management of public policies in dialogue with elected officials and citizens. The NPM, paradoxically enough, does not seem to advocate its systematic use, but prefers to promote simple performance measurements of administrations, through indicators and dashboards, like the practices in force in private companies*² ", it is important that the management method and management monitoring be implemented on the basis of the following quality/cost ratio objectives:

- reduce the cost of activities while preserving the quality of services;
- increase the financial room for maneuver by offering, at the same cost, more services;
- measure and forecast the budgetary cost of policies;
- plan revenues (assess the net cost, and no longer just the gross cost, while being aware of the extent of cash flow mismatches between revenue and expenditure);
- and plan as early as possible of the expense or preventive action to reduce or prevent it.

Such objectives would remain the definition of objectives and the programming of actions, the establishment of resources and the monitoring of results.

The application of the principles of NPM thus allows a rationalization of public expenditure, thanks in particular to the introduction of management control in the administrations. This rationalization was at the origin of a new and better allocation of public revenue. Much wastage will thus be avoided. " [...] *In addition, the introduction of NPM has helped to avoid a lot of waste and to achieve substantial savings. This is the case in Australia, without affecting the quality of the services offered (Domberger and Hall, 1996). In New Zealand, according to the former Minister of Industry Mac Tigue (2005), the staff of the administration has been reduced by 66%, the share of the State in the GNP has fallen from 44% to 27% altogether. allowing an increase in productivity. Budget surpluses have reduced public debt from 63% to 17% of GNP and reduced income tax rates. This reduction resulted in additional revenue of 20%. According to Burnham (2000), in the United Kingdom, NPM has led to a reduction in costs, an increase in the quality of services, better productivity and a sharp decrease in the number of civil servants (less 34% since 1979)...³. "*

The purpose of NPM is therefore:

- an orientation towards the result (objective to be reached and priorities, and to measure the performance);
- quality guidance (offering services that meet the expectations and needs of citizens as closely as possible);
- and efficient guidance (ensuring efficient use of citizens' contributions).

Moreover, according to Laufer and Burlaud (1980), Hood (1991), Pollitt and Bouckaert (2000) and Gruenind (2001), cited by A. AMAR and L. Berthier, the various actions of NPM fall within four functions:

- *strategic function* in the definition of the priority orientation axes of results-based

¹ Virginia GALDEMAR, Léopold GILLES, Marie-Odile SIMON, "Performance, efficiency, efficiency: are the criteria of assessment of the social Policies Applicable? ", Notebook of Research. CREDOC, n° 299, France, 2012, p.10, 80 pages.

² Christian of VISSCHER, Frédéric VARONE, "The new public management in action ", International Magazine of politics compared, 2004/2 Volume. 11, France, 2004, p. 184-185, pp. 177-185.

³ Quoted by Anne AMAR, Ludovic BERTHIER, "The New Public Management: Advantages and Limits ", Network of teacher Researchers and Experts in Public Management - RECEMAP, 2008, p. 7, 13 pages.

management, of partnership or inter-municipality and of the culture of performance;
– *finance function* within the framework of the program budget (objective, means and results);
– *marketing function* to determine the real needs of the population and their willingness to pay for a service in return for taxation;
– and *the human resources function*, in order to eliminate social recruitment and analyze the room for maneuver on expenditure (control of salary costs and the overall level of operating expenditure, motivation and encouragement of staff initiative through bonuses, promotions, training in the context of new reforms, empowerment of agents through monitoring and evaluation, ...).

These four functions must be equipped with management tools and econometrics, due to the dependence of local public administrations on economic policy conditions (for example for the marketing function, using the SWOT or SWOT method, Benchmarking and indicators, for the finance function, cash management methods, cost analysis of management control and a microeconomic forecasting model, in terms of resources: fiscal shock, impact of the economic environment, i.e. crisis and inflation, insufficient budgetary financing of the State contribution, which obliges the need for modeling techniques and operational research, without forgetting the contribution of NICT as a means of numerical simulation,

The existence of many methods that the NPM recommends within the framework of the reform of public administrations, the most commonly used within the framework of the information system applied to management, is the use of Information Technology tools and Communication or ICT. The focal point of the modern information system, in this sense, is computing and the Internet. An example of the application of this method is the software of the integrated system of the management of Madagascar public finances (SIGFP) as an innovative and proven device of management by the results, HETRA for property taxes, which initiated the reforms to renovate public finance management, and local government finance in Madagascar. The implementation of the principles of NPM will also allow a rationalization of public expenditure, thanks in particular to the introduction of management control in the administration. This rationalization led to a new and better allocation of resources.

The emergence of New Public Management in public finance management would then enjoy increasing control over other administrative entities, which would put some pressure on their results¹.

VI.3 - MEDIUM-TERM EXPENDITURE FRAMEWORK (CDMT)

The management Results-Based Management or GAR remains an adapted management method, linked to planning² and decision-making. According to Amantchi GOGOUA (2012)¹, “

¹ [...] *Without underestimating the necessity of a management of the performance and the risk to plate a model on an insufficiently transformed administrative reality, some collectivities rush, since some years, in steps of performance adapted to their context, that it is at the United States, in Australia, in Italy (Guthrie and Farneti 2008) or, now, in France. However, if the notion of performance is at the heart of public managerial reform policies, its analysis is delicate because of the two levels of reality to which it refers: performance can be the objective (implementing a performance management system), but also the means of public reforms (creating performance objectives).*

Quoted by Christophe MAUREL, David CARASSUS, Damien GARDEY, "The local steps of public performance facing the LOLF: Mimeticism or innovation? ", Policies and public management [on line], Volume 28/4 | 2011, put on line April 11, 2014, consulted June 26 2017. URL: <http://pmp.reviewed.org/4423>; DOI: 10.4000 /pmp.4423, p. 418, 418-440 page.

² [...] *Management centered on the performance and reform of the public function: Nepal is determined to improve the governance and the capacities of his institutions, what will improve the concordance between the scheduling and the measurable effects. In the same way to the Efforts opened out to bring the administration to the ideal size, indicators of performance have been defined for all ministries. (...) one establishes a correspondence between these indicators and the indicators of definite effects in the plans of sectorial activities. This mechanism of follow-*

[...] management *Results-Based Management (GAR)* is a public sector management approach geared towards: - reaching development targets; - the accountability of state officials; - transparency and accountability in public management; - and the use of available data to improve the decision-making process ". According to this definition, GAR is a **method of rationalizing the management of the state**.

The CDMT is only an operational modality of budget planning and execution respecting the criteria of GAR. GAR consists of:

- integration of financial and non-financial performance information;
- the design and implementation of adequate controls;
- measurement of results (effects and impacts);
- the application of integrated risk management.

GAR is then an approach which is also fundamentally based on the principle of a chain of causes and effects, which links the inputs (resources and activities) or input, products or outputs and the impact at the program level. " [...] *Results-based management is an approach that focuses on effecting change in a community and requires making strategic and logical connections between the various elements that make it up. These elements are the **inputs, activities, outputs, results and performance indicators** that are used to measure progress towards the achievement of results²* ".

Furthermore, " [...] *The objective of the CDMT: to improve macroeconomic balance and budgetary discipline; improve the inter- and intra-sectoral allocation of resources based on prioritization of expenditure; reconcile sectoral development objectives with the programs initiated by the Government. (...) Rolling multiannual programming involves the implementation of a medium-term expenditure framework (CDMT) which helps to strengthen the efficiency of public expenditure in addition to the other mechanisms under the new budget approach based on results³* ".

According to the definition HOUEROU and TALIERCIO (2002) or HOLMES and EVANS (2003), "[...] commonly used, in particular by Le taken from the public expenditure management manual of the World Bank, is as follows:" A CDMT includes an envelope global financial plan set at the top by the central services, basic discussions for the estimation of the present and medium-term costs of public policy options and, finally, a process of adjustment of costs and available resources. " (World Bank, 1998)⁴ ".

According to Allen SCHICK, the definition of a CDMT,

" [...] *Basically a CDMT is a process in which annual budget decisions are made in light of multi-year constraints on spending. Before preparing the budget, the government estimates the resources that will be available for each of the years to come over the period of the CDMT. The expenditure authorized in the budget is projected for the period covered by the CDMT and must remain within the limits of resource constraints. The CDMT can also coexist with a national plan, although the two may have different time*

up of the performance, that comes to complete the existing systems of follow-up of the public expenses and the performance, go permitting to determine: i) if resources affected to the programs and projects targeted arrive altogether to the institutions that finally see to the benefit of services; ii) if the extrants and the services associated to these programs and projects benefit to the penalized regions / groups.

Shankar Prasad SHARMA, "Nepal: Toward a management centered on the results, national Commission of scheduling ", Nepal, 2002, p.61, pp. 58-61.

¹ Amantchi GOGOUA, "Management Centered on the Result: Concepts and Principles ", Cell of analysis of Politicians Economiques. WAXES, Abidjan, 2012, p.6, 27 pages.

² Lyne BOUCHARD, "Guide of management centered on the results ", Canadian Heritage. Region of the Ontario, Canada, 2005, p.16, 26 pages.

³ Ministry of Ministry of Finance and privatization, "Setting of medium-term expenses. CDMT: Methodological guide", Morocco, 2006, p.1, 13 pages.

⁴ UNESCO / UNDP", "Balance and challenges of reform them harmonized of budgetary programming in Africa: Case of the CDMT, Quid of the experience of Senegal? ", 2005, p.5, 28 pages. http://www.afdb.org/uploads/tx_lafdbpapers/Bilan_et_dfis_des_reformes_harmonises_de_programmation_budgtaire_en_Afrique_cas_du_CDMT_Quid_de_lexprience_du_S.pdf, consulted the 12/01/2017.

perspectives... But the main difference between the two processes is that the CDMT is built around a budget constraint while the plan can be independent of any budgetary objective¹ ”.

The logical step of the multiannual approach is then the preparation of a medium-term macroeconomic framework, including in particular a forecast of the main aggregates of public finances and the definition of the overall medium-term budgetary objectives, with a view to ensuring the viability and sustainability of fiscal policies, guarantee overall fiscal discipline and oversee expenditure programming work. There is a CDMT, depending on the level to which the resources will be allocated in two categories:

- *the overall CDMT²*, also called the medium-term budgetary framework (CDMT) or aggregate CDMT for the intersectoral allocation of resources. The global CDMT defines resource envelopes by sector or by ministry, which must be completely consistent with the financial operations of the State which are presented in a forecast table of financial operations of the State (TOFE) (a clarification of the compatibility sectoral needs with budgetary financing possibilities), i.e. the preparation of the main public finance aggregates;

- *sectoral CDMT³* which constitute the reference framework for the contractualization of relations between central administrations and decentralized services and the conclusion, for this purpose, of rolling three-year objective-average contracts which aim to strengthen budgetary performance at the local level. These CDMT distribute the expenditure ceilings by ministry, derived from the overall CDMT, by program, or by administrative division, and, possibly, by activity, this is the program budget.

So, we see a strong relationship between the general policy of global public finances, also the objective of economic development projected by the aggregates, and by sector, which rather approaches the objective and the activity or the operational phase. from the budget. Taking into account the priority axes by ministry or sector is the advantage of the CDMT, and makes it possible to determine the volume of the budget to the real needs of the sector. This is why, "*[...] The success of development policies depends on improving budget management and their better connection with the budget⁴ ”.*

The introduction of the global CDMT in the UEMOA zone dates back to the beginning of the 2000s. For Madagascar, following the use of the PRSP, it is from 2004 that the Government started its involvement in the focused management. on the outcome of the CDMT as a means of budgetary reform.

For Madagascar, results-based budgeting has met two phases⁵ including 2005 to 2007 all levels

¹ Allen SCHICK, The management of the public expenses: Info.worldbank.org/etools/docs/library/242865/Schick.doc, cf. I annex, consulted the 12/01/2017

² The sectorial CDMT designates a multi-year sectorial program of expenses assorted of objectives, results and indicators of performance to justify the programs of expenses in the limit of the ceilings allocated by the Government

Ministry of the economy and Ministry of Finance of Niger and the IMF, "Shop on the international experiences of CDMT and implications for Niger: Gait of development of the CDMT ", Niger, 2009, p. 10, 25 pages.

³ The sectorial CDMT designates a multi-year sectorial program of expenses assorted of objectives, results and indicators of performance to justify the programs of expenses in the limit of the ceilings allocated by the Government

Ministry of the economy and Ministry of Finance of Niger and the IMF", Shop on the international experiences of CDMT and implications for Niger: Gait of development of the CDMT ", Niger, 2009, p. 10, 25 pages.

⁴ Quoted by UNESCO / UNDP, "Balance and challenges of reform them harmonized of budgetary programming in Africa: case of the CDMT, Quid of the experience of Senegal? ", 2005, p. 3, 28 pages.

http://www.afdb.org/uploads/tx_llafdbpapers/Bilan_et_dfis_des_reformes_harmonises_de_programmation_budgetaire_en_Afrique_cas_du_CDMT_Quid_de_lexperience_du_S.pdf, consulted the 12/01/2017.

⁵ "*[...] Some countries only prepare a global (for example, Germany) CDMT. Sometimes, the sectorial CDMT are distinct documents of the annex to the law of the finances presenting the credits of payment (the yearly budget). These sectorial CDMT can or non be included in the budgetary documents transmitted to the Parliament. In France, projections of expenses aggregated by program are presented in "projects of performance" annexed to law of finances. On the other hand, in several countries, the multi-year projections of expense are prepared and*

(Mission, Program, Objective, Activity and Indicators) are budgeted, and in 2008 to date, mission and program budgeting in a document of credits and performance documents for indicators.

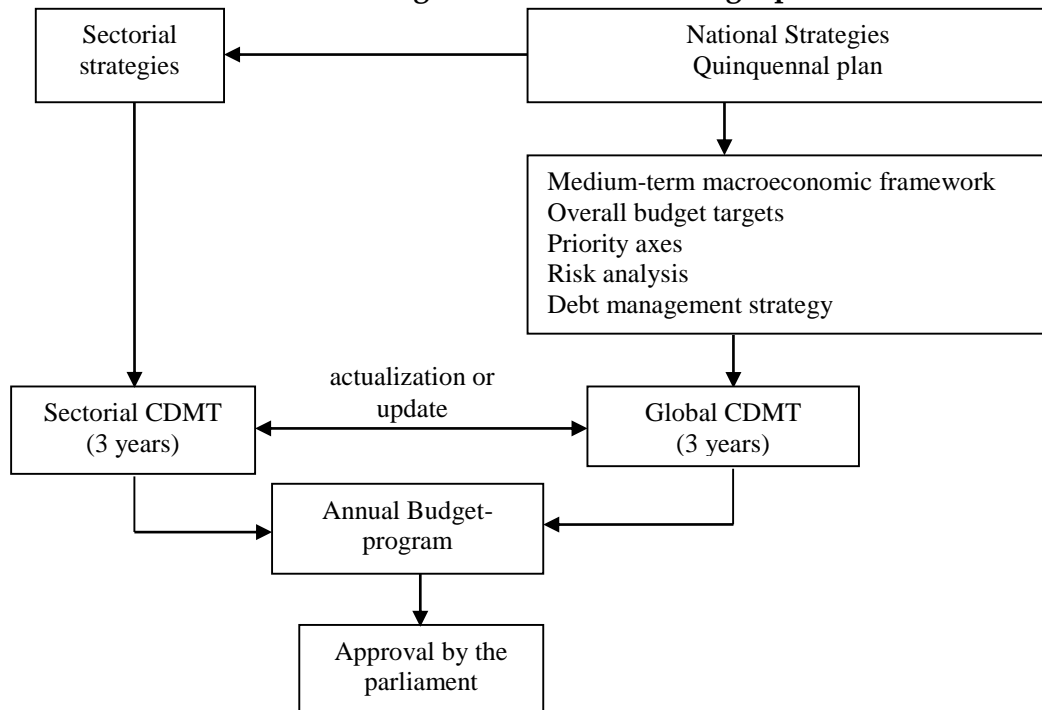
To solve the problems of PFM mentioned earlier, CDMT is a more efficient means in terms of efficiency and allocation, for performance or results-based budgeting. “ [...] It has proved essential to have the CDMT which makes it possible to provide a management horizon for public finance management, to improve efficiency in the allocation of public funds and to create the conditions for the management of public finances effectiveness of its implementation¹”. In other words, speaking about budget efficiency, CDMT is a new method of budgeting, results-oriented or Result-Based Management (GAR).

This strengthening of performance through the establishment of performance indicators and budgetary reform, focused on results, on the assessment of the effectiveness and efficiency of public spending.

We can say that the GAR and the adoption of the CDMT for a framework document of the budgetary performance of the State and local finances.

The CDMT development processes are almost identical for each country that has adopted results-based management. In general, it can be summarized as follows.

Figure 2: CDMT and Budget process



Source: Compiled by the author, 2017

published with the same degree of detail, under the same format and in the same document that the credits of payment of the budget (South Africa, Australia, Denmark, Mauritius, Turkey,). Ministerial budget and" sectorial / ministerial" CDMT form one only and same document then.

Ministry of Ministry of Finance, "Setting of Expenses Medium-term CDMT: Methodological guide ", Union European, Tunisia, 2009, p. 6, 26 pages.

¹ Center of study and Backing of the analysis Capacities and of Advocacy-CERCAP, "Analysis of the methodologies of development of the settings of medium-term sectorial expenses (CDMT) ", Mali, 2007, p. 2, 23 pages.

For the medium-term budget framework or CBMT, it is necessary to define the macroeconomic framework from which the budgetary programming of revenue and expenditure will be carried out, determine the sector envelopes to be allocated to the various sectors and determine the policies, strategies and actions envisaged in the various sectors.

For the sectoral CBMT, it is necessary to ensure the coherence of the policies and strategies of the sector with the general government policy (or PGE), to establish an explicit link between the financial means and the sectoral strategies for the achievement of the objectives, to adopt a grounded approach. on results, provide technical arguments to the departments, for better advocacy during budget arbitrations, contribute to better management of the sector strategy, and constitute a privileged negotiation instrument with technical and financial partners.

For the program budget and accounting budget, it is necessary to align the budgeting with the objectives of public policies, to align the budgetary resources with the objectives set, for a better implementation of the sectoral policies of the department, and to ensure the centralization and the allocation of resources (accounting budget).

The CDMT therefore represents a significant advance, compared to traditional budgetary practices or budget of means, because it emphasizes the link between expenditure and performance. The process of allocating budgetary resources begins with the definition of the macro-budgetary framework, and ends with the evaluation of the performance achieved in the implementation of program budgets.

Through these different processes, we can classify the CDMT as a two-step budgeting. First, the process of framing strategic choices (overall objectives and allocation of resources by sector), public policy choices (align with the government action plan (PAG) or with the PGE) and the budget. This first process leads to aggregate forecasts (MAROA¹ of Madagascar, SPAHD² for the analysis of poverty in Madagascar. Second, the forecasting process at the level of each sector or final sectoral CDMT with intra-sectoral arbitrations and submission of the project. budget law in parliament, respecting the limits of the CBMT.

At the CTD level, PFM reforms revolved around changes in budget nomenclature, budgetary and accounting practices, and the annual program budget. Until now, the basis of the budget design is still the means budget method, by comparison of previous executions and the forecast of each direction and municipal service. As a result, the GAR has not yet found its place at the level of the CTD. The overall orientation axis is defined in the elected official's electoral policy (the mayor's program during his term of office), without deviating from the overall vision of the Communal Development Plan validated by the responsible Ministry. An annual work plan (PTA) is designed for each fiscal year, to define the strategic directions of revenue and expenditure. This PTA corresponds to the CDMT.

Only the financial assistance from the State, in terms of making an investment, which has the impact of the PGE.

Table 2: Comparison of the CDMT at the state level compared to the Decentralized Territorial Collectivities

	Budget of the State	CTD Budget
Strategic documents	PAG / PGE	Communal Development Plan Election policy of the elected official
Justification	Projections from forecast models	Projections by traditional method (analysis of the budget of resources over 2 or 3 years)

¹ Macroeconomic model of Madagascar (or two MA).

² Strategy Papers for Human Development.

	Priority axes Risk management (take into account the economic situation) Multi-year expenditure constraints (5 years)	and PTA by department Priority axes No risk management. Socio-economic constraints are not taken into account Annual expenditure constraints
Type of budget	Program budget Mission-Objective-Activity-Result	Program budget Mission and overall objective of the ministry
CBMT and sectorial CDMT	Period : 3 years Budgetary Envelope: Global then by sector	No Budget period: 1 year Budget envelope: Global
Monitoring-assessment	Period: 3 years Budget envelope: Global then by sector Indicators by program and activity (quantitative and qualitative data) Budget focused on results and the impact of the program on citizens	No associated indicator except overall ratio technique by nomenclature (purely quantifiable data) for execution evaluation. Budget focused on budget execution Unable to assess the impact of the budget on local taxpayers
Execution Budget	LOLF Public finance procedure	LOLF Public finance procedure
Motor element of believe-sance	Economic policies	Jaws effect: zero budgeting

VII - CONCLUSION

Decentralization is a way for the central power to manage its local services. According to an economic approach, decentralization is described as a mechanism for enhancing the economic potential of each locality, with a view to its development. Decentralization can be understood in the form of local public economy, which refers to the transfer of responsibilities and competence related to the supply of public goods, from a higher decision-making level to a lower level. It reflects a reduction in the size of the sphere of allocation of collective goods, in order to better take into account local preferences.

For Madagascar, the decentralization process must make a lot of efforts to ensure this need of the citizens, and of fiscal equity between the Territorial Collectivities. The financial autonomy of decentralized territorial communities lies only in their possession of very specific tangible assets, which is in fact the ability to raise taxes. In terms of resources, the decentralization law is very advanced and is consistent with different African countries, however in the context of application, it still requires efforts to fill the funding gap of local communities. State financial support still remains very low.

The inefficient organization of local authorities, irrational political interests and unbearable organizational costs (frequent change of the organization chart, appointment or social recruitment of staff, political favoritism in the management process, ...), an imitation of the

private sector of NPM and management techniques are essentially necessary for the control¹ of budget performance requiring the application of forecasting and modeling theories, taking into account the environment (for example, the correlations of a budget forecast to the constraints of economic variables) because a bad choice of fiscal policy can generate quite significant incentive effects. In other words, in order to seek an allocation of resources by considerations of profitability, an exaggerated tax burden can prove to be penalizing, for the activity and for the public accounts. An increase in levies limits profit opportunities, discourages investors and has a negative impact on production. This supply effect limits government tax revenues and has a negative feedback effect on the budget balance. Thus, the increase in revenue sought by the State is thwarted by fiscal demotivation, which limits the tax base. Above a certain threshold, the average tax rate can lead to a contraction in revenue, hence the phrase "too much tax kills tax". In this case, the demotivation is so strong that it induces a sharp contraction of the tax base and forces revenues down. The LAFFER curve is the most famous formalization of this idea. It specifies that tax revenues increase less sharply than tax rates, and defines a threshold beyond which any growth in taxes translates into a fall in tax revenues. When the economy exceeds this threshold, then tax cuts can pay for themselves.

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¹ [...] *The object of the control mechanisms is not to forbid the strategic behaviors, but to contain them in order to contain the negative consequences of a strict procedure of correction necessary to the incitement to a management healthy of the collectivities.*

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