

# Significance of fiscal decentralisation: The Gambia at a glance

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## ABSTRACT

The effectiveness of fiscal decentralisation is assumed not guaranteed in The Gambia even though there are the enactment of the different legal instruments and other efforts from 2002 to date. This may be attributed to limited financial resources for providing quality public services among the Local Government Councils and other Actors, and unavailability of adequate sources of revenues and limited powers to the disposal of the Local Councils for making decisions on financial expenditures and borrowing. The objective of this study is to establish the level of effectiveness of fiscal decentralisation in The Gambia. Primary data was collected by administering questionnaires, interview guide and observation. The questionnaire used structured questions and both open-ended and close-ended questions were also utilised and the data analysed using Comparison, Statistical Package for the Social Sciences and Excel. However, secondary data was also collected to augment the studies. A non-probability sampling known as purposive sampling was used to elicit data from 38 respondents. As regards to the effectiveness of fiscal decentralisation in The Gambia, the findings revealed that only 2.6 per cent of the respondents said is very effective while 23.7 per cent and 73.7 per cent have the opinion that fiscal decentralisation is moderate and weak, respectively. For fiscal decentralisation to be effective in The Gambia, there is need for more resource mobilisation and Councils need to identify and diversify their revenue sources, improve revenue collection and management, and it is crucial for the Central Government to make available adequate allocation of revenue sources to the Councils and fulfilment of Central Governments financial commitments.

**Keywords:** Area councils, citizens, decentralisation, democratisation, decision-making, effectiveness, fiscal, good governance, management, resources, service delivery, sustainable development.

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## INTRODUCTION

This paper is an excerpt from my main MSc Dissertation entitled "Effectiveness of Decentralisation in The Gambia", November, 2015. The idea of decentralisation is not new in this world especially in Africa and particularly in The Gambia. During the colonial period there were indirect rules (ruling through local authorities and chiefs) especially in the British colonised countries and today this became the main feature of the policy of decentralisation which is increasing gaining impetus as a means of ensuring democratic governance at the lower levels of the government. Decentralisation is a widely accepted concept which can facilitate and ensure citizen

participation in public decision-making and taking the lead role in their own development; devolution of powers, redistribution of responsibilities and adequate resources to the Local Councils/Governments; accountability and transparency at the local levels of government; and provision of quality services to the citizenry among others but needs to be handle with care.

The post-World War II period saw increasing concern about issues of democratisation and good governance (Siegle and O'Mahony, 2006). According to Huntington (1991), one way to begin is to inquire whether the causes that gave rise to the third wave are likely to continue

operating, to gain in strength, to weaken, or to be supplemented or replaced by new forces promoting democratisation. He added that the major factors that have contributed significantly to the occurrence and the timing of the third-wave transitions to democracy are: (1) The deepening legitimacy problems of authoritarian regimes in a world where democratic values were widely accepted, the consequent dependence of these regimes on successful performance, and their inability to maintain "performance legitimacy" due to economic (and sometimes military) failure, (2) The unprecedented global economic growth of the 1960s, which raised living standards, increased education, and greatly expanded the urban middle class in many countries, (4) Changes in the policies of external actors, most notably the European Community, the United States, and the Soviet Union, and (5) "Snowballing," or the demonstration effect of transitions earlier in the third wave in stimulating and providing models for subsequent efforts at democratisation. Huntington added that the obstacles to democratisation in Africa are overwhelmingly economic. This does not mean Huntington have undermined the other obstacles (political, cultural and social among others) to democratisation in Africa.

According to Alam and Athreya (2008), "African countries have undergone waves of decentralisation reforms since their independence. The past two decades have seen a real trend towards shifting powers to sub-national governments. The factors motivating decentralisation include securing democratic governance and hence legitimacy at the sub-national level, managing intra-state conflicts and expediting development. The implementation of the decentralisation policies beginning in the late 1980s has been inhibited by inadequate resources and ineffective collaboration. They added that the weakness of decentralisation reforms in Africa is often caused by lack of attention to the process of implementation and management of the reforms." This today is still a phenomenon in many African Countries. The Government of The Gambia's commitment to decentralisation has found expression in the 1997 Constitution of the Second Republic of The Gambia, especially at Section 193 (1) thereof, and at Section 214 (3), which embodies the Directive Principles of State Policy (1997 Constitution of The Gambia). The national policy road map, Vision 2020, also stresses the need for decentralisation in order to harness popular participation at the grassroots level in national development.

In this study decentralisation means the transfer of power and authority and allocation of adequate resources from the central government to sub-national units/local councils, either by political, administrative, and fiscal means. Decentralisation is used in this study to understand the implementation of legislation on decentralisation, political, administrative, and fiscal decentralisation which involves shedding of power, responsibilities, functions and resources by central government to sub-national governmental institutions

(Local Councils). While effectiveness means doing the thing right as expected by the legislation and international standards on decentralisation. In this study, effectiveness looks at the degree or levels of the capability of producing the desired results in relation to the intended and expected outcomes of an effective decentralisation process. Fiscal decentralisation in this study means the availability of adequate level of revenues to the Local Councils for implementing the development needs of the communities which can either be raised at local level or transferred from the central government as well as the authority to make decisions and be held accountable on its expenditures and financial borrowing.

*Fiscal decentralisation* argues that financial responsibility is a core component of decentralisation. If local governments and private organisations are to carry out decentralised functions effectively, they must have an adequate level of revenues either raised locally or transferred from the central government as well as the authority to make decisions about expenditures... In many developing countries local governments or administrative units possess the legal authority to impose taxes, but the tax base is so weak and the dependence on central government subsidies so ingrained that no attempt is made to exercise that authority (World Bank Decentralisation Thematic Team).

### **Statement of the problem**

The enactment of the different legal instruments and other efforts from 2002 to date, the effectiveness of fiscal decentralisation is assumed not guaranteed in The Gambia. This may be attributed to limited financial resources for providing quality public services among the Local Government Councils and other Actors, and unavailability of adequate sources of revenues and limited powers to the disposal of the Local Councils for making decisions on financial expenditures and borrowing.

### **Research question**

What is the level of effectiveness of fiscal decentralisation in The Gambia?

### **Objective of the study**

To establish the level of effectiveness of fiscal decentralisation in The Gambia.

### **Hypotheses**

Accessing inadequate level of revenues that is either raised locally or transferred from the central government

to implement the needed development programmes and providing quality services to the communities is presumed to be as a result of lack of total fiscal decentralisation in The Gambia.

### Significance of the study

Local governance and decentralisation have continued to exist in Africa and the enactments of the decentralisation laws in various countries in Africa has proved not to be very effective. This is due to several factors ranging from inadequate citizen participation, devolution of powers and resources, and efficient management of the available resources. This study identifies the insufficiencies in the decentralisation process that would best understand how to address them in contributing to the effectiveness and efficiency in providing quality services and citizen participation among others in the decentralisation process in Africa with the case of The Gambia. In addition, the significance of this study is to broaden the knowledge of the local government structures and actors on the functions and significance of decentralisation most particularly fiscal decentralisation and local governance in uplifting the living standard of the people to meet the human and sustainable development goals, and inspire the central government to speed-up the full implementation of the decentralisation programme in The Gambia in Partnership with the Local Authorities and the Civil Society to address the development needs of the communities and provide quality service to the door step of the people through the allocation of adequate resources.

### LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Here, the author identifies and examines the theoretical and legal frameworks to be able to portray the importance and deficiencies of fiscal decentralisation. The author further looks at some of the issues on decentralisation in The Gambia and beyond.

#### Literature survey

Decentralists argued that because local governments are located closer to the people, they are better suited than central government to identify what kinds of services people need. This information advantage in identifying public needs suggests that local governments can produce services that are more responsive to public aspirations. This is often called the principle of subsidiarity: "provision of public services should be located at the lowest level of government, encompassing, in a spatial sense, the relevant benefits and costs"

(Oates, 1999 as quoted in Saito, 2010 in Touo, 2014). Decentralisation becomes necessary when the central power finds it increasingly difficult to fully and properly administer a country and respond efficiently to the aspirations of its peoples. Among the many reasons for decentralisation, economic efficiency is at the heart of the debate between supporters and opponents of decentralisation policies. The efficiency argument constitutes the core of the "first generation theory" of decentralisation that started to emerge around the 1950s and 1960s, and culminated in a highly original and influential *Fiscal Federalism* by Wallace Oates, (1972) in Touo (2014).

In putting forward examples of decentralisation processes in Africa, it was noticed that in Burkina Faso for example, the powers to cut, sell and manage forest resources is transferred on private project-based committees, rather than the elected people (Elected Local Government Councils). In the case of Senegal, the responsibilities for forest management are entrusted on elected local people; however, these elected officials were not empowered to access and control the commercial benefits amassed. In both the Senegal and Burkina Faso cases, decentralisation could not be discerned (Opore et al., 2012). In Zimbabwe's CAMPFIRE programme, powers were transferred to District Development Committees who were largely under the control of central government. In Nepal, one can point to projects that view decentralisation as being accomplished simply by directing a stream of monetary benefits towards a group of resource users rather than attempting to create institutions that allow durable decision-making powers to devolve on local authorities (Agrawal and Ribot, 2007). Lessons from Uganda's decentralisation efforts are that the confusion over the decentralisation process experienced elsewhere were replicated in Uganda. In Uganda, however, the relationship between the central government and the local governments changed from one of the centre being the controller over the latter to that of a partnership (Opore et al., 2012).

In the case of The Gambia, PAGE 2012-2015 has indicated that Local Governments play a critical role in overall governance in The Gambia and are key players in economic development, growth and employment. By interacting with local Government authorities, the Government of The Gambia is able to provide valuable insights for policy development. Since the early 1980s, the Government of The Gambia has been rethinking development approaches with a view to ensuring greater citizen participation in national socio-economic development activities. For these reasons, the Government's overarching objective is to accelerate decentralisation and increase the autonomy of local Governments, help them provide more effective and efficient social services and make a greater contribution to economic growth and employment in local

communities. Section (91) of the Local Government Act (2002) of The Gambia provides that every Council shall be the planning authority and may plan and implement any programme or project for developing the infrastructure, improving social services, developing human and financial resources to improve the standard of living of the communities. In addition, the Local Government Finance and Audit Act (2004), Local Government Finance and Accounting Manual (2007) and Programme for Accelerated Growth and Employment (PAGE) 2012 -2015 all gives impetus to the decentralisation process in The Gambia. The National Policy road map, Vision 2020, also stresses the need for decentralisation in order to harness popular participation at the grassroots level in national development.

However, the key challenges faced by the author during his research are the accessibility to adequate data on national and local governments' budgets, and the status of decentralisation in The Gambia.

### Theoretical framework

In addition to the influential *Fiscal Federalism* by Wallace Oates, *Institutional Public Policy Approach*, traditionally is the institutional approach concentrated on describing the more formal and legal aspects of governmental institutions as their formal organisation, procedural rules, and functions or activities. Policy has been defined as a purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern, and public policy as those policies developed by governmental bodies and officials (Jones, 1970; Anderson, 1978; Kingdon, 1995 in Touo, 2014).

According to Lindblom, policymaking is an extremely complex, analytical and political process to which there is no beginning or end, and the boundaries of which are most uncertain. Somehow a complex set of forces that we call "policymaking" all taken together, produces effects called policies (Lindblom: 1968 in Touo, 2014). The most comprehensive definition of public policymaking has so far been offered by Dror: "Public policymaking is a very complex, dynamic process whose various components make different contributions to it. It decides major guidelines for action directed at the future, mainly by government organs. These guidelines (policies) formally aim at achieving what is in the public interest by the best possible means" (Dror, 1983 in Touo, 2014).

Scholars and practitioners now recognise that the design and implementation of public policy, or what some have called 'the steering of society', no longer resides with a single governmental unit acting alone or in close concert with one or two others, but has been supplanted by complex governance networks composed of a plurality of actors, each bringing their own special interests, resources, and set of expertise (Denhardt and Denhardt, 2010 in Touo, 2014). Sorensen and Torfing define a governance network as (1) a relatively stable horizontal

articulation of interdependence, but operationally autonomous actors; (2) who interact through negotiations; (3) which take place within a regular, normative, cognitive and imaginary framework; (4) that is self-regulating within limits set by external agencies; and (5) which contributes to the production of public purpose' (Sorensen and Torfing, 2008 in Touo, 2014).

The Institutional Public Policy Approach stress that for decentralisation to be effective in any country among others there must be implementable sound decentralisation policies, programmes and structures with a good local governance system put in place which this study puts emphasis on. A country without a policy framework and a policy document without an implementation plan will just be an illusion especially in addressing effectively and efficiently the immediate needs of the people as the proper management and utilisation of the limited resources particularly within the context of fiscal decentralisation will always be questionable and done blindly. The main gaps identified in this theory is that it does not deal with the specific concepts or forms of decentralisation and which form of decentralisation is the best or blending/mixing different forms of decentralisation is of paramount to fiscal decentralisation. In most cases, people prefer and consider devolution as the most important and sustainable form of decentralisation compare to others as it ensures powers, responsibilities and resources are fully transferred to the local government structures.

### METHODOLOGY

Although the Cabinet of the First Republic of The Gambia did approve a policy paper on decentralisation in April 1993, it is the 1997 Constitution that laid down a sound foundation for the formulation of policy objectives and Action Plan on Decentralisation and Local Government Reforms in The Gambia. Therefore, the Scope of this study covers the effectiveness of fiscal decentralisation in The Gambia from 2002 to date which was the period when the Local Government Act (2002) as the Principal Act and other laws and policies were also enacted to facilitate the decentralisation process. The Research has covered all the Seven Regions/Municipalities of The Gambia which consist of Eight Municipal/Area Councils but the availability of the target population particularly some of the Senior Local Government Authorities and the lack of sufficient reference documents on earlier comprehensive studies in relation to decentralisation in The Gambia was the major challenge during the process of the data collection. Also lack of honest responses on some questions by few target participants/respondents were observed during the data collection but the author was able to minimise errors during the data collection and analysis as a follow-up interview with the key target respondents and further literature review was conducted to verify the opinions in the questionnaires.

## Research design

The study involved eliciting data on the processes and challenges of decentralisation; power sharing, actors and accountability mechanisms on the decentralisation process; participation of the citizens and civil society in the decentralisation process; and examining the effectiveness of fiscal decentralisation in The Gambia. Consequently, the research was designed to enable the author to achieve the objective set out in this study and tests the hypothesis and the relationship between some variables. Descriptive research is typically identifiable as having the following characteristics: researchers conducting descriptive research typically use a pre-established instrument to collect data; also, while survey responses can vary from *quantitative* (quantitative research is research in which numerical data is collected) to *qualitative* (qualitative research is research in which narrative or visual data is collected to describe social settings (Slavin, 2007)). In nature, they are typically quantitative and are summarised in accordance to quantitative analyses; finally, in order to complete descriptive research, researchers use a sample representative of a larger population to collect data in an attempt to generalise findings to a population (Lodico et al., 2006). These characteristics are followed and guided this study.

Furthermore, the descriptive survey method was adopted because this involves a systematic collection and presentation of data to give a clear picture of a particular situation, it can either be carried out in a small group or a large scale and its use makes it possible to gather sufficient data that can be used to describe and interpret what exists at a particular time. Since in the study, we are interested in the conditions and practices that existed in the past, points of view popularly held in the past, processes that were going in the past, as well trends that have been developing up to this time (Lamek, 2005 in Opere et al., 2012), we had to adopt this research design in this study. The descriptive survey design has two major shortcomings. First, unless pains are taken to clearly word questions, clarity cannot be guaranteed (Seifert and Hoffnung, 1994 in Opere et al., 2012). Second, unless the respondents are people who can articulate their thoughts well and sometimes even put such thoughts in writing, the method becomes unreliable. The first shortcoming was addressed using feedback from the earlier study and literature on the subject matter, while the second was addressed by using the questionnaire and a follow-up interview to collect data exclusively from the well-educated samples actively taking part in the decentralisation process in The Gambia.

## Study population

The decentralisation process in The Gambia requires the

involvement of different actors and those actors can play a very important role in providing the necessary data the author intends to gather from this study. Therefore the target population for the study was forty-five (45) respondents to be drawn from: Ministry of Lands and Regional Government, Office of the Governors, Office of the Mayors, Chairpersons of the Local Councils, Chief Executive Officers of the Local Councils, Finance Directors/Managers of the Local Councils, National Women's Bureau, The Gambia Association of Local Government Authorities, National Youth Council, Civil Society Organisations, Non-Governmental Organisations, Local Government Councillors, Department of Community Development, Technical Advisory Committees (TAC) in the Regions, National Council for Civic Education, Community Leaders, Multi-Disciplinary Facilitation Teams (MDFTs) and individuals based on their participation and experience on the decentralisation process in The Gambia. This study population is a sample representative of the whole country and stakeholders involved in the current decentralisation process in The Gambia.

## Sampling and sampling techniques

It is obvious from the definition of the study population above that a national census targeting the whole population is not feasible in this study. Accordingly, the author adopted the survey type of research in which a sample from the target population was used for the study. Based on the topic of the study, a Non-probability Sampling known as Purposive Sampling was used to elicit data as the author's main target is to get reliable data from the target group or structures taking active part in the decentralisation process of The Gambia. In total, a sample size of thirty-eight (38) respondents were interviewed from the study population and while 5 other respondents are invalid cases as there was inconsistency in the respondents or they never return their questionnaires on time. Out of the total respondents of 38 only 5 were female while 5.3% are between the ages of 21-30, also another 5.3% are between the ages of 31-35 and 89.5% are all at the age of 36 and above. This can be attributed to the low participation of women and youths in contesting for councillorship and holding high profile positions at the local government level.

## Data collection

The main focus of the study was on attitudes and perceptions of the people and authorities on the effectiveness of fiscal decentralisation and its implementation in The Gambia. Therefore the importance of primary data cannot be over emphasised in this research work. However, secondary data (books, journals, articles, policies, legislation, reports, working

papers, and websites among others) were also collected to augment the studies. Before the actual data collection the author was given an Introductory Letter from the Pan African University to the sampled institutions particularly the Ministry of Lands and Regional Government responsible for the decentralisation programme in The Gambia. Also another permission letter was obtained from the same Ministry to facilitate data collection from its structures and partners/stakeholders in the decentralisation process. The said letters of permission facilitated the research process and helped the author to seek the informed consent of all the respondents interviewed in this study. The purpose of the study was spelt out in the introductory part of the questionnaire and in addition to which a consent form was developed which accompanied the self-administered questionnaire to further seek the informed consent of the respondents.

### **Data collection instruments**

The data was collected by administering questionnaires, interview guide and observation. The questionnaire used structured questions and both open-ended and close-ended questions, consisting of about 13 major questions related to fiscal decentralisation. The questionnaire focuses on answering the research question and testing the hypothesis and other variables. All the options/answers to the close-ended questions were coded and the codes were used during the data entry for analysis using Statistical Package for the Social Sciences (SPSS) software. Also each of the questions is given a name code and a label for the variables which are used during analysis. Furthermore, another tool used for data collection was the interview guide. A follow up Interview guide was used to verify some of the information provided by the respondents in the questionnaire in order to reduce unnecessary errors. In addition, all the target respondents were found to be literate enough to independently respond to the questionnaire but some of them lack the time to answer the self-administered questionnaires distributed earlier, so data were collected from them through the face-to-face interview method.

### **Sample investigative questions**

Part of the structured questions was close-ended type and respondents were asked to mark the appropriate box/line matching the correct answer/opinion and were given opportunity to explain or give reasons to their chosen options (Table 1). Other open-ended questions, however, required respondents to give opinions in detail. Hence various methods were adopted in the form of triangulation method in order to collect as much relevant data as possible so that the methods can complement each other and make the data comprehensive.

### **Data analysis**

The responses to the structured close-ended questions are rated in percentages and numbers. The percentage of respondents for each alternative is provided and critically analysed. The data collected was analysed using the computer softwares known as Statistical Package for the Social Sciences (SPSS) and Excel. The data was also analysed through comparison among the various operational documents on decentralisation in The Gambia and the actual organisational behaviour/practice in the implementation of those laws and policies and tying them to international/acceptable standards in realising effective and well-functioning fiscal decentralisation processes.

The data were in both qualitative and quantitative forms. Therefore, they were analysed using qualitative or quantitative methods where appropriate. Data in both qualitative and quantitative forms were analysed and presented using frequency and percentage distributions and the results presented in charts and tables with interpretations and explanations. In addition qualitative data were analysed by grouping similar and most frequently occurring ideas or variables under the relevant themes. The main issues of the discussions were thus derived thematically.

Using the Chi-Square Tests (Table 2) the author also tried to establish the correlations between effectiveness of decentralisation and effectiveness of fiscal decentralisation. Those who viewed effectiveness of decentralisation from the effectiveness of fiscal decentralisation are that the relationship is very strong and it shows that relationship between these variables is very significant. In establishing a relationship between variables, the Null hypothesis checks there is no relationship between the variables in which we reject and while the alternative hypothesis checks there is a relationship between the variables in which we accept. Furthermore, if the P Value (Asymp. Significance (2 sided)) is less than 0.05 (5 per cent) it indicates that there is a relationship between tested variables and the relationship is significant and whereas the P Value (Asymp. Significance (2 sided)) is more than 0.05 (5 per cent) it means that there is no relationship between the tested variables.

## **RESULTS AND DISCUSSION**

Here, the author explores and examines the legal frameworks to facilitate the implementation of fiscal decentralisation and effectiveness of fiscal decentralisation in The Gambia, and the actual practice on the ground. Sounding the opinions of the respondents on the effectiveness of fiscal decentralisation (making available enough sources for revenue to the Local Councils at both local and central government level) in

**Table 1.** Sample investigative questions for the data collection/field study.

Section/part	Research question	Key investigative questions
'A'	What is the level of effectiveness of fiscal decentralisation in The Gambia?	What are the sources of revenue for the Local Councils?
		Are the available sources of revenue enough to carry out development projects by the Local Councils? And What do you think should be done?
		What is the level of financial contribution/subvention of the Central Government to the Local Councils?
'B'	What are the specific actions required to facilitate the successful implementation of fiscal decentralisation in The Gambia?	How much of finances are contributed from other partners to the Local Councils?
		What are the three major spending areas/sectors of the Area Council?
		What are the major challenges faced by The Gambia in its decentralisation process?
		What would you recommend in order to realise a very effective decentralisation in The Gambia?

Source: Author's Field Work, September, 2015.

**Table 2.** Chi-square tests on effectiveness of decentralisation \* Effectiveness of fiscal decentralization.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	16.287 <sup>a</sup>	6	.012
Likelihood ratio	14.523	6	.024
No. of valid cases	38		

a. 10 cells (83.3%) have expected count less than 5. The minimum expected count is .03.

The Gambia only 2.6 per cent said is very effective while 23.7 per cent and 73.7 per cent have the opinion that fiscal decentralisation is moderate and weak respectively. The respondents who think administrative decentralisation is weak or moderate in The Gambia attributed it to the fact that there are limited sources of revenue for the Councils coupled with the 25% commitment contribution, grants for development and unconditional grants are not forthcoming from the Central Government. Table 3 shows the frequency (number of respondents) and valid per cent (the total actual per cent) on the views of the respondents on the effectiveness of fiscal decentralisation in The Gambia.

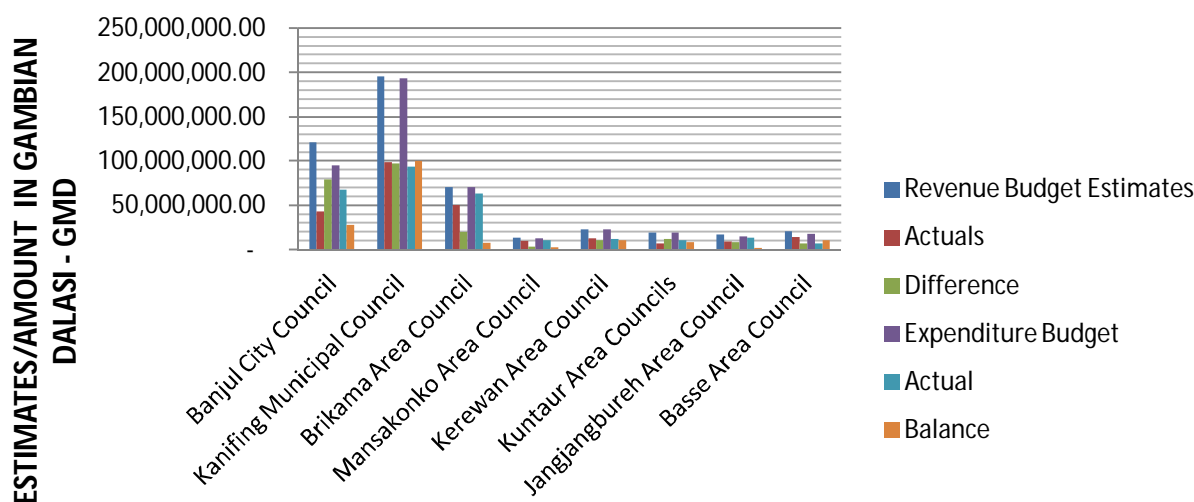
Furthermore, based on the findings, 81.6 per cent of the respondents agreed that the current available sources of revenue for the Local Councils cannot address their financial needs and is not enough to carry out development projects in the communities by the Councils while only 18.4 per cent said the current sources of revenue are adequate to address the financial needs of the Council if only well tapped and properly managed.

*“Before the 2002 Local Government Act there were enough sources of revenue to the councils but most of these sources are now taken away from the Councils to the Central Government Institutions”* as quoted from a respondent. Moreover, sources of revenues such as rent tribunal, hotels, bill boards, car parks, sand mining, cattle taxes etc. are transferred either to Ministry of Justice, Gambia Tourism Board (GTB), Gambia Revenue Authority (GRA), Ministry of Interior (Gambia Police Force), Geological Department or Livestock Department. There are inconsistencies in sharing of power as most of these sources are under the central government agencies which contribute to low income to the Councils and all the traditional expenditures of the Councils remains e.g. administrative cost, waste collection, payment of water and electricity bills among others. Figure 1 shows that the 2014 Actuals on Revenue is always less than the Revenue Budget Estimate of all the Local Councils which means there is a problem with revenue collection and management systems in the Councils.

**Table 3.** Effectiveness of fiscal decentralisation.

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Very effective	1	2.3	2.6	2.6
	Moderate	9	20.9	23.7	26.3
	Weak	28	65.1	73.7	100.0
	Total	38	88.4	100.0	
Missing	System	5	11.6		
Total		43	100.0		

Source: Author's Field Work, September, 2015.



### Municipal/Area Councils Revenue and Expenditure Estimates and Actuals For all the 8 Local/Area Councils of The Gambia - 2014

**Figure 1.** 2014 Revenue and Expenditure Estimates and Actuals of Local Councils. Source: Author's Field Work, September, 2015.

Based on the views of the target respondents, 30 out of the 38 respondents agreed that the Central Government is not meeting its financial obligations to the Councils as expected as there is gradual decrease in the realisation of the car park fees and the failure of the Central Government to settle its dues to Local Councils while the 25% commitment contribution from the central government is not forthcoming which should complement council's effort in their development projects at community level (60% for development and 40% for administration of Council's Revenues generated). In addition, Thirty-seven (37) of the respondents said that the collection and control of the major sources of revenue of the Municipal/Area Councils in the second quarter of 2015 by the Gambia Revenue Authority (GRA) has contributed to the Councils inability to meet their financial obligations; affected all operational and service delivery needs of the tax payers; led to serious delays in the timely execution of Ward Councillor's priority projects in their respective wards, timely payments of salaries due to

the process to receive monies from GRA, and waste management; reduced performance and morale of staff. However, some respondents said it has paved the way for revenue savings and preservation thereby desisting from unwanted spending. According to the 1<sup>st</sup> April 2015 Publication of The Point Newspaper, "The Gambia Revenue Authority has indicated that with effect from 1<sup>st</sup> April 2015, the authority is taking over the revenue collection responsibility hitherto being performed by the Area Councils and Municipalities throughout the country. According to a public notice by the GRA, the collection of revenue includes the following: rental of markets, shops/stalls, trade licence paid by businesses in all council/municipality jurisdictions, and land transfer fees payable on the purchase and transfer of all landed properties. The notice further advised all and sundry to visit the nearest GRA Tax Office to make these payments, and cooperate with and the Authority since it is "collecting revenue for national development". Unfortunately what was realised during the cause of this



exercise was that GRA lacks the human capacity to effectively and in an efficient manner do the daily collections of these revenues without partnering with Councils (Using Council Personnel).

The 11<sup>th</sup> June 2015 Publication of The Point Newspaper indicates that "Reliable sources have told The Point that Regional Area Councils including Municipal Councils have retaken revenue collection from the Gambia Revenue Authority (GRA). According to our source, Area Councils and Municipalities are now fully in charge of revenue collection from taxpayers, following an executive directive dated 8<sup>th</sup> June 2015. Following this new development, the management of the Brikama Area Council has sent a press release to the media informing the general public and business persons within its jurisdiction.... The release further stated that as a result of the reversal of the above function, GRA has ceased to collect revenue on behalf of the Council effective 9<sup>th</sup> June 2015. According to the BAC release, all previous system of payments of their revenue remains the same." The findings also revealed that about 97.3 per cent of the respondents highly agreed that the Councils are unable to plough back 60% of their revenues back to the communities for development as even the Central Government is not fulfilling its financial obligations as expected by the Law to Local Councils. Though only 60% of the rates collected from each Ward in certain Area Councils (e.g. Basse Area Council according to some respondents) remains with the Ward Development Committees which is a good move. Table 4 shows that the 2015 allocation of finances to all the government ministries that of the MoLRG responsible for the decentralisation programme cannot be seen as it is treated under *others* which when combine is about 9 percent of the total budget for all other Ministries and Agencies not mentioned.

According to Part VII of the Local Government Act (2002) of The Gambia on the Financial Provisions of the Council stated in Sections 127 Subject to this Act or any other enactment, every Council shall have autonomy over its financial matters and section 128 (1) The revenue and funds of a Council include all sums of money or funds accruing to a Council; (2) The revenue and funds of a Council shall be applied to the administration, development and welfare of the inhabitants within its Area of jurisdiction; and (3) The Central Government shall provide *twenty-five per cent* of the Council's development budget. Therefore, the current resource base of the Councils and lack of the 25% commitment Contribution of the Central Government, achieving the development and welfare of the inhabitants will continue to be in the blueprint and not actualise in the communities.

Jennie Litvack and World Bank Decentralisation Thematic Team stated that financial responsibility is a core component of decentralisation. If local governments and private organisations are to carry out decentralised

functions effectively, they must have an adequate level of revenues either raised locally or transferred from the central government as well as the authority to make decisions about expenditures. In addition, Part VII of the Local Government Act (2002) of The Gambia on the Financial Provisions of the Council stated in Sections 131 (1) A Council shall have power to levy rates and such taxes as the National Assembly shall prescribe, to meet all liabilities, whether of a general or special nature; (2) Rates shall be levied and collected in accordance with the provisions of the General Rates Act, 1992, and the law referred to under section 130 of this Act; and (3) Notwithstanding subsections (1) and (2) of this section or any other law, a Council may also make and levy rates on flat-rate basis outside of a valuation list. During the data collection it was observed that for many years now the rates and taxes are never increase and the Councils do have limited mandate to increase the rates even though there is high demand for the provision of quality services and development on the Local Councils by the people.

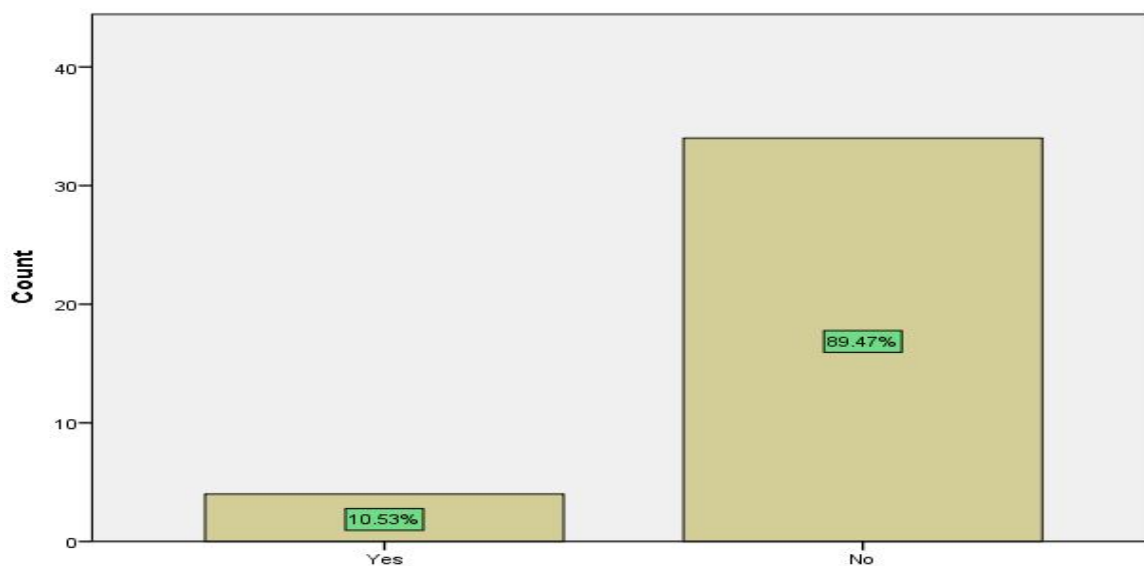
Fiscal decentralisation can take many forms, including (a) self-financing or cost recovery through user charges, (b) co-financing or co-production arrangements through which the users participate in providing services and infrastructure through monetary or labour contributions; (c) expansion of local revenues through property or sales taxes, or indirect charges; (d) inter-governmental transfers that shift general revenues from taxes collected by the central government to local governments for general or specific uses; and (e) authorisation of municipal borrowing and the mobilisation of either national or local government resources through loan guarantees. In many developing countries local governments or administrative units possess the legal authority to impose taxes, but the tax base is so weak and the dependence on central government subsidies so ingrained that no attempt is made to exercise that authority (Jennie Litvack and World Bank Decentralisation Thematic Team).

Furthermore, 100 per cent of respondents highly agreed that the lack of the Central Government's 25% commitment contribution to the development budget of the Councils as per the 2002 Act is affecting the operations and delivery of quality services to the communities while 57.9 per cent of the respondents said the current implementation process of decentralisation does not provide an enabling environment to bring about meaningful development to the Local Communities. This is simply due to the fact the Legislations that should facilitate the smooth implementation of decentralisation are not applied to the letter, the resource allocation framework is not being implemented and until that is done, decentralisation they believe will just be a mere lip service. In addition, according to the findings 89.47 per cent of the respondents said in the absence of good local governance and a sound decentralisation programme

**Table 4.** Sectoral allocation for the 2015 budget of The Gambia government.

Department of recurrent and development budget (All funds)	D' Millions	% of Total
Office of the President	823.43	9.16
Ministry of Basic and Secondary Education	1,354.56	15.07
Ministry of Health and Social Welfare	684.76	7.62
Ministry of Finance and Econ. Affairs	647.04	7.20
Ministry of Works, Construc. and Infrac.	858.17	9.55
Ministry of Trade, Regional Integration and Employment	360.61	4.01
Ministry of Foreign Affairs	454.76	5.06
Ministry of Interior	506.16	5.63
Ministry of Agriculture	651.72	7.25
Ministry of Defence	591.03	6.58
Ministry of Fisheries, Water Resources	32.19	0.36
Ministry of Higher Education	1,245.39	13.86
Others*	777.42	8.65
<b>Total</b>	<b>8,987.24</b>	<b>100.00</b>

\*Others: Ministries not listed above. Source: 2015 Budget Speech of The Gambia.

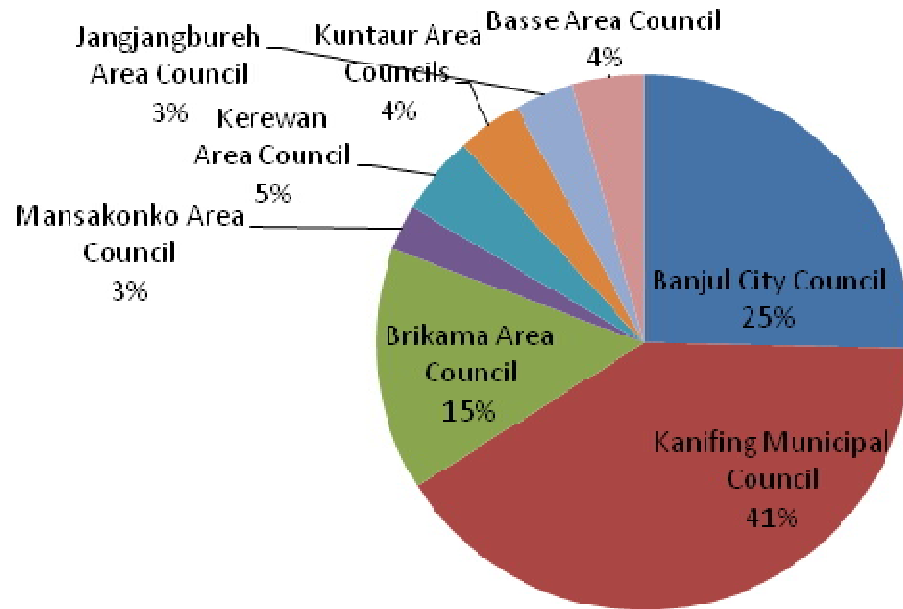


**Figure 2.** Absence of good local governance and sound decentralisation programme. Source: Author's Field Work, September, 2015.

there will be no development in The Gambia Local Communities because (1) it is difficult for the Central Government to concentrate on all areas for development without decentralised systems to enhance the identification and allocation of resources, (2) planning will be more centralised (top-down) instead of bottom-up approach to development, (3) there will be no grassroots participations, ownership and sustainable development, (4) good local governance empowers the people and ensures accountability and transparency and decentralisation also empowers the people to manage their resources to their best interest in terms of development projects in the absence of which

development will be meaningless and corruption in all its form will be the order of the day. (Figure 2).

However, 10.53 per cent of the respondents said YES there will be development in the Local Communities as NGOs, CSOs and other partners will continue to support and facilitate development, public project financing through loans and bilateral funds, and adopting other policies such as community and rural development policy but they added that there will be development at a snail's pace with no qualitative and sustainability assurances. Furthermore, the findings revealed that the revenue base of the urban Local Councils is far stronger than the rural areas. For example the 2014 revenue budget estimate of



**Figure 3.** 2014 Revenue budget estimates of local councils in The Gambia. Source: Author's Field Work, September, 2015.

Banjul City Council with a population of less than 40,000 inhabitants is more than the five Area/Local Councils in the rural areas (Kerewan, Mansakonko, Kuntaur, Jangjangbureh and Basse Area Councils) as shown in Figure 3 and this can be a source for rural-urban migration and emigration of the citizens particularly among the youths.

According to McCatty (2004), "policy makers must realise that rural-urban migration is an inevitable consequence of both asymmetric policies and economic development favouring urban areas. Migration should be seen as an equilibrating response to disequilibrium existing in the economy, and it is the responsibility of governments to reduce this disequilibrium. As long as there are gaps in rural-urban employment opportunities caused by urban bias, there will be migration. Machel added that in developing countries it is very important to promote secondary cities and market towns. Many countries have huge primary cities because of urban bias." Therefore it is of paramount importance to curb rural-urban migration and emigration through decentralising sustainable employment opportunities and quality service delivery in the rural settlements in order to ensure a balance urbanisation in the country.

## CONCLUSION

Local Councils and their grassroots structures should be the entry point for any developmental project/intervention in the communities as stated in the Local Government Act (2002) and Central Government Departments, CSOs,

NGOs, Bilaterals, Multilaterals and Development Partners should observe this principle starting from the design, planning and implementation of projects in the spirit of ensuring community ownership and sustainability of projects. There is no doubt that the high level involvement and participation of Non-State Actors in the decentralisation process will enable them to understand the immediate needs of the Councils and the gaps they can fill (such as financial and human capacity gaps at both national and local level), as a common adage goes "You put your money where your mouth is". On the level of the effectiveness of fiscal decentralisation in The Gambia, the findings revealed that only 2.6 per cent of the respondents said is very effective while 23.7 per cent and 73.7 per cent have the opinion that fiscal decentralisation is moderate and weak respectively.

In a real decentralisation situation decision-making is done by the citizens/grassroots or their elected representatives in the Councils with less interference by the Centre. Furthermore, it was observed that there is no effective decentralisation in The Gambia as in most cases major decisions are taken and transferred on the citizens/Local Councils by the Central Government for implementation. Fiscal and Administrative Decentralisations are not implemented as expected by the citizens. For fiscal decentralisation to be effective in The Gambia, there is need for more resource mobilisation and Councils need to identify and diversify their revenue sources, improve revenue collection and management, and it is crucial for the Central Government to make available adequate allocation of revenue sources to the Councils and fulfilment of Central Governments

financial commitments. In addition, a standard decentralisation also requires well-functioning structures, a developed human capacity, ensuring a very conducive environment and attractive motivation facilities to fully realise the target goals set.

Conyers (1990) indicates some typical justifications for decentralisation as a planning and development tool: "increase popular participation in planning and development; make plans more relevant to local needs; facilitate co-ordinated or 'integrated' planning; increase speed and flexibility of decision-making; generate additional resources; and encourage more efficient use of existing resources". However, Oyugi (2000) points out that the advantages mentioned above are "claims and expectations and not hard facts". These kinds of outcomes depend on conditions such as real power sharing and meaningful participation. Without these, the effects may counter the objectives. In conclusion this study is incomplete as there are more opportunities for further research due to the fact that decentralisation is a continuous process which requires continuous studies. Certainly it will be of interest to conduct in-depth studies on "*decentralisation and economic growth*" and also on "*with all the beautiful concepts and legislation on decentralisation why its implementation faces more challenges?*"

## RECOMMENDATIONS

Local Councils, National Council for Civic Education and CSOs/CBOs should intensify awareness creation campaigns for the citizens to be more committed in paying their dues, rates and taxes in order to strengthen the revenue base of the Councils and provides the required and quality services to the citizens.

There is need for more resource mobilisation and Councils need to identify and diversify their revenue sources, improve revenue collection and management (Councils should strengthen identification, proper documentation and tracking mechanisms on revenue).

Local Government budgetary activities should be gender sensitive to address the needs of the minority groups, most vulnerable groups, women and youths.

The lack of strong revenue base of the Councils is seriously hampering the operations and quality service delivery by the Councils to the people and it is crucial for the Central Government to make available adequate allocation of revenue sources to the Councils and fulfilment of Central Governments financial commitments.

There is an absolute need to have in place an effective and efficient National Financial Committee to follow-up and lobby funds for the Local Councils as require by the Local Government Act (2002).

To ensure accountability and transparency in the Councils, the financial management systems of the Councils should be reviewed and strengthened for them to be able to address loss of revenue in order to meet the

development needs of the people.

To measure the performance of Councils in relation to financial expenditures, there must be a progressive and acceptable standard software financial management system and well established Internal Audit in all Councils in order to track revenue and spending.

To review the State Land Act, Physical Planning Development Control Act and Surveys Act, Land Acquisition and Compensation Act, Licences and Amendment Schedules, General Rates Act, Bye-laws and Standing Orders in order to meet the resource gaps of the Councils and also address better the welfare of the citizens in those Laws.

The salaries and benefits attached to positions that require highly qualified technical personnel should be very attractive and thus there is an absolute need for reviewing the salary scale and benefits of Local Councils.

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