LOCAL GOVERNMENT FINANCE IN THE SUDAN.

by

abdul rashid ahmed mohamed mubili

A thesis submitted in partial fulfillment for the requirement of Master Degree of Public Administration.

Department of Political Science, Faculty of Economic & Social Studies, University of Khartoum.

December, 1979.
DEDICATION.

To my children, Abner, Iain and Angus. I hope they shall read the People Local Government Finance.
**ABBREVIATIONS**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.P.T.</td>
<td>Business Profit Tax</td>
</tr>
<tr>
<td>D.I.</td>
<td>District Inspector</td>
</tr>
<tr>
<td>P.C.</td>
<td>Provincial Council</td>
</tr>
<tr>
<td>P.E.C.</td>
<td>Peoples Executive Council</td>
</tr>
<tr>
<td>P.G.</td>
<td>Provincial Governor</td>
</tr>
<tr>
<td>P.L.C.</td>
<td>Peoples Local Council</td>
</tr>
<tr>
<td>P.L.G.</td>
<td>Peoples Local Government</td>
</tr>
<tr>
<td>P.P.B.</td>
<td>Planning, Programming and Budgeting</td>
</tr>
</tbody>
</table>
CONTENTS

ABBREVIATIONS .......................................................... 111

ABSTRACT ........................................................................ 114

ACKNOWLEDGEMENT ......................................................... vii

PREFACE ........................................................................ 1x

CHAPTER I: LOCAL GOVERNMENT FINANCE ........................................ 1

Introduction ...................................................................... 1

Land and Population ...................................................... 1

Evolution of Local Government ...................................... 5

CHAPTER II: LOCAL GOVERNMENT REVENUES .................................. 26

Local Taxation ................................................................... 29

Central Government Grants .......................................... 32

Types of Grants ................................................................ 35

Factors Influencing the need for Central Government Grants ...................................................... 42

Development of Grant System ........................................ 45

Direct Taxes ...................................................................... 49

Land Tax (Weiler) .............................................................. 52

Land Tax ........................................................................ 55

Date Tree Tax ................................................................. 60

Poll Tax ........................................................................... 62

Animal Tax (Quota'um) ......................................................... 65

Entertainment Tax ............................................................ 68

Local Rates ....................................................................... 69

Excise Duties .................................................................... 75

Royalties ........................................................................... 74

Miscellaneous Receipts ..................................................... 80

CHAPTER III: POWERS, FUNCTIONS AND EXPENDITURE OF LOCAL AUTHORITIES ........................................ 90

Methods of Allocation of Functions ................................. 92

Permissive and Obligatory Power ....................................... 96

Development of Powers ..................................................... 100

Expenditure ....................................................................... 115

Capital Expenditure .......................................................... 132

Borrowing by Local Authorities ...................................... 135

Regional and Local Development ...................................... 139/

CHAPTER IV: CENTRAL/LOCAL RELATIONS ...................................... 152

Arrangement of Central/Local Relationship ....................... 153

The Financial Relationship between Local Government and Central Finance ...................................... 160

Relationship with the Central Ministries and Departments ...................................................... 174

The Budget as the Main Control of Finance ..................... 177

Planning, Programming and Budgeting System ............... 183
ABSTRACT

The financial resources of the local authorities are meagre compared with the cost of performing their functions and duties. The Central Government always steps in to assist financially the local authorities. A system of grants-in-aid from the Central Government to local authorities, though inevitable, has many disadvantages. The system, whether block grant or percentage grant, has been coupled with detailed administrative supervision and financial central control. The pressure of control, consequently, crippled the local authorities' autonomy and financial freedom.

Moreover the direct taxes assigned by the different laws and acts, for the local authorities, which constitute the main sources had undergone no change or development. The taxes are considered, by all means, as regressive and irresponsible to changes in expenditure on local basic social needs of the people. The revenues are not sufficient to cover the minimum satisfaction of collective wants. In fact the needs of revenues are always expanding and new taxes are required.

The financial inability of the P.N.Cs., to finance the entrusted services is attributed mainly to the system of the local taxation. The increasing trend of expenditure on the social services, education, health and welfare services, rendered by the Local Government Councils has become a permanent feature of
Local Government finance.

The gap between spontaneous revenues and expenditure on services is ever widening. Up to now no new effective sources of revenues are discovered to fill that gap. The reliance of the local authorities on the grant-in-aid and deficit financing is becoming a problem for both the central finance and the Local Government institutions.

Though the existing Local Government system has encouraged the P.L.C.s. for economic development and to undertake business on commercial basis, but unfortunately, the P.L.C.s. lack the experience, skilled cadre and finance to carry out economic development or business. The central planning authorities have got all the means and ways which such schemes need - such as planning, Programming and budgeting facilities.

The financial relationship between the Central Government and the local Government has to be revised and renewed in a means of improving Local Government financial resources.

However this study is concerned mainly with the financial system of Local Government in relation to the Local Government's structure and organisation. The three aspects (finance, structure, organisation) of Local Government have to be taken together. The problem, faced today, is that major changes have taken place with regard to organisation and structure of Local Government i.e. Peoples Local Government Act 1971, while
the financial system of Local Government almost, remained the same.

For all above reasons serious study of Local Government finance is needed. This thesis is only a modest attempt towards that end.
Acknowledgement.

I wish to thank most sincerely all those people who assisted me in the course of writing this study. In particular I would like to express my special heartfelt thanks to Dr. Wadie Al Assam, my Supervisor, for having offered me the opportunity to work with him by using his own books. I thank him for his guidance, help, understanding and criticism of the manuscript. I thank him for his encouragement and follow-up throughout the study. To him I am indeed greatly indebted.

I wish to acknowledge with thanks the invaluable help I received from my colleagues, the administrative officers of the peoples' local government in Northern Kordofan, Southern Kordofan, Southern Darfur Province, White Nile, Blue Nile, Red Sea and Khartoum Province. They allowed me to make use of their experiences and responded to my interviews in the field of peoples' local government functions.

I would like to express my thanks to Dr. Hassen Sadiq of Department of Political Science, University of Khartoum who encouraged me to write this study and provided me with books throughout the course of my writing.

I owe a debt of gratitude to my wife, mastur, who allowed me to travel to the different provinces and been
absent from home long periods and she took care of our children alone.

At last I have to thank Sayd/Abdel Basset Al Mideig who could decipher my handwriting and had typed the thesis.
The main aim of this study is to focus attention on the Local Government finance. No comprehensive study has been made in this area, the interest that exists is very casual. A comprehensive and yet not too detailed work on the present situation is needed in order to understand thoroughly the implications of any changes which may be made in Local Government finance structure. Finance is considered as one of most important aspect of Local Government. In fact it is the backbone of Local Government. It is so vital a part of any process of government in the sense of finding, raising money and spending it on services needed by the community. Any consideration of Local Government which did not include the financial aspect would be incomplete.

In Dr. Marshall expression, finance is the most important aspect of Local Government, it is a thread running through all aspects of Local Government, its structure, functions, powers, it is so interwoven with other aspects that it is not easy to segregate it from them. Whenever any aspect is discussed, the financial aspect comes across.

In the narrow sense Local Government finance is concerned with raising the resources to meet expenditure to provide Local Government services. The financial sources
are allocated between the various services to ensure the value of the money being obtained. In the wider sense Local Government finance, whilst including the former meaning, is concerned with the economic development of the area. This latter concern has been emphasized during the last decade of Local Government Reform in the Sudan particularly in the People's Local Government Act of 1971.

In this act the local authorities have been significantly more involved in the development of the community socially and economically.

The subject (finance) is complex because as the system of Local Government grows in skilled staff, resources and total income and sources of income grow, at the opportunity and difficulties of financial administration increase. Our objective of the study is to give an outline of the principles and practice of Local Government finance in the Sudan despite the difficulty of the subject.

It is a fact that in spite of the successive reforms of the Local Government since 1937 up to 1979 and throughout the history of Local Government in the Sudan, the inability of the system has been noticed. (The budgets of Local authorities showed continuously a very high deficit each year. The Central Government annual grant in aid is increasing every year.)
The problem lies in the fact that Local Government expenditure on services are continuously increasing, while the revenues, if they are not static, are not increasing in the same rate. This problem, in most cases studies, is attributed to the financial system of Local Government, i.e. the local taxation of Local Government is insensitive to changes in expenditure on services. In this study, attention is directed to the shortcomings and disadvantages of the Local government finance.

However, the study is only a modest contribution to a frequent debate on the financial system of Local Government which has to be subject to further serious studies. Our justification for pursuing the study is that any attempts which help to provide a better understanding of the behaviour of Local Government revenue and expenditure in the Sudan, however crude that may be, are worth the effort. At least future researchers would find the task relatively easier in the light of our modest contribution. We found it, at first, very difficult to collect reliable data. Figures which were essential for analysis differed from one source of information to another. The figures were different in councils, in the province and headquarters. Thus, the data collected are not so reliable, but generally can be used as indicators. An important implication of the study is that more serious attempts must be made towards data collection.
Efforts must be exerted to provide continuous flow of data.

In writing this study we depended on the available adequate sources of information in the library of the university, Ministry of Finance and People's Local Government Bureau. We paid several visits to the different provinces of the Sudan. Personal interviews were conducted with relevant persons and important personalities, provincial commissioners, finance assistant commissioners, councilors, committees and made use of the minutes of the People's Local Government Conferences.

The Plan of the Study:

The first chapter of the thesis is a background to the Local Government Finance in the Sudan. In the second chapter the sources of revenues of local authorities are going to be outlined and discussed. In other words e.g., revenues from assigned taxes, direct or indirect, traditional or modern taxes, local rates, fees, fees, charges, Central Government grants to local authorities, loans together with any other miscellaneous sources of revenue. A fundamental problem of local authorities is how to provide the means necessary to meet the cost of services. The question that now faces local authorities, not only in the Sudan, but also all over the world, is how to meet the increasing cost of services and to think of new sources of revenue without over burdening the citizen. The chapter discusses the possibility of local
authorities of becoming dependent on themselves and not relying on the financial assistance from the Central Government. The problem of reliance of local authorities on Central Government assistance is becoming more and more acute. There is a noticeable growth of expenditure on services since the Sudan got its independence in 1956.

The continuity of increasing cost of services, such as education, health etc., besides the transfer of new functions from the central ministries and departments to local authorities, by recent Local Government reforms, has added new financial burdens to local authorities. The implication of the Central Government grant on Central Government assistance on local authorities autonomy will be discussed. The chapter traces the merits and deserts of Local Government taxation system, i.e., the administrative aspects of assessment and collection of the local taxes.

The third chapter will examine the effect of the financial inability of local authorities on the standard of the social services rendered by the local authorities. The question is whether powers of the local authorities though wide, is it because that local authorities are financially supplemented and for this reason are made legally responsible for rendering specific services, or is it because they have no enough sources of revenue.
this chapter a list of services rendered by the local authorities is provided to answer that question. A comparison of powers and functions is made to explain the powers, functions and services provided in the different acts of 1951, 1960 and 1971 of People's Local Government. This is necessary in order to see how the financial problem is dealt with in each case.

The fourth chapter deals with the most important aspect of local government finance, i.e. the financial Central/Local relationship. It deals with the financial central control on the local authorities. The activities of local authorities which are subject to financial control, the limitations on loans, borrowing, budgets and Central Government grants. The measures of control which are taken internally and externally; such as supervision, auditing and financial regulations. The chapter seeks for an answer to the question of reaching to an acceptable Central/Local relation.

The last fifth chapter contains the recommendations and conclusions on the problems which have been discussed in the previous four chapters.
CHAPTER II
LOCAL GOVERNMENT FINANCE

Introduction:

Land and Population:

The Sudan is a vast country. In area, it is the largest country in Africa; the tenth largest country in the world. Its area covers 967,500 sq. miles. The country extends from the Sahara Desert in the North to the Equatorial Jungle in the South. The climatic conditions of the country vary from the desert in the North to equatorial swamps and forests in the South. This environment has influenced the modes of life of the population. It has shaped the ways of life of the different groups and thus their livelihood differs from one part to another, e.g., hunting, fishing, agriculture, etc.

In such a situation people can not be adequately served except under a decentralized administrative system. It is said that the emergence of Local Government in the Sudan was a matter of necessity. It is a pure necessity and natural outcome of local conditions.

As far as the population are concerned, the first census was conducted in 1956. It gave a total population of 10.2 million. The second population census of April 1975...
has not yet been processed. The population is estimated to be about 17 million in 1974, growing at an annual rate of 2.8 per cent.\(^5\) In the 1956 census about 8 per cent of population lived in towns. This figure has risen to 14 per cent in the 1974 and has become urban.

The population density is very low. It is only 17 persons per square mile.\(^6\) This sparsity of population is coupled with inadequate means of transport.

The percentage of urban population rose to 29.4 per cent of the total population in 1976 as compared to 14 per cent in 1974, i.e., an increase of 1,151,000 persons. The percentage of rural population decreased from 86 per cent in the base year 1974 to about 62.4 per cent in 1976, while the number of the rural population increased about 1,590,000 persons during the period of the revised five year plan (1970-1975). The percentage of the nomads decreased from 13.6 in 1969 to around 10.2 in 1976. Their number went up by about 1,400,000.\(^5\) The average density of 17 persons per square mile indicates that the Sudan, unlike most developing countries, is not over populated. The low population density has probably impeded the development of means of transportation and hence economic development.

The vastness of the country and the sparsely distributed population has raised the cost of provision of services. About a
quarter of population lives in the six most undeveloped provinces of the south. Another quarter lives in the West which is also undeveloped. The remaining half is scattered in the Northern and Eastern provinces particularly along the Nile strip. The distribution pattern has produced very few urban centres in full economic and social sense of the word. In fact only capitals of provinces and other few towns can be called urban in that sense. The major part of the country is composed of either rural or small urban centres.

The high rate of population growth (2.8) mentioned above coupled with the fact that about 43 per cent of population under 15 years has important implications for the provision of essential services - education and health rendered by Local Government and on future development of the country. The population is young and growing which entails certain costs on services in the short run, i.e., health and educational services which the Local Government provides to the community. (6)

Evolution of Local Government:

Generally speaking, Local Government is an instrument needed to "direct and control policies by representatives and officials who are in close touch with the needs of the area and responsive to the wishes of the population", (7) with the advantage of utilisation of resources for development
in projects and schemes which result in the improvement of
the people's conditions of living. In the Sudan Local
Government was established out of necessity in 1937. As we
mentioned before the country being vast, sparsely populated
with diverse modes of life Local Government was an urgent
need. The main objective of its establishment was to ease
the administration for the Colonial Rulers and to render
social services demanded by the local population such as
education, health, housing, roads, etc..

During the Colonial Rule in the period (1899-1921) the
whole country was divided into fifteen provinces. Each
province was sub-divided into districts. The provinces were
under Provincial Governors. The districts were under Inspectors
who were directly responsible to the Provincial Governors.
The Provincial Governors are answerable to the Governor General
in Khartoum.

Diagram 1.

```
Governor General

<table>
<thead>
<tr>
<th>Prov. Governor</th>
<th>P.O.</th>
<th>P.M.</th>
<th>P.O.</th>
</tr>
</thead>
</table>

| District
| Inspectors | D.I. |
```

D.I.: District Inspector
During this period the local affairs of the Sudanese people had been administered centrally from Khartoum. The administration was direct and highly centralized under the Governor General, Province Governors and District Inspectors who were British military officers.

In this stage no attempt was made to make use of the indigenous tribal chiefs in administration, though that was the case before the colonial rule of 1899 (Fung Rule).

In accordance with Wilmer Commission Report of 1922, the centralized administration policy was revised. The Report recommended that "having regard to the vast extent of the Sudan and the varied characters of its inhabitants, the administration of its different parts should be left, as far as possible, in the hands of the native authorities wherever they exist, under British supervision." (6)

This policy resulted in the birth of indirect administration, i.e., the use of native Administration during the period from 1922 to 1936. The introduction of Native Administration was for the reasons we mentioned before i.e., to economize in the use of personnel. The system of Native Administration was adopted throughout the whole country wherever possible as recommended by Wilmer. Exactly during the period of First World War and afterwards.
In the system of Native Administration, some administrative and financial powers were delegated to the tribal leaders, Nazirs, Indias or Chiefs. The main tasks of Native Administration were the maintenance of law, order, collection of taxes and provision of primary social services such as building of sub-grade schools, dressing stations, clearing roads, building of local prisons and courts. The Native Administration acted as agents for the District Inspectors and government departments. Gradually, beside the collection of direct taxes, Native Administration was given the authority of assessment of direct taxes at the rates which were usually fixed by the central authority. The Native Authorities were allowed to administer selected services such as the markets, conservancy services and to pay the salaries of the Native Officials. In some areas where the Native authorities were deemed to be efficient they were given a separate budget. The budget was simply a balance statement. On one side of the statement, direct taxes collected are shown. Beside other revenue of purely local nature, on the other side the cost of Native Authorities salaries, cost of local services for which the Native authority was partly made responsible are shown. Such separate budgets became the aim of every ambitious Native authority at that time. However this policy of employing Native authorities in simple tasks, such as collection of
taxes, selected social services, payment of salaries to
native officials (Chief, school masters) was an idea
which was prevailing at that time in Nigeria and advocated
by Lord Lugard. (9)

In the late 1930s Native Administration proved to be
inefficient, because life developed in the larger villages
and towns and in parts of the country. Economic progress
began to create more individual freedom and internal and
external migration began to disintegrate many tribes. The
old tribal influence began to decay. In fact conditions
of people began to change as more needs were demanded for
more social services everywhere. The system was unable,
practically, to satisfy the aspirations of the people. The
tribal leaders, for example, had neither the knowledge,
desire and the financial capability to provide services nor
to administer the urgently needed services such as
sanitation and public works.

In response to these shortcomings and to the increas-
ing frustration of the nationalist elite who organized
themselves in the Graduated General Congress in 1937 "The
British began to adapt 'Native Administration' into 'Local
Government'". (10)

By 1937 considerable measures were taken towards the
introduction of Local Government. Three Local Government
Ordinances were passed, one for municipalities, another for townships and a third for rural areas. This was considered the birth day of Local Government in the Sudan. The three Ordinances created local authorities quite distinct from native authorities. The main functions of the local authorities were to render the social services demanded by the local people and to satisfy both elites ambitions and to be a school for training local leaders.

In order to exercise the functions of provision of services, it was found necessary to have the money required for the execution of the services. Out of this came in existence that the local authorities should have a separate system of finance as Newbold in his note of 10 September 1942 suggested, "the extension of Town Councils with executive powers and financial independence". This suggestion was approved i.e. independent sources of revenue to implement the council's function. Hence the first step in the direction of developing Local Government was taken by the passage of El Chad Town Council 1942 which was a further distinction of having the first fully executive council with an independent budget and substantial responsibilities in the management and financing of local affairs. The councils had their revenue derived from rates, market fees, licences fees, direct taxes and other miscellaneous sources. The councils
were given the right to spend on services but the expenditures were subject to central control, scrutiny, supervision. The councils had their budgets but the budgets were subjected to fine examination by the District Inspectors (Commissioners), Provincial Governor and the Financial Secretary. Every item of expenditure of the budget or reserve had to be individually approved. At that time, in fact, there was no means of meeting capital expenditure, except by grant from the Central Government mainly for construction of sub-grade schools. In the first stage the councils received no financial assistance from the Central Government. This was the case in municipalities and town areas but the financial position of the rural councils was worse than the urban areas because the rural councils had no local income in terms of rates to rely upon and so had to depend upon the Central Government grants as main source of revenue to cover only a part of local expenditure. Rural Councils were, to a large degree, dependent for their existence on receiving some of the proceeds of direct taxation for the collection of which they were agents. Later on some of the direct taxes were assigned to them, e.g. animal tax, poll tax, hut tax, date tax.

This situation continued up to 1948 when the Government of the Sudan invited Dr. Marshall, City Treasurer
Coventry and President of the Institute of Municipal Treasurers and Accountants, to visit the Sudan. He was entrusted with a specific mission: "to examine into and report on the policy and practice of the Sudan Government in respect of Local Government and to make recommendations upon any matter arising from the enquiry." [13]

The terms of reference of the mission were to examine Local Government practice in general and he got also interested in the financial aspect of Local Government as shown in his report. Dr. Marshall, in fact, was considered the founder and father of Local Government in the Sudan.

After a period of careful study, Dr. Marshall, suggested that a vast large country, like the Sudan with limited resources, bad communication, can not be administered centrally. He recommended Local Government Councils to be established on the following bases:

(a) Local Government should be in the hands of local bodies answerable to electorate, enjoy a corporate existence and be responsible both for the making of decisions and their execution.

(b) Local Government must not be stereotype though the basic structure is the same, there must be sufficient flexibility to alter for the wide divergence of conditions in the Sudan.
(c) Local authorities must have independent tax revenue sufficient to meet substantial part of their expenditure and not overlapping the Central Government.

(d) A system of grant-in-aid should be instituted for services for which Central Government demands a national minimum standard of performance and to cater for the needs of poor authorities.

(e) The units of Local Government should be financially stable and the Central Government must always be ready to step in financially to assist weaker authorities.

(f) New powers and duties should be conferred on local authorities individually as they show themselves capable (financially) of assuming additional responsibilities.\(^{(1b)}\)

The recommendations (c), (d), (e) and (f) are of vital importance when we come later to discuss the local sources of revenue, the central-local relations and the duties of Local Government Councils.

However these recommendations formed the basic principles upon which Local Government in the Sudan was built in general and the financial system of Local Government in particular.
Dr. Marshall's Report was accepted by the Central Government and consequently Local Government Councils were established according to the recommendations of the Report.

A new ordinance of Local Government was passed in 1951. 86 Local authorities were created. Each council had a separate warrant of establishment specifying its powers and duties. All councils, by tie and through certain stages, became corporate bodies and had their own sources of revenue and budgets.

As far as the Local Government finance was concerned, Dr. Marshall recommendations could be summarized in the following: that enough funds should be allocated to local authorities to enable them to carry out their functions (specified in their warrants) without too much dependence on the Central Government. The revenues derived from direct taxes were divided between the Central Government and the Local Government. A flexible system of financing Local Government services was adopted.

A council obtains its revenue by grant from the Central Government, which might be by assignment of the produce of a tax or taxes subject to a fixed contribution made by the Ministry of Finance from the produce of another
tax assigned which by law assigned to the council or from rates under the Rates Ordinance of 1954. The council can obtain revenues from any charge or fee or due which was lawfully payable to it. An ordinance of "appropriation of Taxes 1954" was passed by which a council received revenue from taxes (direct taxes) assigned by the Central Government. The assigned direct taxes were, land tax, hut tax, animals tax, date tree tax, tribute, poll tax, entertainment tax.

That was on the revenue side of Local Government Finance. On the expenditure side section 43 of the Local Government Ordinance reads: "A council may expend money in the proper exercise of its powers and as matter necessary incidental thereby or arising there from and to meet its lawful debts or obligations". Local Government councils were allowed to incur expenditure against their approved budgets. But at the same time Local Government Ordinance 1951 did not allow the councils to raise any loan except with the consent of the Civil Secretary and for purposes and on conditions prescribed by him. The Ordinance provided that the councils' budget, besides revenue and expenditure sides, should contain some other special accounts, such as capital expenditure, reserve accounts, renewal accounts and equalisation accounts. The capital expenditure and
reserve accounts were to be spent only for new construct- 
tional works. The renewal account was to enable councils 
to renew their equipment, machines. Equalisation account 
was designed to balance the budget during the bad years, 
E.g. drought, locusts, animal diseases and abnormal 
disasters. Central measures were imposed on these accounts. 
No expenditure could be incurred from these special accounts 
except by the approval of the Civil Secretary. Besides these 
financial controls, there were other restrictions which 
limited the financial freedom of local authorities, such 
as the budget approval. The limitations of special accounts 
required approval, budget approval, and rates of taxes were 
exercised by the Central Government as a system of financial 
control.

The following diagram 2 shows the relation between 
the Central Government and the Local Government councils 
during the period 1951-60:

![Diagram 2]

- Central Government
  - Ministry of Local Government
    - Urban Local Government Councils
    - Rural Local Government Councils
The system was sufficiently flexible to meet widely divergent conditions in the Sudan. Powers and functions were granted piecemeal to local authorities whenever the councils showed themselves capable of assuming additional responsibilities. Flexibility was seen also in the taxation system where a particular revenue could be collected in a district which might be quite inapplicable to the rest of the country, e.g. tax on crocodile skins in Equatoria Province and date trees in the Northern Province.

By 1960, a further modification to the structure and financial system of Local Government took place. The Provincial Administration Act of 1960 was passed.

Under the Provincial Administration Act 1960 two councils at the provincial level were established i.e. provincial councils and province authority. The first (provincial councils) consisted of:

(a) Members to be elected by the Local Government councils from amongst their members, (Town and Rural Councils).

(b) Head representatives of ministries and departments working in the province by virtue of their office.

(c) Members elected by qualified voters of the inhabitants of the province.
The second council (Province authority) was established by warrant by the Council of Ministers. It was composed of Head representatives of ministries working in the province. It was headed by the representative of Ministry of Local Government who was the commissioner.

The Provincial Council was concerned with policy making. The province authority concerned with the execution of the policy formulated. Local Government councils at level of the rural areas and towns were left without main changes. The councils were recognized as corporate bodies with perpetual existence. The (councils) had their own financial resources, powers to maintain their own staff, to provide local services and power to execute policy and pass local laws.

The main feature of the Provincial Administration Act was the composition of the Province Authority with the Province Commissioner as head of province authority. The province authority was made responsible for the execution of the decisions of the Provincial Council. It was also made responsible of framing budgetary estimates of Provincial Council and submit proposals of by-law and regulation for adoption by Provincial Council.

As far as the revenues of the Provincial Council were concerned it obtained revenue by grant from the Central
Government, from the produce of assigned taxes subject to conditions made by Minister of Finance after consultation with the Minister of Local government. It obtained revenue from produce of any tax which was declared by law to belong to Provincial Council.

The Council obtained revenues by:

1) Rates, charges or fee lawfully payable to Provincial Council section "37" of the Act.
2) New taxes were assigned to Provincial Councils such as business profit tax.
3) Royalties, fixed as a percentage on gum arabic, firewood, charcoal from provincial forest reserves.
4) Fenta from Government lands.
5) Licences such as liquor licences, firearms, motor cars, driving licences.
6) Fees and charges on ferries, gardens.
7) Grants per capita based on flat rate on number of population in the province.
8) Grants-in-aid payable at the rate of 20% on actual expenditure in respect of education, health services and deficit grants.
As far as the financial control was concerned all the activities of the Provincial Council were supervised by any minister the Provincial Council pertaining his functions or his budget is part of the Provincial Council, Estimates of budgets had to be approved by every minister and finally by the Ministry of Local Government. The Provincial Councils, like Local Government Councils, were not allowed to withdraw from their special accounts without the prior consent of the Minister of Local Government. The Provincial Councils were not empowered to raise loan except with the approval of the Minister of Local Government and for purposes approved and on conditions specified by him.

Diagram 3 below, shows the structure and organization of Central Government, Provincial Councils and District Councils:

![Diagram 3](image-url)
While the structure of the Local Government system and the powers of local authorities appeared to be sufficiently flexible, the Provincial Administration Act was an attempt made to solve the problem of lack of coordination between the Central Government and Local Government Councils. In practice Local Government authorities were faced by many problems. Such as problems of insufficiency of revenues, financial inabilities and close control by the Central Government. This was a real discrepancy between the theory of the Act and the practice of the Local Government Councils. The question raised at that time was, which to adjust the theory or the practice?

A further reorganization of the Local Government system took place in 1971. The main objective of the system was to enable the local authorities to meet the increasing needs for social services and to promote socio-economic development.

The structure of the Local authorities took the form of a pyramid. The People's Province Ex. Councils at the apex, the District Councils and the People's Rural and Town Councils. Below the Rural Councils were village Councils, which were the first councils to be elected.
Below Town Councils were block councils, neighbourhood, industrial area councils. In the market areas separate councils had been elected for each business group (general merchants, tailors, butchers etc.) which form market council. When all the stages of formation councils were completed, the Peoples Province Executive Council had to be formed at last from the representatives of Towns, Rural and Market Councils.

The diagram below shows the structure and organisation of Peoples Province Executive Council, District, Town, Rural Councils, villages and neighbourhood councils.

Diagram

[Diagram showing the structure of the council system]
The structure of the administration is pyramidal. The central government is at the apex descending to commissioners, provincial executive council and downwards to district rural and to neighbourhood and village councils.

The main deviation of the new system from the previous systems was that all councils below Peoples Province Executive Council no longer enjoy corporate status. The councils, other than P.E.C., had no measure of independent autonomy. The councils perform duties delegated to them by the Peoples Province Executive Council. The Peoples Executive Council had to administer all services in the province e.g. education, health, veterinary, roads.

The Peoples Executive Council is headed by a Provincial Commissioner who is a political figure as well as an administrative head. He is responsible to the President for the good administration of the province. He is the treasurer by law. In fact the Commissioner has vast powers as he represents the government in the province.

Another feature of the new system relates to the fact that the province is the only budgetary unit. Previously each Local Government Council enjoyed corporate status as well as had separate budget of its own. The Peoples Province
Council has an overall responsibility for budgets of various councils i.e., District Council, Town, and Rural Councils. Revenues previously were due to the Local Government Councils now go to the People's Province Executive Council.

In the new system of finance the P.P.E.C. take revenue from above i.e. (The Central ministries and departments) and from below i.e. (The Local Government Councils).

The People's Province Executive Council may delegate certain budgetary powers to councils at lower levels but this is still a matter of debate and reluctance.

The advocates of the new system praise it. They say that the system is aspiring for more decentralization and financial autonomy, but still there is a considerable degree of control exercised by the Central Government. There is still, more and more reliance on the Central Government aid.

The central control, especially financial control, is evident in the conditional grants, supervision, auditing and approval of the P.P.E.C. budgets by the Ministry of
Finance. This will be discussed in more details in the subsequent chapters as we are going to concentrate our analysis on the current system of Local Government finance.

The preceding historical survey showed the development of the Local Government finance in the Sudan through the various stages of Local Government reforms and reorganization. The survey is necessary as far as the financial system of Local Government is inseparable from the structure and organization of Local Government. It is shown from the previous experience of Local Government in the Sudan, that whenever there is a change in the structure or organization of Local Government, there should be change in the financial aspect of Local Government. The optimum result is reached when the structure, organization and finance go hand in hand to achieve Local Government aim.
(9) Ibid., p.25.
(10) Ibid., p.27.
(12) Ibid., p.209.

(14) Ibid., pp.18-19.

(15) Local Government Ordinances, 1951 Section 42.


CHAPTER II.
LOCAL GOVERNMENT REVENUES.

In this chapter the sources of revenue of local authorities are going to be outlined and discussed. Local authorities are entrusted with social services. In order to carry out these services, they should have enough money. The ability of local authorities to discharge any entrusted service or duty depends on how much money the authorities have, and how capable and competent its personnel is.

Professor Maddick in his book "Democracy, Decentralization and Development" said:

"filling the ends by allocating functions to Local Government without providing the necessary finance to enable, self-financing, but are surprisingly widely practised. Moreover it is likely to cause the collapse of Local Government; the public will distrust it and individuals will be reluctant to serve either as voluntary councilors or paid staff if nothing can be achieved". (1)

The absence of income means an almost complete stoppage of services. Thus it is a fact that enough money should always be allocated to local authorities to enable them to carry out their functions. Failing social services as well as technical services by local authorities requires a permanent, adequate and flexible sources of revenue. It is a necessity that the sources of revenue should grow as the
functions entrusted to local authorities grow. Whenever the local authorities develop and prove their ability to carry out new duties and more functions are entrusted, it is expected that the sources of revenue respond likewise. This is a very important feature as far as the sources of revenue are concerned. It is in fact the flexibility of sources of revenue which is a special feature of local government finance in the Sudan in the system of 1951 to which we will refer later.

Dr. Marshall pointed out that the resources of local government rest on four principles:

First: a country should, when fixing or amending duties of local authority, divide the tasks of government between central and local government and then allot suitable taxes to each level. Finance should be the hard maiden and not the master.

Secondly: the taxes allocated to local authorities should be regularly overhauled to keep them in tune with the current conditions.

Thirdly: subventions from the central government should be used to equalize resources, to cater for special needs, to stimulate the provision of new services and to share between central and local government the burden of quasi national
services. The subventions should be given in a manner which
never interfere with local discretion, used for these purposes
and in this way grants are legitimate, useful and indeed
inseparable feature of modern Local Government; used to cover
up a failure, to divide taxable resources fairly, and are
inseparable.

Fourthly: The practices about charging or not charging
for services rendered should be under continued review. (2)

The question is to what extent these principles
applicable in the British system of Local Government?
This what we are going to outline, discuss and analyse.
We are after the division of the taxable resources between
Central Government and Local Government.

The Local Government is a part of Central Government.
It can never be completely independent of it. In one way
or another it is part of the whole. But this does not mean
that local authorities should always be subordinate and
dependent. The local authorities, should, at least, raise
a substantial part of its income by imposing some form of
local taxation. It is generally believed, however, that
a degree of autonomy is essential for local authorities to
render services. This degree of autonomy is measured by the
extent to which local authorities are able to finance their
can services, programmes and schemes from their own resources without depending exhaustively on Central Government assistance.

Local Taxation:

As we described in the first chapter, Local Government in the Union was initially adapted from the British model; nevertheless its evolution, through time, occurred in a manner that suited the country set up.

All the reforms to which we referred in the previous chapter were attempts aimed at strengthening and extending Local Government in order to reduce the administrative burden in such a vast, sparsely populated country which lacks adequate transport system. The purpose of any reform taken was to spread social services as widely as possible where needed, but are these any reforms taken too far for the availability of resources or the widening of areas of revenue? This is what we are going to see in discussing the local taxation system in the Union.

In general there are different ways in which local authorities finance their activities, e.g.:

1. Local authorities can raise money by local taxes;
2. They can share tax-revenues with the Central Government;
iii - They can borrow through the Central Government;
iv - They may levy supplementary tax-rates;
v - They may receive grants from the Central Government.

In a more precise manner, the sources of revenue of Local Government in the Sudan can be divided into three main categories:

Firstly, there are the grants from the Central Government to the local authorities, which constitute 67½% of the total revenue.

Secondly, there are the locally imposed taxes: direct taxes assigned to local authorities by law (Appropriation Tax Ordinance 1954).

Thirdly, there are the miscellaneous receipts, such as licences, fees, charges and court fees.

Article 49 of Local Government Ordinance 1951 provides:

"A council obtains its revenue by grant from the Central Government which may be by assignment of the produce of a tax or taxes subject to a fixed contribution to the government and subject to any other conditions made by the Minister of Finance and from the produce of any other tax which by law assigned to council and from local rates under the Local
Taxation Ordinance 1954 and from any other charges, dues or fees which are lawfully payable to the council.

Then according to the provincial act 1960 the previous sources of revenue remained the same, but the Central Government, as more functions are delegated to the provincial authorities, later assigned some other taxes to the provincial councils. These assigned taxes were business profit tax, royalties, excise duties, government profit from sugar sales, fire and liquor licences, driving licences and motor car licences.

Other new sources of revenue besides these of 1951 and 1960 acts, are provided by the People's Local Government Act 1971. The People's Executive Council can derive revenues from commercial business, i.e. Article 19(6) that P.L.G. carries commercial business such as Baroda Province Public Transport Company, Gaira Transport Company and Dar Fur Transport Company.

In connection with the commercial business facility given to P.L.G. by which P.L.G. were allowed to borrow whether by charge or overdrafting or by issue of securities. Borrowing, of course, was provided for in the past but emphasis here is on borrowing for commercial business. However, we doubt whether local authorities could make use of these borrowing facilities.
This distinguishing feature of 1971 source of revenue of commercial business if the R.K.GI. could utilize it as a new source of revenue.

In spite of that commercial business facility and borrowing facilities the three sources of revenue as mentioned before still remained the main source for financing Local Government services.

1. **CENTRAL GOVERNMENT GRANTS**

"Grants are defined as a contribution authorized by the (central authority) and made by the Ministry of Finance to the (people's executive Council) in aid of a service or services which are provided by a local authority." (4) The Central Government grants form a significant part of the local revenues. For this reason any discussion on Local Government finance which excludes analysis of the grants structure would be incomplete. / "The Central Government grants are in fact a universal phenomenon of Local Governments". (5) The percentage which grant revenue bears in relation to total revenue from grants, taxes and other miscellaneous receipts varies 6.5% to 92.4% and there is a tendency for this percentages to increase". (6)

Central Government grants are given, in general, to local authorities in the Sudan for the following reasons: -
1. To compensate for inequalities, there are inequalities in local resources in the various local authorities e.g. poor and rich councils. Blue Nile Province and Darfur Province are good examples, "their spontaneous revenues in 1959/70 were 6.0 million pounds and 1.7 million Sudanese pounds respectively". In such cases, the poor provinces are given grants to carry out their obligations, though the low revenue does not indicate poverty; if potentiality is taken in consideration.

2. There are certain services rendered by the local authorities which are not entirely local. The state has interest in maintaining these services of national nature. A national standard is required when these services are performed locally, such as education and health. The cost of these services should, therefore, be spread over the country as a whole and in this case a percentage is entered for by the Central Government in the form of Central Government aid.

In the Local Government Act 1951 a percentage grant-in-aid was entered for by the Central Government to Local Councils. The percentages were
(a) Education 40% for sub-grade education.
(b) Education 60% for primary education.
(c) Judicial and administrative staff 33% and 75%.
(d) Through roads service 50%.
(e) Local roads 33%. *(8)*

A council, sometimes, is deprived of the grant-in-aid if it did not maintain the standard required of the service, especially educational and health services.

The provincial administration act 1960 introduced a per capita grant. A flat rate on the number of population in the province per capital grant aid was payable at 20% rate on the actual expenditure incurred in respect of educational and health services.*(9)*

3. Sometimes grants are designed to stimulate the development of particular services or formation of particular type of capital asset. For example the Sharram Province Council was given in 1967 twenty buses as a grant to solve the problem of transportation when the tram system was abolished.*(10)*

1. Grants are given to exercise some control over local administrative standards either in respect of equality of the services provided or in respect of personnel
engaged. This purpose of grant is practiced in the Sudan when the local councils were granted 75% of the salaries of administrative and judicial staff as we mentioned before.

5. "Grants may be used to stimulate local tax collection and assessment or as a means of inducing local councils to collect better statistics which will be useful for their own information and that of the national planners." (II)

6. Finally grants, in the general understanding, are given to fill the gap between local spontaneous revenues and actual expenditure on services. This gap has always existed.

In actual practice all above mentioned purposes are served by the Central Government grants given to the local authorities in the Sudan.

- Types of Grants:

Every system of local taxation is sooner or later, supplemented by grants. We are going to outline the various types of grants chosen to supplement local sources of revenues. The grants are intended to equalize or balance the local revenues with expenditure. The grants intended to expand services of local authorities and the grants given when
placing more responsibilities or more quasi-national services to local authorities.

Up to now there are two main types of grants:

(a) General grants.

(b) Specific grants.

The general grants are modified into other particular grants, such as percentage grant, unit grant or block grant which is another way of saying general grant. The percentage grant or unit is a method of calculating the general or block grant and so is the unit grant. The percentage grant is distributed as a specified proportion of the council's approved expenditure on the whole or part of a particular service as we have seen in the Local Government Finance system of 1951, e.g. education, health, roads, etc.

In this study we are interested in the general or block and specific grants. The general grant or the block grant, as called by the Ministry of Finance, indicates that the Ministry of Finance contributes in the expenditure on the services. The contribution is not specified or earmarked for maintenance of a particular service but contribution is given to the peoples executive councils in aid of their general income to be spent by them at their own discretion but without changing the items of expenditure passed in the budget.
Usually the Central Government grant is scheduled according to the wishes of the P.C.Os. and after agreement of the Ministry of Finance. When the Province Council schedules the Central Government grant for a period of year, the liquidity situation of the council is taken under consideration. For example, Northern Kordofan (11) People Executive Council in the fiscal year 1978/79 had scheduled in the following way:

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount  \ 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>700</td>
</tr>
<tr>
<td>August</td>
<td>700</td>
</tr>
<tr>
<td>September</td>
<td>700</td>
</tr>
<tr>
<td>October</td>
<td>700</td>
</tr>
<tr>
<td>November</td>
<td>700</td>
</tr>
<tr>
<td>December</td>
<td>600</td>
</tr>
<tr>
<td>January</td>
<td>500</td>
</tr>
<tr>
<td>February</td>
<td>500</td>
</tr>
<tr>
<td>March</td>
<td>400</td>
</tr>
<tr>
<td>April</td>
<td>600</td>
</tr>
<tr>
<td>May</td>
<td>600</td>
</tr>
<tr>
<td>June</td>
<td>600</td>
</tr>
</tbody>
</table>

Source: Northern Kordofan Province Budget 1977/78.
Hicks says that: "The essential characteristic of the block or general grant is that it is given in respect of a generally named service only, without itemized specification of the objects to which it is to be applied". (12)

This definition states clearly that central grant given to People's Executive Councils is not block grant - but a specific grant for certain itemized services. The specific grant is given specifically to meet the cost of particular services as usually itemized in P.E.C. budgets.

However these are the principal types of grant, general and specific grants, but the type of grants given to local authorities depends upon the nature of the services the local authorities render. Some services are wholly local, other services are partly local and partly national and a third type of service is wholly national. In the Sudan most of the services are local services, with exception of few national services such as postal services, defence, foreign affairs.

In the People's Local Government Act 1971 most of the national services are rendered by the P.E.C.s. For this reason the whole cost of local services, specially of local nature or whether partly national, fall on the local authorities. Thus the
Central Government grant is becoming a significant part of the local revenues.

If it is now accepted that the Central Government grant is a specific grant, it is given as a subsidy to P.L.C.s. to render services of local and national nature. It is given each year to fill the gap between revenue and expenditure. A common expression to describe it is that the grant "is like a cake of a fixed size and that all (P.L.C.s.) are entitled to have a slice, the principle thing being the size of the slice".\(^{13}\)

Today the P.L.C.s. depend to a greater extent on the Central Government grant, because the yield from local taxes has failed to rise to cover the increasing expenditure due to new responsibilities of local councils.

The following schedule shows the percentage of the Central Government grant to the spontaneous local revenue of P.L.C.s. for the year 1976/77 :
<table>
<thead>
<tr>
<th>Province</th>
<th>Central Government Grant, Lm.</th>
<th>Spontaneous Revenue, Lm.</th>
<th>Percent,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gezira</td>
<td>14,558,998</td>
<td>5,780,525</td>
<td>62%</td>
</tr>
<tr>
<td>Khartoum</td>
<td>12,593,344</td>
<td>9,106,695</td>
<td>24%</td>
</tr>
<tr>
<td>White Nile</td>
<td>5,849,692</td>
<td>2,889,692</td>
<td>60%</td>
</tr>
<tr>
<td>Blue Nile</td>
<td>3,937,137</td>
<td>6,803,725</td>
<td>50%</td>
</tr>
<tr>
<td>Nile</td>
<td>9,661,433</td>
<td>1,759,789</td>
<td>9%</td>
</tr>
<tr>
<td>Northern</td>
<td>7,666,666</td>
<td>1,065,855</td>
<td>76%</td>
</tr>
<tr>
<td>Kassala</td>
<td>5,129,069</td>
<td>5,159,166</td>
<td>108%</td>
</tr>
<tr>
<td>Northern Kordofan</td>
<td>7,494,516</td>
<td>4,266,446</td>
<td>50%</td>
</tr>
<tr>
<td>Southern Kordofan</td>
<td>6,074,117</td>
<td>2,068,865</td>
<td>60%</td>
</tr>
<tr>
<td>Northern Darfur</td>
<td>5,788,934</td>
<td>2,039,822</td>
<td>55%</td>
</tr>
<tr>
<td>Southern Darfur</td>
<td>3,754,618</td>
<td>2,939,480</td>
<td>40%</td>
</tr>
<tr>
<td>Red Sea</td>
<td>4,715,614</td>
<td>1,583,028</td>
<td>60%</td>
</tr>
</tbody>
</table>

Source: People's Executive Councils' Budget 1977/78.

It is noted from the schedule that in nine provinces out of twelve provinces the Central Government grant forms the major source of revenue. It forms a high percentage in relation to the spontaneous revenue. This situation made the P.E.Cs. rely on the Central Government grant, and thus it has side effects. The common danger of this grant-in-aid
system in that F.T. O's, are always at the mercy of the Central authorities. Moreover the F.T. O's, by time become careless in collection of their own revenues or developing them.

Another danger when a service is subsidised, it tends to discount the development of other services, i.e. a service is promoted at the expense of other service. In Northern Province the supply of water, though essential, is subsidised more than education.

Besides, the poor authorities do not take full advantage of the grants, because the method described of giving the grant is only to solve the liquidity problems or to cover monthly salaries and wages.

The most serious danger is that the grant-in-aid given by the Central Government is increasing continuously and every year.

The table below indicates this fact since 1971:

<table>
<thead>
<tr>
<th></th>
<th>Millions (LE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970/71</td>
<td>15.2</td>
</tr>
<tr>
<td>1971/72</td>
<td>23.4</td>
</tr>
<tr>
<td>1972/73</td>
<td>23.4</td>
</tr>
<tr>
<td>1973/74</td>
<td>21.9</td>
</tr>
<tr>
<td>1974/75</td>
<td>68</td>
</tr>
<tr>
<td>1975/76</td>
<td>58</td>
</tr>
<tr>
<td>1976/77</td>
<td>74</td>
</tr>
<tr>
<td>1977/78</td>
<td>90</td>
</tr>
</tbody>
</table>

Therefore it is becoming necessary today that the central government should think of the type of grant it gives. Is the specific grant now adopted proved successful? The grant-in-aid system to be followed, is it that system which achieves stimulation, balance and control at the same time. We think there is a need to review the existing system in order to attain local development and equalization and it is believed that in each stage of development the type of grant differs.

b - Factors Influencing the need for Central Government Grants:

The local taxation system has come under heavy criticism. It has in fact a lot of weaknesses and disadvantages which need to be corrected in some way. This will be clearly seen when we come to outline and discuss the direct taxes assessed to local councils. The most important disadvantage of the taxation system is that it bears more hardly on those least able to pay. It is regressive in its incidence. It is not flexible in rate. Income cannot be increased as quickly as expenditure increases. This is also noticeable in the coming chapter (Powers, Functions and Expenditure of Local Authorities). Moreover the rateable resources are not distributed evenly throughout the country.
Because of the weakness of the taxation system there is a continuous search for alternative sources of local revenue. If such sources are found, then there would be less dependence on Central Government grant. If not found, then the main alternative source of local revenue would be grants.

Another factor, which has major influence on the grant structure and Central/Local relationship, (which will be discussed in Chapter IV) is the organization of peoples Local Government itself. At present there are 323 local authorities/province councils, 14 Regional councils, town and rural councils. Out of this number virtually there are only 18 provincial councils and 39 Regional Councils. The major services are rendered by provincial Councils, which very often delegate services to other lower councils which are not sufficiently large to cope with the administration and proper organization of the service and according to the lack of the financial ability.

The First National Conference of Peoples Local Government held in January 1978 recommended that the Local Government should be reorganized into larger units, (Village Councils, Neighbourhood Councils, Village) for
for advisory, data collection and recommendation purposes. Instead of that to be larger Local Government units such as Provincial areas, Regional areas financially.

Another factor is the type of service administered by local authority. It is recommended that since most responsibilities and duties of ministries, according to 1971 Act (see Appendix III) and recent Presidential Decrees (56 - 57) abolition and shrinking of ministries, are transferred to Peoples Executive Councils, the transfer of funds from Central Government ministries to Peoples Executive Councils is necessary. This is justified in order that the Central Government shares the cost of service - national service. The recommendation is that many local services are rendered for the general welfare of the community, such as education and health.

Education, which is the most expensive service, up to the high secondary level is administered locally by the Province Councils while it is a national service by the Constitution. Expenditure on education should be, in some way, met by Central Government assistance. The services administered by local authorities should be divided into two classes, national and local or beneficial as previously adopted in 1951 Act. A service may be called properly local when a predominant share of benefit can be directly traced to persons interested in the locality. On the other hand, uniformity of administration is generally the mark of a national service because such...
administration does not confer special benefit or special places. Secondly the service is national when the Central government insists being carried out on a certain standard of efficiency.

The distinction between local and national services sets out, clearly, the justification for grant-in-aid towards certain types of services. On the other hand, after May Revolution and the enactment of People's Local Government Act 1971, the distinction between local and national service is no longer so precise because the Revolution has changed the attitude and demanded that the standard of all services should reach, at least in theory, a minimum level.[17] Thus when the benefit intended by the Central Government from a service, education or health, falls short of the desired standard, then the grant is justified. Therefore the grants-in-aid are needed to act as stimulus to local authorities to develop and secure a certain standard of uniformity in the administration of certain duties.

Development of Grant System.

When we are examining the present grant-in-aid system, it is useful to look back to see how it has evolved over the previous years of Local Government reforms 1937-1951-1960 and 1971. It is noticeable that the range of services which
Local government has provided expanded and changed considerably (see appendices I, II & III). The number of services in 1951 Act are 56. The number of services in 1971 Act are 106.

The changes and expansion of services have arisen from the growing awareness of the public, from rising standard of living, from growing of new towns, development in communication, new asphalt roads, e.g. Had Medani-Khartoum, Medani-Omdurman, Port Sudan-Kassala, Debecha-Kadroli, extension of railway to Nyala and the new agricultural and industrial development.

The period from 1951 to 1960 was characterized by specific grant system as we mentioned before, specific grant for education, specific grant for health, per capita population 20 malars, assignment of new sources of revenue to provincial councils e.g. excise duty, business profit tax, liquor licences, deficit grants to local councils to bridge the gap between expenditure and revenue and capital expenditure.

By Federal Local Government Act 1971 the block grant system (as the Ministry of Finance calls it) was introduced - as the Central Government took it as its duty to share in the cost of all social services and to maintain a uniformity of service in all the country. Thus the comprehensive system
of budgeting was introduced as a tool to implement the objectives of the block grant system.

Before 1937 the standard of administration of services was low because native administration was responsible, to a large extent, for the provision of social services.

Administration after 1951, was carried out by educated officials, executive officers, engineers, education officers, public health officers, middle classes elected representatives officials and merchants.

Today we have a highly skilled official staff and highly educated representatives in the Peoples Executive Councils who are capable of administering and developing services with a minimum supervision. The 1971 Act is considered a landmark in Local Government organization and finance.

The Peoples Local Government Act 1971 established the Peoples Executive Councils and Peoples Local Councils. These new authorities had been transferred to them, the functions carried by all ministries except those functions relating to the armed Force, National Security, the Judiciary. This Act discontinued all previous grants used to be given to Local Councils according to the 1951 Act and to Provincial Councils according to Provincial
administration act 1960 (19) To order to reduce the number of councils dealing directly with the Central Government (86 Councils) according to 1951 act, it is now dealing with 18 Province Executive Councils.

Under the People's Local Government Act 1971 grants-in-aid are made payable in the first instance to People's Executive Councils instead of payment of grant to 86 local councils which had previously received payment of grant directly from the Central Government, through the Ministry of Local Government.

The new financial set up of 1971 Act is associated with the reorganization of the structure of Local Government. The P.E.C. is the budgetary unit for all councils and government units in the province. At the same time it is the only administrative unit in the province responsible for the good administration of services. These facts alone are sufficient to warrant reviewing the grant-in-aid system.

The percentage system of grant-in-aid is a probable answer to the question of appropriate system of grants especially in cases of services of national nature e.g. education and health.

The percentage system, as it is viewed, has many advantages over the general and specific grants.
First, there would be a recognition that a fair contribution should come from the Central Government towards the cost of the national and local services.

Secondly, the local authorities will have complete financial interest in their administration.

Thirdly, it provides for sufficient general control, advice and supervision from the Central Government to ensure that a reasonable standard of performance is rendered by the local authorities.

Fourthly, it ensures a higher degree of autonomy and discretion to local authorities.

However, in fact, in this stage we are looking for simple and equitable system of grant-in-aid by which a wide area of local autonomy in the administration of local finance is maintained. A system which would enable the Central Government to control, in at least a general way, the standard of services for which the People's Executive Councils are ultimately responsible.

Although it is not possible to preserve all these characteristics together but it may be possible to preserve some of them at least.

2. DIRECT TAXES.

Taxation, generally speaking, is the spreading of burden over a wide range of taxpayers or geographical
areas. There is always a good reason to make all people or a whole area to carry the burden. The principle of taxation is to meet the current costs of local expenditure in the long run growth of services. It is desirable that taxation system should be income elastic in character, i.e., to allow for money and thus more services (for availability of services) whenever the income of the people grows. Each elastic tax is that tax whose yield grows and develops with its growth and development.

Great advocate that "taxation has two main principles—that it should be equal or proportional to income, taxes should be economic to collect." (21)

The earliest imposition of tax in the Sudan can be traced back to 1899, the year the Sudan was reconquered by British and Egyptian troops. During that early days of foreign domination, even today and as it is the same all over the world, taxation was the principal source of Government revenue. Taxation includes both direct and indirect taxes.

The Colonial Government in 1899 relied on traditional taxes on land, animals, palm trees, poll tax and the like. The tax policy during the British Rule was guided by the need to raise just enough to meet minimum expenditure level.
The yield from these taxes was small but administration was inexpensive.

Moreover the taxes were inadequate in view of their assessment, collection and inadequacy in view of the rates.

The animal, like other developing countries, derives 60% of its revenue from indirect taxes, i.e. import and export duties. A small amount of revenue is obtained from traditional direct taxes which has not exceeded 10% of total revenue. This is really true up to 1948 because the structure of taxation was changed afterwards.

The low percentage of direct taxes is attributed to the fact that direct taxes, land tax, job tax, etc., are mostly levied on illiterate taxpayers who are unable to keep proper accounts or hesitant to reveal honestly what they really possess. Moreover the administrative machinery was not competent enough to handle the task of assessment, collection and enforcement of the laws. This is the problem which the councils face today.

In this section we are going to discuss the direct taxes assigned to local councils in accordance with Appropriation of Taxes Ordinance 1954. The taxes were land tax, date tree tax, poll tax, animal tax, job tax, building tax, entertainment tax. These taxes were assigned to councils.
subject to a fixed contribution to the Central Government. We will examine the nature, system of assessment and contribution of direct taxes to the People's Local Government revenues.

(3) **Land Tax (Fahup)**

This tax is levied on rainfed land in accordance with the Land Tax Ordinance 19434(24) its assessment and collection takes place in either of two ways. The crop is assessed at the farm by an assessment committee, then the tax is levied on the income of the assessed crop. The farm owner will then pay directly to the local council. The other method is to assess the tax at the regular crop markets. There are well-known crop markets at Al Qamh, Al Rashe, Gedaref, and Shendi. In this case, the tax (Fahup) will be paid by the buyer of the crop who might have deducted it when fixing the initial price by the crop auction. The buyer also has to pay the tax called "Gibane", waiving face to the council. The first method of assessment by committees seems difficult as it passes through lengthy procedures, but its advantage is that the tax is levied directly on the producer of the crop. The second method of tax at market is easy to administer, in assessment and collection and characterized with easy payment, but the disadvantage is that it is expensive. The
councils are interested in the tax, but the economist are usually interested in who pays the tax. The question of incidence of the tax is of importance when we are dealing with VAT or tax. The burden of this tax is usually shifted to the consumer, because those who buy the crop add the tax ultimately to the cost and shift this cost directly to the consumer.

The rainfed crops are mainly oil seeds, sesame, groundnuts and pure "Borsham". The prices of the oil seeds: sesame and groundnuts, are fixed by the Government by drawing a minimum price. Above this price the buyer pays the VAT or tax; "Borsham" weighing fees, the producer usually gets the price of his crop without paying any tax.

This tax, whether assessed in the farms or collected at the market grades, is facing a lot of problem in the production areas. The production areas are Southern Kordofan, Northern Kordofan, Provinces, Kassala Province, Darfur Province, Blue Nile Province, and White Nile Province.

The production data for Kordofan Province indicate a decrease in groundnuts since 1961 from 700,000 tons to 101,000 tons. The decrease of sesame production was approximately in proportion of 20 to 1 during the period from 1961 to 1973.
The decline in productivity of oil seeds, Dura and Sukkau, is mainly attributed to soil deterioration with desert encroachment associated with other natural disasters. The decrease in production, no doubt, has effect on the amount yield from Wahur tax.

Thus it is expected that the yield from Wahur tax is not going to increase due to decrease in productivity, unless fees of dibans are revised.

Another problem is that the cost of administration of markets tends to increase annually.

Besides these problems there are new problems which the country faces, that the traditional farmers, due to the decline in rainfall - desertification, are in constant emigration to oil-producing countries.

The transfer of the burden of Wahur tax from the producer to the buyer in the market places has encouraged the buyers to maneuver so as to avoid payment of both Wahur and Dibans.
To solve such a problem, the local authorities think it is most convenient to have the Kharar tax when the crops are exported or been converted in oil, thus converting the tax into export fees or production fees in the case of oil seeds.

With regard to Kura, the production is relatively increasing due to the increase in areas cultivated. The mechanized cultivation in Blue Nile, Kassala Province, southern Kordofan no doubt has affected the supply, but still the problem of assessment and collection of Kharar tax exists.

In an interview with the assistant Commissioner of Finance of Southern Kordofan where vast areas are under mechanized cultivation, the Peoples Executive Council has formed a permanent assessment committee. The committee is composed of representatives of mechanized cultivation, agricultural bank, the province, Farmers Union, and an accountant. The assessment is based on the areas cultivated, the type of Kura cultivated, and the productivity of the land cultivated. Thus to some extent the assessment is more practical and scientific as all interested parties are represented in the assessment committee. An appellate committee is composed of the assistant commissioner, Agriculture Director and the Executive Committee of the Farmers
Union and the Director of the Agricultural Bank. In this case the Nuhur tax is collected directly from the farmers.

This new system of assessment and collection of Nuhur tax has proved success in Southern Kordofan Province and the yield of the Nuhur tax is increasing every year. It can be easily adopted in other provinces of Kassala, Blue Nile, and Southern Darfur where mechanized cultivation is progressing.

To avoid smuggling between provinces of Southern Kordofan, Northern Kordofan and White Nile Provinces, a resolution was passed in Commissioners’ Conference to unify the rates of Nuhur and Oiba in all these provinces.

However, despite the fact the yield of Nuhur tax is expected to decrease because of little amount of rainfall and desertification, yet at the same time, the yield from Nuhur is expected to increase due to application of mechanized cultivation in Blue Nile Province, Kordofan Province, Kassala Province and the cultivable areas are increasing. The rainfall is between 70 and 800 cm.

The following table shows the yields of Nuhur tax in the different provinces for the year 1977/78:
<table>
<thead>
<tr>
<th>Province</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Northern Kordofan</td>
<td>1,327,932</td>
</tr>
<tr>
<td>2. Blue Nile</td>
<td>604,000</td>
</tr>
<tr>
<td>3. White Nile</td>
<td>230,000</td>
</tr>
<tr>
<td>4. Southern Kordofan</td>
<td>587,000</td>
</tr>
<tr>
<td>5. Southern Darfur</td>
<td>500,000</td>
</tr>
<tr>
<td>6. Kassala</td>
<td>1,307,208</td>
</tr>
<tr>
<td>7. Red Sea</td>
<td>12,053</td>
</tr>
<tr>
<td>8. Northern Darfur</td>
<td>97,500</td>
</tr>
</tbody>
</table>


It is noticeable from the above table that Northern Kordofan Province, Kassala Province, Blue Nile Province, Southern Kordofan Province, White Nile Province, derive a high percentage of local revenue from Fehur tax. These provinces have to pay a considerable attention in solving problems of assessment and collection of this tax. With the exception of Northern Kordofan and Northern Darfur provinces, the mechanized cultivation will progress in future. The rainfall in other provinces is not a problem.

Some other difficulties, such as the prices of petroleum, tools, spare parts and wages have increased,
but these difficulties can be overcome by raising the rates of other tax and duties.

(ii) Land Tax:

This tax was introduced in year 1925 in accordance with "Taxation of Land and Rate Tax Ordinance 1925". It is levied on all irrigated land and river irrigated land. It is a property tax or capital gain tax. The tax is assessed either at a fixed rate on the cultivated land or on a percentage of the produce. The rate applied varies from one province to another and even from one place to another place in the same province taking into consideration productivity, fertility of land and type of crop cultivated. Equal pieces of land may not produce an equal output quantitatively and qualitatively. Hence it is an equitable tax in distributing the tax burden. The produce, usually, of irrigated piece of land with the exception of cotton, is so small since the land is mostly owned in small pieces inherited by family members. The Northern Province and the Nile Province are good examples. The crops cultivated also vary. The crops include vegetables produced around the year, besides seasonal crops such as wheat, beans, sorghum, etc. Paddy is also cultivated. Not all the produce find its way to the markets, sometimes
vegetables, fruits, beans, wheat may be sold to the village merchant who may sell it to petty consumers. All the operations of producing and marketing these produce, are conducted outside the market place and hence levying of rates of tax on market place would be difficult.

In the case of cotton, cultivated at Gesira scheme, Vem cycl, White Nile Province and Maha Mountains, the land tax is fixed at certain rate. The tax is made by knowing the produce at the ginning factories. The value is fixed at the average price prevailing in the same season. This tax used to be payable to Provincial Council by the Ministry of Finance. Some of our agricultural schemes had diminishing returns in recent years, e.g. White Nile Agricultural Scheme in recent years, beside having losses, the schemes do not contribute to the revenue of land tax.

In fact there is no difficulty in assessing or collecting land tax from cotton cultivated areas as most schemes are owned by the Government.

The table below shows the yield of land tax in Gesira Province, White Nile Province, Blue Nile Province, Nile Province, Northern Province, Fashoda Province and Red Sea Province for the year 1977/78 :-
<table>
<thead>
<tr>
<th>Province</th>
<th>EL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gezira</td>
<td>52,100</td>
</tr>
<tr>
<td>2. White Nile</td>
<td>22,600</td>
</tr>
<tr>
<td>3. Blue Nile</td>
<td>129,950</td>
</tr>
<tr>
<td>4. Northern</td>
<td>72,840</td>
</tr>
<tr>
<td>5. Yassula</td>
<td>548,721</td>
</tr>
<tr>
<td>6. Red Sea</td>
<td>50,075</td>
</tr>
<tr>
<td>7. Nile</td>
<td>78,000</td>
</tr>
</tbody>
</table>


In Yassula, Blue Nile, Nile provinces, this tax constitute a large portion of the local revenue.

(a) - Date Tree Tax:

Date tree tax is levied in accordance with same law of land tax. It is levied on date trees. Later it is levied the same way on mature fruit trees at flat rate of the production stage. There is no connection between the tax and the produce as was the case with land tax. The tax is levied on trees bearing fruits irrespective of quality or the quantity of the produce. One of the disadvantages of date tree tax, the date tree or fruit may
or may not produce date or fruit when it reaches maturity date. Moreover, it may produce this year and not the next year. For this reason the yield of the tax is ever fluctuating. The tax is dependent on natural factors but despite this the rate is fixed. The tax can be developed by either of the following two ways: First, the tax should be levied in progressive rates against fixed increase of production. This ensures that every body pays the tax in accordance with his actual production. The other convenient and profitable method is that this tax to be coupled with the other tax e.g., land tax and to be collected at the market places, especially if the increasing price of date, and fruits is taken into consideration. The second method is easy to administer but needs tight control and direction of all the produce to go to the markets which is not an easy task but the yield is expected to increase considerably. The experience of Khotang Provincial Council in establishing Central Market for vegetables, and fruits has served both purposes in availability of vegetables and collection of taxes. (32)

Such markets are necessary to some extent and markets can collect the due taxes on behalf of other provinces after knowing the place from where the produce comes.

The main provinces that depend to a large extent on Date Press Tax are: Northern Province and the Kile Province,
The yield of the Fara Zama Tax is Ls. 2,05,703 and Ls. 40,000 respectively.

(d) Poll Tax:

This tax was imposed under "The Hut and Poll Tax Ordinance 1925". It is levied on all adult males at a fixed rate of one Sudanese pound per head per year. Because of political reasons, the tax was abolished in 1964. The provinces depending on it e.g. Kordofan Province, and Darfur Province, Nuba Mountains were hit very hard and had to rely heavily on Central Government assistance ever since. This tax could have been developed into a personal tax or graduated income tax which are now used in so many developing countries e.g. Kenya. It is high time to review this tax.

In a personal interview with the Assistant Commissioner Zain El Adeen El Hag of Southern Kordofan, he told us that it is politically unacceptable, but still the province is losing an important source of local revenue. Most of the inhabitants in the Nuba Mountains are below the stage of subsistence economy. They had no land to cultivate from which revenue is derived or animals to tax them.
(a) **Animal Tax (Gota’am)**

This tax is levied in accordance with 1925 Act at specific different rates on each head of animal, e.g., cows, donkey, sheep, goat, horses and camels. The major difficulty involved in this type of tax is how to obtain a proper list of animals owned by people. Native administration had played an important role in this respect. Since most livestock are owned by nomads who move seasonally, it is difficult to identify sometimes the owners of animals or the exact number of livestock they have. This tax is in fact not based on the market value of animals. It is a property tax. It is a proper tax levying equal burden on both the poor and the rich despite the fact the taxable capacity of the rich is greater and therefore should pay a larger sum. The tax is one of the most important sources of revenue in most of the provinces, but at the same time it is the most difficult tax to assess and collect. The provincial executive councils face a lot of problems in respect of this tax. The councils find it difficult to know the number of livestock and find it now expensive and difficult to collect the assessed tax.

In listing the animals, some provinces depended on animals vaccination census of 1971/72, but owners are not
known. Then later they had to depend on listing, according to animal Census of 1971/72 the number of livestock is 25,910,780, while in the exact listing of animals the number is 5,090,173. (37) If the untaxable animals are excluded still there is a big difference between number of animals listed and number of animals by the census. In recent animal census made by the Ministry of Agriculture, Food, Animal and Water Resources, they Marking Corporation, the number of livestock rose to 50,000,000 (38) heads. But still the yield of this tax is never increasing.

The problem of assessment and collection seems to be the same in all the provinces, i.e., shortage of staff, transport and patrol. In Southern Kordofan Province in order to encourage Medikha and Omda, the remuneration is raised from 10% to 25% and the Cades were given remuneration of 5%. (39) Moreover taxes on animals are raised to maximum taxable rate. To encourage District Councils to collect arrears of the animals tax, the District Councils were given 30% of the collected arrears and 50% of the money collected over the assessed amount of the tax. (40)

Northern Kordofan Province is facing a problem of arrears especially in Kababish and Hamawer areas. (41) In an interview with the Assistant Commissioner for Finance Mr. Abdulla Al-Min, it is discovered that about L.3,200,000.
Thus this tax has inherent difficulties in assessment and collection. The listing of the number of livestock by sheikhs or even popular organization as recently adopted during May Phase, is always apt to cheating or sometimes distributing the livestock to a number of family members that makes listing and collection more difficult.

To develop the return of this tax, some people think it is more practical to convert it into an income tax, i.e., to assess the market price of the livestock, then decide a reasonable rate. In this case the owner of the livestock will be directly responsible for paying his income tax. The practice now is that in default of payment of the tax the animals are kept in bonds for fifteen days, then by public auction, are sold to pay the tax. The income tax is proposed to make procedure of collection easier.

Another proposed method is to preserve the old ways of assessment and collection, but to increase the rates to maximum. Southern Fordowan Province Executive Council has raised the rate to the maximum to cope with the price of animals in the markets and to stop the flow of animals from one province to another. It is also possible to reform the
listing system to be precise. Moreover it can promote the revenue out of this source by levying different rates at the market places and levying rates at export centres. Southern Kordofan Province Council passed a resolution levying ten paisa per on each exported head.\(^{(42)}\) A trained cadre is necessary to adopt periodically new methods of listing and collection at villages and market places.

When we look at the animal tax yield in the different provinces and its contribution to the total revenue we reach to the following results:

<table>
<thead>
<tr>
<th>Province</th>
<th>Animal Tax Yield (in L.)</th>
<th>Total Spontaneous Tax (in L.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gelmira</td>
<td>170,000</td>
<td>3,780,925</td>
</tr>
<tr>
<td>2. White Nile</td>
<td>266,000</td>
<td>2,042,606</td>
</tr>
<tr>
<td>3. Blue Nile</td>
<td>170,000</td>
<td>6,803,725</td>
</tr>
<tr>
<td>4. Nile</td>
<td>20,000</td>
<td>1,709,879</td>
</tr>
<tr>
<td>5. Northern</td>
<td>17,500</td>
<td>1,006,855</td>
</tr>
<tr>
<td>6. Kassala</td>
<td>166,000</td>
<td>5,459,186</td>
</tr>
<tr>
<td>7. Northern Kordofan</td>
<td>493,941</td>
<td>4,960,446</td>
</tr>
<tr>
<td>8. Southern Kordofan</td>
<td>400,000</td>
<td>2,061,869</td>
</tr>
<tr>
<td>9. Northern Darfur</td>
<td>260,000</td>
<td>2,018,822</td>
</tr>
<tr>
<td>10. Southern Darfur</td>
<td>287,750</td>
<td>2,998,470</td>
</tr>
</tbody>
</table>
The Northern and Southern Kordofan Provinces, Northern and Southern Darfur Provinces, White Nile Province, Blue Nile Province, depend on the animal tax as the main source of revenue.

The yield of the animal tax ranges between 10% to 25% of the total spontaneous revenue of the provinces and hence constitute one of the main sources of revenue.

For these above reasons much care should be taken in handling this tax and the problems facing it should be resolved whenever possible.

The main problems, as mentioned before, lie in how to assess and collect the animal tax. Arrears are more than hundred of thousands of pounds in provinces and with an increasing tendency every year.

In fact the problems facing the system may be summarized as follows:

1. - Shortage of staff, the administrators' number responsible for collection remained the same while the number of councils increased. No recruitment of Administrative Officers since 1975. (14)

2. - Shortage of vehicles and other means of transport. This is the complaint of the Administrative Officers wherever I went during my visit to the provinces.
o - The Sheikhs are not satisfied with the twenty per cent they are given as remuneration and also busy and occupied with other jobs to earn their living. The duty of collection of animal tax is a secondary duty to them.

i - Moreover the frequent complaint of Sheikhs comes from the fact that they have no judicial power, administrative power and no police. The power of retention of animals for fifteen days of the person who fails to pay and sell them in general auction is no longer practical.

These problems seem to be common in all the provinces I visited. The only difference is that a problem might be more acute in a province than in another for some other factors.

(f) - **Entertainment Tax:**

It is levied on types of entertainment e.g., cinema, theatre, stadium, under the "Entertainment Tax Ordinance of 1956." The tax varies according to the value of the tickets. The law provides for exemption when revenue is devoted for education, religious or specific purposes to be approved by the Minister of Finance. This exemption has been badly used, sometimes, by popular organization to evade the tax, unknowingly by that the yield of this tax comes to the public in form...
of services. In urban areas where there are cinemas, theatres, stadiums, the council derives a considerable sum out of this tax.

By its nature this tax is easy to assess and collect at the same time. The weaknesses which councils face are that the councils have to define more precisely the reasons of exemption. Sometimes it is interpreted that sports in stadium, films in the cinema are not places for entertainment, but a source of education but we think the entertainment factor is present whenever a ticket is issued for public to entertain a film or sport.

In fact, with the exception of the forehead problem, the tax is facing no problems.

As land tax constitutes major source of revenue in the Northern Province. Animal tax in Northern and Southern Provinces, Northern and Southern East, the local rates are the major source of revenue for local councils in urban areas. The tax may, sometimes, reach 70% of the council total revenue.\(^{(45)}\) out of the taxes.

The following table shows the contribution of local rates as sources of revenue compared with other taxes in province.
<table>
<thead>
<tr>
<th>Province</th>
<th>LE.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Khartoum</td>
<td>1,767,915</td>
</tr>
<tr>
<td>2. Gessra</td>
<td>216,900</td>
</tr>
<tr>
<td>3. Nile</td>
<td>185,095</td>
</tr>
<tr>
<td>4. Kassala</td>
<td>262,892</td>
</tr>
<tr>
<td>5. Southern Darfur</td>
<td>428,000</td>
</tr>
<tr>
<td>6. Red Sea</td>
<td>217,780</td>
</tr>
<tr>
<td>7. White Nile</td>
<td>160,000</td>
</tr>
<tr>
<td>8. Blue Nile</td>
<td></td>
</tr>
<tr>
<td>9. Northern Kordofan</td>
<td>75,130</td>
</tr>
<tr>
<td>10. Northern Darfur</td>
<td>55,790</td>
</tr>
<tr>
<td>11. Southern Kordofan</td>
<td>95,000</td>
</tr>
</tbody>
</table>

In Khartoum Province the local rates constitute 70% of the spontaneous revenue of taxes. The yield of other taxes is LE.3,028,750 while the annual yield of local rates is LE.1,767,915. This is applicable to other provinces such as Gessra Province, Kassala Province, Red Sea Province and White Nile Province, though the percentage is far less than 70% of the total revenue of other taxes.

Rates are levied in accordance with the Rates Act of 1914, which was amended several times. Rates differ from one council to another based on the estimated rental...
value rather than on the actual rent of the house or estate.

The following table shows the different rates of the annual rental value in different towns:

<table>
<thead>
<tr>
<th>Town</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Omdurman</td>
<td>25%</td>
</tr>
<tr>
<td>Khartoum</td>
<td>18½%</td>
</tr>
<tr>
<td>Wad Medani</td>
<td>18%</td>
</tr>
<tr>
<td>El Obeid</td>
<td>20%</td>
</tr>
<tr>
<td>El Fash</td>
<td>18%</td>
</tr>
<tr>
<td>Port Sudan</td>
<td>17½%</td>
</tr>
</tbody>
</table>

In the Omdurman the rate is per room or house e.g. 15 piastres for every living room, and 10 piastres for kitchen or store. This is in fact house tax - the tax is levied on planned villages.

The local rate is not income tax, it is property tax. For this reason the rates are based on fixed percentage of the assessable annual rental value of the property which vary from town to another and from site to another in the same town.

According to the Rates Ordinance any dwelling building in the town is liable to rates. Government buildings such as schools, hospitals, departments offices are exempted, but the Central Government pays a considerable amount of money
as a tax in lieu of rates.

Experience has showed also that this tax is difficult to administer, but it is not more difficult than the animal tax. The difficulty is with assessment and collection. There are technical committees responsible for assessment and have to reassess the tax every five years according to the Ordinance but in fact this does not take place as regularly as it is ought to be.

Usually the assessment is made lower than it is ought to be. Councils face the problem of shortage in staff as rate collectors and ward. The collection is seasonal. In our survey of Omdurman District Council, Khartoum North District Council and Khartoum District Council, it is found that no change took place in the staff of rates since 1909, though many new town councils were established. The system of assessment of rates, notification of land lords and collection has undergone no change. The increase in revenue of rates is due to the growth of new towns, - Mahdia, Tharwa, Safi, Soba, Arrekat, etc.

A question, sometimes, arises as to whether rates provide adequate, reliable, elastic source of revenue to the Provincial Executive Councils? In fact they do, but many problems arise with regard to assessment, collection
of the enforcement ordinance. The reason is that the assessment is always controversial, the rate collectors lack knowledge of modern methods of communication with land lords and always complain of being the least paid staff in the councils. Khartoum Province Council showed an accumulation of arrears which amounted to L.1,500,000 up to year 1977/78. The arrears are attributed to shortage of collectors, shortage of cars and inefficiency of the Rates Courts which are established for this purpose.

Khartoum Province Executive Council has promoted collection by giving financial incentives to collectors, administrative officers, drivers, but this has made collection of rates seasonal and attention is paid at the end of the financial year. Moreover a lot of money goes to collectors as incentives.

In Khartoum Province where local rates constitute a major source of revenue, we think it is time to develop the system of assessment and collection of the rates. The establishment of specialized unit for rates collection, rates information, research is a necessity. In each council it is necessary to establish a specialized unit for rates collection of revenue and to be provided with adequate staff and means of communication.
The local rates will continue to be a main source of revenue in urban areas, hence attention should be taken for developing it.

(h) **Excise Duties:**

This tax was assigned to provincial councils in accordance with the 1960 Provincial Administration Act. It is levied on beer and mineral water.

(i) **Royalties:**

Assigned by the Royalties Act. It is a fixed percentage of royalties levied on charcoal from provincial forests, melon seeds, ivory, and arabic.

It is noticed that acts governing, as we mentioned before, the taxation system of local government had undergone no radical change. The acts are old, and been issued between 1918-1945 and underwent no effective change since its enactment. No change took place with the exception of Rates Ordinance beside is lacking of modern feature of assessment, notification and collection. Thus a contribution by further studies of the taxation system with the aim of reforming the peoples Local Government direct taxes is necessary.

Some serious studies in this respect were put forward, but unfortunately did not find use concern. The first study
was prepared by the United Nations expert who arrived in the country in 1956. The expert recommended the abolition of all direct taxes administered by the Local Government e.g. land tax, animal tax, Mahur tax and to be replaced by income tax.

Another United Nations expert Mr. Mant, after a long period of study of taxation system in the Sudan, presented a comprehensive study including several statistical data, recommended the abolition of the Local Government system of direct taxation. He also suggested a sort of taxes to be collected at the market places.

In 1975 a committee chaired by Dr. Bayed Wimir prepared a study on local taxation. The recommendations of this committee were similar to those of Mr. Mant.

In 1978 the first National Conference of People’s Local Government held at Khartoum in the period 10-15 January 1978 stressed the urgent need of substitute of direct taxes to finance Local Government authorities.

It is agreed upon that all these taxes, with exception of rates, are rural taxes levied mainly against the resources on which our people earn their living e.g. the land tax, the animal tax, the date tax. The life style in these areas have not undergone a complete change of modern life though
remarkable development is taking place in agriculture and industry. Therefore it is not logical to abolish completely the direct taxes or direct taxation system without the change in style of peoples’ life. However whenever possible a direct tax can be changed into fees or taxes to be collected at the market.

The proposal, of changing of animal tax, date tax, land tax, to fees or taxes to be collected at the market is for simplicity and easy administration, although the revenue collected at the markets will not exceed the revenue collected from direct taxes. The cost of assessment, collection and administration might be less, but the chance of tax evasion may be more.

The economist think that, if the taxes are changed into fees or levied at the market places, especially animal tax or land tax, the burden of payment of tax will be shifted to the consumer. The producer will have then the value of his crop or animal without shouldering the burden of the tax. Moreover the levying of the tax at the market places exempts the property owner of his responsibility towards his council and consequently towards the country.

The abolition of direct taxes i.e, land tax, animal tax, will constitute a loss for Northern and Central Provinces of the revenue gained as was the case of Kordofan
In fact the solution is not to kill the patient in order to get rid of the disease, but to cure the disease. By abolition we are killing the patient, the matter is to find out solutions for the weaknesses and diseases inherent in the direct taxes.

However, the traditional direct taxes can be preserved and developed to ensure the rural contribution to finance the services and development projects. At the same time, an effort should be exerted to replace as much as possible of the direct taxes into indirect tax or fees to be collected at the market place at lower cost of administration.

The low productivity of the population in the under, in general, makes it difficult if not impossible to levy new taxes or reach the maximum taxable percentage. The trend towards conversion of direct taxes into income tax is debatable at this stage of development.

The efficiency of collection method can be increased by introducing financial incentives or according to amount of money collected to be taken into consideration when promoting collectors.
Establishment of special department in every council responsible for assessment and collection of taxes presided by a highly trained officer will be of help.

It is pointed out in UNR Report No. 33, "that the Sudan is one of the countries with a high percentage of local taxation. The percentage ranges from (50-80) in comparison with Australia, Spain, Germany and Britain whose percentage range from (40-60)".

To summarize, although the Sudan has a multiplicity of taxation, yet it derives a low percentage of revenue from its own direct taxes. The contribution of direct taxes has not exceeded 10% of total revenue, nor 20% of total tax receipts in any year since 1936. Therefore it is considered a country of high percentage of grants, as will be shown in the following table:
<table>
<thead>
<tr>
<th>Province</th>
<th>Original Revenue (Lb.)</th>
<th>Central Grant (Lb.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gezira</td>
<td>5,783,925</td>
<td>14,658,998</td>
</tr>
<tr>
<td>Khartoum</td>
<td>9,406,666</td>
<td>12,933,944</td>
</tr>
<tr>
<td>White Nile</td>
<td>2,043,666</td>
<td>5,346,632</td>
</tr>
<tr>
<td>Blue Nile</td>
<td>6,803,776</td>
<td>3,937,129</td>
</tr>
<tr>
<td>Nile</td>
<td>1,789,789</td>
<td>9,661,433</td>
</tr>
<tr>
<td>Northern</td>
<td>1,005,866</td>
<td>7,066,566</td>
</tr>
<tr>
<td>Kassala</td>
<td>5,459,969</td>
<td>4,459,669</td>
</tr>
<tr>
<td>Northern Kordofan</td>
<td>4,260,466</td>
<td>7,469,516</td>
</tr>
<tr>
<td>Southern Kordofan</td>
<td>2,674,217</td>
<td>6,674,117</td>
</tr>
<tr>
<td>Southern Darfur</td>
<td>2,429,422</td>
<td>5,768,934</td>
</tr>
<tr>
<td>Southern Darfur</td>
<td>2,399,670</td>
<td>3,708,470</td>
</tr>
<tr>
<td>Red Sea</td>
<td>1,583,858</td>
<td>4,705,614</td>
</tr>
</tbody>
</table>

The major part of the spontaneous revenue of provinces comes actually from the fees, dues and miscellaneous sources of revenue. The contribution of the direct taxes to the total revenue does not exceed 1%. This will be discussed in the coming sub-section. However, it is convincing that local authorities, under this local taxation system, have little success in extending their field of taxation and
there is a tendency for Central Government grant to increase.

MISCELLANEOUS RECEIPTS:

The miscellaneous receipts as local source of revenue, comprise licences, fees, dues or charges all imposed under local orders to regulate a certain service or to control it by imposing certain conditions or satisfying important health conditions. In fact, the miscellaneous revenues serve a double-purpose of control and revenue gaining. In analysis of assessment and collection of fees and charges are the most reliable source of revenue. In fact, they are payable in respect of traders licence, driving licence, lorry licence, tax licences, house licences, sanitary licence, native liquor licences, stream licence, improvements fees, beautification fees, building permits fees, vegetable sales fees, water supply fees, land rent. The miscellaneous revenues contribute a great deal to the revenue of the P.N.C.

The following table shows the contribution of fees, charges, due to the total revenue of P.N.C.:

---
<table>
<thead>
<tr>
<th>Province</th>
<th>Miscellaneous Revenue (L.)</th>
<th>Total Revenue (L.)</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gashira</td>
<td>5,146,885</td>
<td>5,780,525</td>
<td>90%</td>
</tr>
<tr>
<td>Khartoum</td>
<td>2,623,192</td>
<td>9,406,666</td>
<td>28%</td>
</tr>
<tr>
<td>White Nile</td>
<td>1,161,028</td>
<td>2,042,606</td>
<td>51%</td>
</tr>
<tr>
<td>Blue Nile</td>
<td>3,090,673</td>
<td>6,803,765</td>
<td>54%</td>
</tr>
<tr>
<td>Nile</td>
<td>1,373,894</td>
<td>1,750,786</td>
<td>78%</td>
</tr>
<tr>
<td>Northern</td>
<td>666,172</td>
<td>1,005,855</td>
<td>66%</td>
</tr>
<tr>
<td>Kassala</td>
<td>2,000,021</td>
<td>5,459,128</td>
<td>55%</td>
</tr>
<tr>
<td>Northern Kordofan</td>
<td>2,344,822</td>
<td>4,260,446</td>
<td>55%</td>
</tr>
<tr>
<td>Southern Kordofan</td>
<td>962,565</td>
<td>2,068,866</td>
<td>62%</td>
</tr>
<tr>
<td>Northern Darfur</td>
<td>1,601,859</td>
<td>2,019,882</td>
<td>50%</td>
</tr>
<tr>
<td>Southern Darfur</td>
<td>1,703,995</td>
<td>2,939,470</td>
<td>58%</td>
</tr>
<tr>
<td>Red Sea</td>
<td>1,164,490</td>
<td>1,243,208</td>
<td>93%</td>
</tr>
</tbody>
</table>

The percentage of contribution of the miscellaneous sources to the total revenue of the provincial councils though differs from one council to another, ranges between 20% to 90%.

The miscellaneous sources are characterized with that all fees, charges are collectable in respect of a service.
undertaken by the council. It is in most cases acceptable to the payers. The modern tendency is to collect fees in respect of services rendered instead of imposing direct taxes which are difficult to assess or collect.

There is today a pressing need to tap new sources of revenue by innovating such fees or new services to be rendered to citizens to meet the increasing need for services quantitatively and qualitatively.

Some of the suggestions may lie in the following:

Establishment of credit institutions is becoming a necessity to finance local projects capable of promoting economic-social development. In the Sudan the need for special credit institutions, besides the specialised banks, is deeply felt. The Sudan Development Corporation is not playing that role as we will see later when we come to discuss the local and regional development. The P.W.Cs. are now allowed by law to borrow and distribute burden of payment on different generations, if certain conditions for borrowing are satisfied.

Other sources may lie in the international bodies, such as Development Loan Fund, the loans from which can be secured with the Central Government guarantee.

The Province Executive Councils should think of having estates for letting which may constitute a permanent source of revenue.
The councils, moreover, should have their shops and even super and minor markets where they undertake commercial business. The councils can establish hotels, rest houses and restaurants. Such commercial business are possible to undertake because the P.W.Cs. are empowered to do according to local Government Act 1971. (52)

However new methods of raising revenue, in the form of fees, should be tapped, otherwise whatever improvements are made to traditional taxes their yields will not suffice the increasing expenditure on services.

Popular participation can help in the developmental activities. It is really equally important that the citizens must be convinced of the importance of paying taxes if local social services are to be provided at all. Indeed the heart of the problem is how to construct a taxation system which makes sense to the local people and at the same time can be administered relatively simple. It happens that local authorities make a rate of a tax as high that it is, almost, impossible to enforce. The best example really happened in the fiscal year 1971/72 when late Minister of Local Government, Dr. Ga'far Bakheit, in the proposals of the comprehensive budget, raised the rate of animal tax, 3 times and local rates two times and land tax 3 times than were previously. The result was that the people were unable and even
unwilling to pay the new rates and even insisted on not paying the previous rate. The consequence was arrear in taxes which were transferred from year to another. This example of raising the rate of taxes in order to yield more revenue is like raising the price of a commodity to gain more profit, but in raising the price the consumer might not continue buying the commodity or might find alternative or substitute commodity. With popular support and participation, it is meant in fact the execution of decisions taken by local political and administrative authority. It refers, therefore, to mass participation and acceptance of the policy. This popular support can help in revenue collection. In addition to popular support the local authorities should aim at simplicity and at regularity of collection.

In the third chapter of this dissertation the "Powers, Functions and Expenditure of Local Authorities" are going to be dealt with, because it is always sensible to discuss sources of revenue in connection with the functions, powers and duties. It is not sensible to discuss sources of revenue separate from functions. The chapter deals with what functions are entrusted to local authorities and how these functions are performed. To what extent do local authorities act
freely and to what extent they are controlled by the central authority? What are the measures taken by the Central Government to maintain a central/central relationship in favor of effective local administration.
CHAPTER II.

NOTES.


(6) Ibid.


(10) Minister of Finance Speech in October 1964 to the Central Council meeting.

(16) Ibid., p.5.
(17) Radio announcement of the Presidential Decree, signed by the President on February 1st, 1979 at Republican Palace.
(18) Minister Speech, on May 25, 1974, the First Anniversary of May Revolution.
(20) Ibid., Article 2 "II", p.1.
(21) See the speech delivered by Minister in the National Conference for Local Government, 1970.
(22) See the speech delivered by Dr. Saeedakhel I ali Habib in the National Congress for Local Government, 1970.
(23) Appropriation of Taxen Ordinances.
(24) The Taxation of Land and Date Trees Ordinances, Volume 3, Title II, Sub. Title 1, Sudan Laws.
(26) Ibid.,


(31) Taxation of Land and Rate Trust Ordinance, Volume 3, Title XI, Sub-title 2, Sudan Laws.


(34) The Excise and Poll Tax Ordinance, Volume 3, Title XI, Sub-title 2, Sudan Laws.


(36) The Taxation of Animals Ordinance, Volume 3, Title XI, Sub-title 4, Sudan Laws.


(38) Unpublished paper "On animals Marketing" presented to the National Conference of Ministers of Foreign Trade at Port Sudan, April 21-26, 1979.

(40) Ibid.

(41) Finance Committee Report, Southern Fordoan Executive Council, on visit to Northern Region of Kordofan in October 30, 1978.


(45) People's Executive Councils Budget 1977/78, People's Local Government Budget Directorate, p. 77.


(48) Ibid., p. 1.

(49) Ibid., p. 1.


(51) Ibid., p. 100.

CHAPTER III.
POWERS, FUNCTIONS AND EXPENDITURE OF LOCAL AUTHORITIES.

It is very difficult to determine the system by which powers and functions are allocated to local authorities. Many factors, in fact, are involved in the determinations: if functions are allocated too narrowly, interest in local government will be replaced by a sense of frustration, futility and rather councils or staff will be forthcoming, if they are allocated too freely, and in consequence but poorly administered, local government will be decided by the public. (1)

A question is always raised, do we allocate functions according to financial resources of the local authorities or according to population, area and needs? In fact different local authorities have different capacities and different financial sources and needs. The sound financial systems say that first determine the function, then allocate the money. Therefore it is accepted to allocate functions according to financial abilities, personnel and level of development of the local authorities.

Professor Barry Maddick when he was discussing allocation of functions to local authorities in his book, "Democracy, Decentralization and Development", said that, "It is important
not to prevent local authorities rigidly from carrying out more services. This system will enable the maximum utilization of man power and resources for development.

The problem of allocation of functions lies in the fact that no function is allocated to an authority unless there is a possibility of performing that function effectively.

In this chapter we are going to discuss how the functions are allocated to local authorities and in what way the local authorities perform these allocated functions. Do the local authorities need to be granted powers to carry out their functions? and if so what powers are necessary and how the local authorities exercise these powers? When local authorities have defined functions with required adequate powers, how do they spend their money in the course of the execution of their functions? These three questions are closely interrelated. It is not possible to separate functions from powers or functions and powers from the method of how local authorities spend their money. The three aspects, functions, powers and expenditure on functions form a system. Each of them forms a sub-system. They are complementary to each other.

It is because of this close relationship that the three aspects are dealt with in one chapter.
to another in accordance with the system of local government and the method of allocating powers. The two concepts, that of giving universal powers and that of specifying or limiting powers blended in the good welfare of the country.

"In German law local authority may do anything that is not forbidden or not given exclusively to some other authority".\(^5\) This is called "Open End Arrangement Method".

In Britain, the powers of local authorities to spend money and provide services in their areas are prescribed by statute. The local authorities are allowed to spend money only on objects which are within the statutory power contained in the public act or in a local act.

Here in the Sudan the powers of local authorities are enumerated by their warrants of establishment. The Local Government Acts of 1951, 1960 and 1971 have set out in the schedule (see appendices I, II & III) powers which local councils can carry out or any powers which under any ordinance or regulations,

Article 43 and 40 of 1951 Local Government Act and People's Local Government Act 1971 read that "A council may expend money in the proper exercise of its power and in such matters as necessary may require to be carried out and in fulfillment of its loans and other legal obligations".\(^6\)
The Sudanese system of Local Government, thus as we mentioned before, to a far extent is a British model, powers of local authorities are allocated within the specified or enumerated arrangement method of allocating powers and functions.

The advantage of this system is that the local authorities start off with clear out list of things that they can do. In a look at the powers, functions and duties set out in the first schedules of 1951, 1971 acts, it is clear that these allocated powers are comprehensive enough for several years to come.

The disadvantage of the specified method is that local authorities may have the trouble that a major service is not likely to be entrusted wholly to local authorities; the national aspects are likely to be given to a ministry or a central authority. For instance, in education, Local Councils, according to 1951 Act, were entrusted with the establishment and maintenance of sub-grade schools for boys and girls, whereas according to Provincial Administration Act 1960, Province Councils were entrusted with the establishment and maintenance of intermediate and secondary schools. Thus according to 1951 Act the establishment and maintenance of intermediate schools were the duty of Ministry of Education. In 1960 (Provincial Act) the secondary education was the responsibility of Ministry
of education. Similar division of a service was applied with respect to provision of public health services, agriculture, roads, etc.

In the verification of powers it is equally important to distinguish between general acts and local orders. Besides the general acts passed by the legislature (Legislative Assembly), the local authorities are given power to pass local orders.

Article 55 reads "A council may make local orders having the force of law in the area of the council in the exercise of such powers set out in the first schedule as are given to the council by its warrant and any other power to make local orders, provided that such local orders are not inconsistent with the general ordinance (Act) regulation or orders".

The local orders made by the local authorities apply to some particular areas. These local orders are passed in order to empower local authorities for carrying out major improvement or new work in circumstances where such power does not fall within the general acts or ordinances.

The People's Local Government Act has sanctioned this power. Article 28 (1) reads that "The People's Executive Council may make local orders having the force of law in the province to enable it (P.E.C.) to exercise its powers".
and perform its duties in accordance with this law (P.L.C. act); it may authorize people local council (P.L.C.) within the province to make local orders having the force of law within their areas (8).

It is noticeable that the powers given to local authorities are contained practically in the acts and local orders. It seems a simple way of arrangement. This arrangement contains the functions and powers of local authorities. The power of making local orders having the force of law in the area of local authorities is similar to the power of passing acts by the Central Government, or legislature. The advantage is clearly observed, when such local orders cover a wide range of services.

Permissive and Obligatory Power.

The distinction between permissive and obligatory powers is vital, in this study, to complement powers granted by law to local authorities, or derived from local orders made by the local authorities.

Sometimes the legislation says that a local authority "may" do something, then each local authority is free to do that thing or not to do it. This depends to a large extent to its financial abilities and availability of resources.

When the legislation says that the local authorities "shall" do something, then it is their legal duty. The two words
"May" and "shall" have significant legal implication and as far as the subject matter of study is concerned (finance), they have particular implications. The method of enforcing legal duties are various, but it is generally assumed that wherever you find a legislation "shall" then someone and somewhere there is someone who can take legal steps if a local authority fails in fulfilling its duties. In this sense, system of Local Government, according to Provincial Administration Act 1960, it is clearly stated that the Provincial Councils have higher and completely separate share of action from that of Local Government Councils, though there are few powers repeated in both schedules I and II of Provincial Councils and Local Government Councils. In respect to these "repeated powers", the Provincial Councils cannot act except after the failure of action by the Local Government Councils, either for the lack of competent staff or inadequacy of function.

Article 35 reads "if a complaint or report is presented to the Minister (now the president or Patron) that any P.L.C., has failed to perform anything which is obliged to perform by its warrant of establishment or by this act or any other law, or that such council performed any act it ought not to have performed or otherwise, if the President is of the opinion that it is necessary to carry out an investigation
in the affairs of any P.L.C., the President may order that a local investigation be held by a person or persons appointed by him. If after investigation, failure or neglect has not been established, then the President may order the council to put right failures within a specified time or if the council failed to accede to the President order the President shall submit to Council of Ministers". (9)

As far as the permissive power, are concerned it can be said that most of the powers conferred on the Local Government Councils by Local Government Act 1951 and by Peoples Local Government Act 1971 on P.L.C.s. are permissive (See appendices I & II).

In both Acts the schedules enlist the powers which may be conferred on Local Government Councils and P.L.C.s. by their warrants of establishment respectively.

In some exceptional cases there is a common provision that a local authority may do something with the consent of the President. For example, borrowing of money for capital expenditure needs that consent. Levying of new taxes needs that consent.

Sometimes permissive power becomes an obligatory power, that is, when a local authority is required by the President to render certain services,
Obligatory powers are provided in both acts in respect of finance, e.g., Article 26 reads "A Council shall appoint a finance committee and a personnel committee and from time to time may appoint other committees of general or special nature consisting of three or more persons for purposes of examining and reporting on any matter or for performing any act". (10)

Article 15 (1) reads that the P.M.C shall establish panels of local government for districts, towns, rural areas and villages. (11)

Article 21 (1) reads that P.M.C shall, before the beginning of the financial year, prepare:-

a) estimates of revenue and expenditure for financial year concerned.
b) proposition of financial appropriate for all revenue and expenditure falling within the functions and powers of the P.M.C., in its annual budget, provided that such propositions which shall enable the P.M.Cs to fulfill their obligations. (12)

Obligatory power may, like permissive power, be subject to conditions, reservation, limitation and control or approval of the President.
Development of Powers.

Since 1937, the Local Government organisational structure in the Sudan went through three main changes:

1. The Local Government Ordinance 1951 created 86 Local Government Councils which had corporate and legal status. The councils had separate budgets of their own. They had specified functions and powers enumerated in their warrants of establishment.

2. The Provincial Administration Act 1960 resulted in the creation of nine Provincial Councils as corporate bodies of legal status. These councils had specified powers and functions.

3. The People's Local Government Act 1971 resulted in the establishment of 18 (P.L.Gs.) as the only corporate bodies. The (P.L.Gs.) are the budgetary units and the only administrative units at the provincial levels.

All the powers and functions, previously conferred on Local Government Councils or provincial councils in accordance with 1951 or 1960 acts respectively, are now conferred on the P.L.Gs. according to the People's Local Government Act, 1971.
This section, in fact, deals with the development of those powers and functions. In tracing the development is to see how this development of powers and functions affects the expenditure on services or fulfilling of obligations.

According to the Local Government Ordinance 1951 the Local Government Councils were corporate bodies, had legal status, with perpetual existence, had separate budgets. The councils were established as multi-purpose authorities. The councils were responsible for establishment and administration of most social services (see Appendix X).

Certain other functions were performed by the central authority or by field agencies or government departments.

In field of education, for example, the Local Government Councils provided primary and primary education. The Ministry of Education, as we said before, provided intermediate and secondary education. In the field of public health the Local Government Councils provided dispensaries, dressing stations and conservancy services, while the Ministry of Health provided health centres, hospitals and curative and preventive care.

The act (Local Government Ordinance 1951) did not mention any legal action which could be taken if the Local Government council failed in respect of fulfilling its duties.
The only mention was that the Local Government council would be deprived of the grant specified for education and health if the Local Government failed to perform such services to the required standard.

It appeared that the responsibility of the Local Government Council was not only legal but it was also political responsibility because there was always the local ballot box.

At the same time there existed a partnership in the performance of certain essential social services, such as education and health. This partnership was not in the sense that the central authority and Local Government councils were jointly responsible to carry out a specific duty, but each party whether the Local Government council or government department was given its sphere of action.

In the case of education the Local Government council was given duties which involved action in its area, e.g., provision of sub-grade schools, teachers, while the Ministry of Education was given specified supervisory power over councils.

The Ministry of Education was represented in the Local Government council by Education Officer, the same as applied in respect of Public Health services where the Ministry of Health was represented by a Public Health Officer.
Sometimes the field agencies carried out important services which were not specified to Local Government councils.

The power of supervision, of the ministry or field agents, enabled the field agencies to act as competent partners, but at the same time it did not imply that kind of relationship between master and servant or employer and employee. It was a relationship which gave legal expression to a method of consultation between two competent bodies in order to produce the best result in provision of services.

In 1951 Act the final power to approve the Local Government council budget, personnel appointment, approval of reserve, equalization accounts, capital expenditures was vested in the minister. The giving of that power was to ensure the success of the provision of services rather than being a means of control.

The distinction here is clear between obligatory and permissive powers that wherever the Act placed obligatory duty on a council, it had also placed necessary power to perform that duty. The Act placed special supervisory power in the hands of the minister or higher power. At the same time wherever the Act allowed the Local Government council a clear discretion, whether to provide a service or not, the powers of the ministry of field agency or department in
respect of that service were, usually, very limited.

In spite of that clear delineation of powers and functions of the Local Government council and that of the central authority i.e., ministries, government departments and field agencies, the system of allocating powers to the local authorities in both 1951 Act and 1960 Act had been criticized. Criticism levelled against the method of allocating powers and functions aimed at the confinement, as much as, of the responsibilities to the Central Government in major matters of local concern because of technical ability and availability of funds of the Central Government. The Local Government councils were given only the necessary power which, just, enable them to handle their local problems in such a way that did not involve complicated financial or technical abilities.

The Central Government, whether represented by the Ministry of Local Government which was established in 1954 or represented by the Ministry of Finance or any other ministry, was given the following powers over the Local Government Councils:

a) Approval of borrowing by the Local Government Councils,

b) Approval of the local orders made by the Local Government Councils,
a) approval of the annual budgets of the Local Government Councils,
b) approval of the grant-in-aid to cover the deficit of budgets,
c) approval of the expenditure on capital reserve,
d) approval of new taxes or rates or approved taxes.

These important financial powers were available to the Central Government whether the functions performed by the Local Government Councils were obligatory or permissive.

Therefore in evaluating the system of Local Government of 1951, it is said that the system suffered a great deal from centralization which deprived the Local Government Councils a lot of power necessary to deal with their own affairs and to settle the people's problems quickly.

By the end of the fifties, the thinking crystallized in the passage of Provincial Administrative Act 1962. The main objectives of the Act were expressed in the Senate Report, the Chairman of the Commission.

The Provincial Administration system is the best remedy for these diseases and the best means of making the citizens share with the Government in formulating and implementing the general policy and of training them to bear the responsibility and cope with the local problems without
a complete dependence on the central authority. It (the system) provides the chance for the representatives of the people to work together in all matters with the Central and local government officials with a unified structure so as to ensure co-ordination which is so necessary to avoid the great waste of effort and money incurred in the past because of lack of such co-ordination and because every responsible unit is acting entirely on its own. (13)

The Provincial Administration Act established the Provincial Council which had executive and financial powers to make binding resolutions. The Provincial Council was competent to pass the budget of Local Government Councils established under the Local Government Ordinance, 1951. The P.C. had the powers of supervision, direction and control over Local Government Councils (L.G.C.) which had been transferred to the P.C. from the central executive authority.

Furthermore the P.C. was the advisory body to the Central Government especially in matters of development, levying of taxes or any other matters of importance which the Central Government passed for its views and recommendations.

With regard to function, the P.C. powers covered a wide field of activities. The powers included the provision for promotion of education below secondary level, culture, welfare,
The P.C. have higher and completely separate sphere of action from that of the Local Government Councils, although there were few powers repeated in both schedules of Local Government Councils, and P.C. for their importance as we mentioned before.

In addition to the powers enlisted in the First Schedule attached to the Provincial Administration Act, 1950, the P.C. were made competent to:

- a) To make decision on policy,
- b) To formulate and recommend to the appropriate ministries development progress for the province,
- c) To consider local problems of importance to the province in all branches of action and to make suggestions for development and improvement,
- d) To advise the Central Government on legislative and matters referred to it.

To sum up, the powers which were granted to P.C.s were of four types:
1) Obligatory powers concerning performance of social services delegated to them by their warrants of establishment.

2) Permissive powers.

3) Carrying out responsibilities on behalf of the Central Government.

4) Advisory powers for study, research of problems and submission of recommendations to the Central Government.

In order to carry out the above mentioned responsibilities effectively, a financial agreement was held between the P.C.s. and the Ministry of Finance. (14)

By this agreement some sources of revenue were assigned to the P.C.s.;

a) The contributions of Local Government Councils previously paid to the Central Government, were paid to the P.C.s.

b) Business profit tax, less than a thousand Rupees pounds, was assigned to P.C.s.

c) Royalties levied on rum 8% was given to P.C.s.

de) 85% of proceeds of sugar profit.

e) Land rent and house rents were allotted to P.C.s.

f) Car Licences and driving fees.

G) Grants-in-aid of public health services.

h) Deficit grant of 30 paise per capita was granted to P.C.s.
Unfortunately the Provincial Administration Act 1960 did not live long. For political reasons, the Act was suspended in 1964.

The year 1971 witnessed the enactment of new local administration: The Peoples Local Government Act was passed (P.L.G.). The Act introduced the comprehensive system of Local Government. In the comprehensive system most of the services, functions, powers, theoretically, were carried out by the Peoples Executive Councils (P.E.Cs.). The P.E.C. was made the budgetary unit of the province. The P.E.C. budget covers all services, previously rendered by field agencies or Local Government Councils. By this Act, in fact, new responsibilities were transferred to the P.E.Cs. (See Appendix III).

In the Presidential address to the National Conference of Development of Local Government on April 8th, 1971, NIYON, said that "the Administration of the Sudan from Khartoum is practically impossible and it is desirable to decentralize. We are all for decentralization whether by devolution or by delegation. Our democratic Revolution believes in the full participation of the citizens in the running of their affairs."

1. The Revolution believes that the peoples of the Sudan could run effectively their local affairs and local services.
2. The multi-purpose local authorities are to be established to administer all the services.

3. The new local authorities (P.L.Cs.) should serve under the objective of national socio-economic development and should participate fully in social, economic and political development of their respective areas.(16)

In the new system of Local Government of 1971 two types of decentralization were practiced:-

1. Devolution to the local authorities, i.e., P.L.Cs.

2. Re-concentration to field units-Peoples Local Government (P.L.G.).

A service or a power to do a service may be entrusted to the P.L.G. and then may be delegated in whole or in part to Peoples Local Council (P.L.C.).

Section 15 - 1 reads that "The P.L.G. shall delegate some of its powers and functions to P.L.Cs. which functions under its supervision".(17)

Section 15 - 4 reads that "The P.L.G. carry out the duties and powers assigned thereto by the P.L.G. and shall function under its supervision.

In Appendix III it is noticed that the powers conferred on P.L.G. by its warrant of establishment are legal deposit
of power vested in the province authority to discharge specified function with formerly consolidated authorities.

The other type of decentralisation used was deconcentra-
tion where the powers and functions were delegated by the P.R.C. to the P.V.C.s. to discharge the duties and functions conferred upon them actually by the P.V.C.s. This arrange-
ment was administrative in nature and not practical or legal deposit in character as well as was the powers conferred on the P.V.C.

The main reason for this decentralisation might be that the P.V.C.s. were not corporate bodies in the new system of 1971.

Secondly the P.V.C.s. had no budgets of their own. The P.V.C.s. were mere agents of the P.R.C. In actual fact the P.R.C. was the all-purpose authority. "The P.R.C. may delegate some of its powers and functions to District, Rural, Town and Village Councils as it may think it fit."

The power of delegation usually results in functions being distributed so that the function are performed by the most suitable local units.

Actually the councils below P.R.C. i.e., District, Town, Rural Councils were not sure that they would get delegated powers. The whole matter depends on whether the P.R.C. will voluntarily give up some of its powers and functions or do
not give. "There is a common complaint that the R.V.C.s. are reluctant to delegate some of their powers and functions to districts, town, rural or village councils. "Of course it is common experience that men whether as individuals or collectively as councils, do not like giving up powers". [19] The argument of the P.T.C.s. is that they (P.T.C.s.) have greater resources and that the district, town, village councils are ill equipped. It is an admitted fact that all (P.T.C.s.) below the P.T.C.s. have no powers and functions of their own, they do what and when the R.V.C. want them to do. What is needed is that in some matters of local nature, the President is to be given the power to settle the extent to which the R.V.C. must obligatorily delegate some of their functions to the P.T.C.s.

It is not desirable to put the whole responsibility, for example, education, under the P.T.C.s. because the R.V.C.s. may lose benefit of local interest in education and this will reduce public participation.

C.J. Cruickshank in his book "British Public Administration" said that "Local authorities represent a decentralization both by area and by function and in this lies affinity with the local and regional government department and public corporations". The main distinction here are council powers. Local authorities have no legislative autonomy. They are
executive bodies are vested but specific sanction for all their activities and thus their freedom is circumscribed by principles of ultra vires. The possibility of external control by the Minister of Finance or Auditor (will be discussed in Chapter IV) lies behind all they do. (21)

The first schedule, attached to (Appendix III) contains the powers which may be delegated to the P.L.C. It is noticed that the P.L.C. takes over the national functions, as well as, local functions. The national functions are exercised by the P.L.C. under the general guidance of Ministries of Health, Education, Agriculture, Interior etc. Despite the central guidance, control, supervision and financing, it is the P.L.C. which actually provides the services, runs the schools, build the dispensary, administer health services and so on.

The influence of the ministries is by research, setting of standards. It is the P.L.C. which provide a service which is by the act of 1971 vested in the P.L.C. "The most critical problem at present is the delineation of units of local government adequate to serve the needs of the present day society.

From the long experience of Local Government in the Sudan, it is thought that the most convenient method of allocating powers and functions to local authorities lies
in the reorganization of the existing new peoples local government system.

The First National Conference held in January 19-15, 1979 passed recommendations for redistribution of functions between the Central Government and local authorities.\(^{(25)}\)

In one way or another the Conference recommends two or three tier system.

The giving of the powers and functions depends on the size of the local unit, the financial and human resources available in the locality, the population, their use and needs. Other social, economic or ecological factors should be given due consideration in allocation of functions and power.

The uniformity of functions and powers is no longer a necessity. The basic social services can be standardized and the adequate powers are given to perform functions.

In this proposed system of allocating functions and powers, the services are set out in a list, then the area and size of the local unit is reviewed, its needs, population, resources, potentialities, then what powers a particular local authority should have are decided.

None of the responsibilities can be transferred to local authorities at the different levels on agency basis. The ministries, Health, Education, can have the opportunity
to delegate some of their functions and powers to the appropriate local authorities wherever they think fit.

It is, also, a necessity at a stage of development and period of experience, that powers should be identified as obligatory and permissive powers. The common practice that most of the powers delegated to local authorities are permissive, will not serve the purpose. Obligatory powers should also be delegated to local authorities wherever possible. The amendment of the People's Local Government Act to compel the P.L.C. to delegate certain powers to P.L.C.s. is now a necessity.

P.L.C.s should be granted advisory power on policy making specially with regard to policy making of local matters.

Expenditure

The previous survey of powers and functions pointed out how powers and functions are allocated to the local authorities. This section is concerned with how the powers and functions are exercised and performed in the discharge of the services entrusted to local authorities by their warrants of establishment. The problem is to see the most efficient way by which the money or revenue of local authorities is spent in the exercise of powers and performance of functions.
In our discussion of Local Government sources of revenue, (Chapter 17), the objective was to know the sources of revenue necessary to meet the expenditure to provide services. Here our objective is to allocate those sources of revenue between the various services rendered by the local authorities. In fact, it is to ensure that the value for money spent is being obtained.

Broadly speaking, "there are two aspects of finance: the source of funds and their utilization, income and expenditure. In practice however, a further distinction must be made between capital and revenue transactions. (24)

In fact there is difference between capital expenditure and revenue expenditure, i.e., "When money is spent the benefit derived from it may be short lived, or benefits from it will be used up quickly, usually within a year, then it is revenue expenditure, whilst expenditure on assets with a life of more than a year is termed capital expenditure. (25)

This distinction is important and should always be borne in mind, because not all the functions or services rendered by the local authorities are of one year benefit or many years benefit.

Both types of expenditure are found when a local authority is performing its functions. For example, the
cost of erecting a school by a council is capital expenditure, while the expenditure on general maintenance of the school, the payment of salaries of teachers and the cleaning of the school, or upkeep of equipment of the school are revenue expenditure.

The distinction is also of greater value because it affects the way in which such expenditures (revenue, capital) are financed. Revenue expenditure is spread over the year in which it is incurred and hence it is financed for the annual budget i.e. from current items of expenditure. The capital expenditure is spread over the life of the asset, thus the local authority usually finances capital expenditure by borrowing, or from capital reserve or "reserved fund for constructional works to meet the finance of new constructional works determined, provided that disposition of that fund shall be subject to direction of the president". (26)

It is generally argued that the local authorities ought to cut its cost according to its cloth, i.e., to spend what they really have, if borrowing or raising loan is difficult. In this sense the local authorities spend their funds in such a manner as may be the best for the exercise of its powers and in such nature as necessity may require to be carried out, and in the fulfillment of its legal obligations. The emphasis is always placed on the need that money should
be spent in the most efficient way, J.H. Hammond in his book "The Finance of Local Government", stated that Dr. Marshall seriously stressed with regard to expenditure. He said, that, "there must be machinery for ensuring that responsibilities (functions) are clearly defined, that financial duties are properly distributed, that expenditure is properly sanctioned, that outlays are wisely made, that collection of monies is carried out with diligence and honesty, that precautions for the custody of cash, the protection of property or financial interests are not overlooked. In short financial administration must ensure regularity and enforce accountability". (27) Expenditure is one of the various aspects of Local Government Finance which is so intertwined with other aspects of finance, revenues, control of finance, etc.

Local authorities are concerned with the local needs and problems of the community. The local needs and problems include the administration and provision of social services that the peoples want. Expenditure on such social services is a vital aspect of finance, because it is obvious that a country will not survive without healthy, educated population.

Although it is agreed upon that expenditure on provision of social services is high, yet it is justified because it is difficult and socially unacceptable to reduce that expenditure.
Expenditure will ever go increasing, if so, then the question arises of ensuring that Local Government or the community or the nation is getting value from that money it is spending on the social services.

In this case cost/benefit analysis is needed for the expenditure on social services or for the performance of functions and powers of the local authorities. Of course, there is no easy answer to that question. It is a fact that there is no yardstick to measure the benefit derived from local authorities expenditure on social services. The case here is not similar to expenditure on industry or commerce where measurement of cost/benefit is available by measuring the profit gained. Besides that if expenditure on social services is low, it will prevent the growth, development and general welfare. It will be harmful if the expenditure falls short of the people’s aspiration for educational and health services. In order to maintain the socio-economic development of the area, adequate expenditure on social services is always desirable.

In this section the objective is to observe the trend of expenditure on provision of services for which local authorities are responsible. The intention is to show how the cost of provision of services or expenditure on services has varied over a period of more than twenty five years.
The situation of expenditure being always more than revenues reflects the extent to which local authorities are dependent on Central Government grants in order to fill the gap between expenditure and revenue. This, no doubt, has financial implication on local authorities powers and functions.

The powers of local authorities to spend on provision of services are contained in the Local Government Ordinance 1951, the Provincial Administration Act 1950, and the People's Local Government Act 1971, Articles 13, 20 respectively. (28) To summarize these provisions, the local authorities are allowed to spend money only on objects which are within their powers. The functions and powers are contained either in the First Schedules attached (appendices i, ii & iii) to the warrants of establishment or in any other act or regulations.

The table below shows the expenditure of Local Government on social services, education and health since 1951:—
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Expenditure for Education and Health (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951/52</td>
<td>1,312,000</td>
</tr>
<tr>
<td>1952/53</td>
<td>1,447,108</td>
</tr>
<tr>
<td>1953/54</td>
<td>1,605,440</td>
</tr>
<tr>
<td>1954/55</td>
<td>1,507,771</td>
</tr>
<tr>
<td>1955/56</td>
<td>1,504,110</td>
</tr>
<tr>
<td>1956/57</td>
<td>1,434,110</td>
</tr>
<tr>
<td>1957/58</td>
<td>1,281,470</td>
</tr>
<tr>
<td>1958/59</td>
<td>1,300,000</td>
</tr>
<tr>
<td>1959/60</td>
<td>1,380,337</td>
</tr>
</tbody>
</table>

This table is extracted from the "Central Government Budget Digest". Unfortunately, the data obtained from the Ministry of Local Government since 1954 are not reliable. The figures show the contribution of the Central Government as grant-in-aid to local councils for the period 1951 to 1960. The Central Government grants to the Provincial Councils for the year 1960 to the year 1970 are shown in the following table.
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Education and Health (Ls.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960/61</td>
<td>1,675,234</td>
</tr>
<tr>
<td>1961/62</td>
<td>1,770,684</td>
</tr>
<tr>
<td>1962/63</td>
<td>4,518,681</td>
</tr>
<tr>
<td>1963/64</td>
<td>4,587,610</td>
</tr>
<tr>
<td>1964/65</td>
<td>7,434,564</td>
</tr>
<tr>
<td>1965/66</td>
<td>10,484,828</td>
</tr>
<tr>
<td>1966/67</td>
<td>10,437,000</td>
</tr>
<tr>
<td>1967/68</td>
<td>10,006,443</td>
</tr>
<tr>
<td>1968/69</td>
<td>10,000,000</td>
</tr>
<tr>
<td>1969/70</td>
<td>15,673,210</td>
</tr>
</tbody>
</table>

Source: Central Government Budget Serial, Ministry of Finance.

Since 1970 the N.R.Gs. could not close their accounts, for this reason it is impossible to know how much is spent on health and education.

The most important noticeable feature in the above mentioned table is that the year 1962/63 may be described as a transitional period. It is affected by the implementation of 1960 Provincial Administration Act. The Act has created separate budgets for the nine provincial councils. This,
consequently, necessitates the transfer of some revenue items and expenditure items to Provincial Councils' budgets. Furthermore, the act has demarcated a line between responsibilities entrusted to the Provincial Council, and those functions and responsibilities retained to the Central Government with respect to social services.

The estimated expenditure on health and education for 1962/63 assumed a high level. It reflected, in effect, the government policy which aimed at that time at providing for current services, particularly education and health services.

The following table shows the expansion of education service in the period between 1956-19/69:

<table>
<thead>
<tr>
<th>Year/1960</th>
<th>Year/1969</th>
</tr>
</thead>
</table>
| 1. Sub-grade schools 239 | 1117 | 326%
| 2. Elementary schools 128 | 1832 | 1453%
| 3. Intermediate schools for boys | 14 | 222 | 166%
| 4. Intermediate schools for girls | 3 | 100 | 323%


The figures indicate that the service of education is growing in an increasing ratio.
to Local Government Councils pertaining that function.

According to Provincial Act, 1960 the Local Government Councils bear expenditure on elementary education inclusively. The Provincial Councils bear expenditure on intermediate education provided that the Central Government give grant for educational services according to the financial agreement held between Ministry of Local Government and Ministry of Finance as mentioned before.

With regard to health services, the range of local authorities covers wide activities in this field. It is an ever increasing range.

The following table shows the expansion of health services during the period 1945-1969:

<table>
<thead>
<tr>
<th>Year</th>
<th>Dressing Station</th>
<th>Dispensary</th>
<th>Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>69</td>
<td>400</td>
<td>34</td>
</tr>
<tr>
<td>1955</td>
<td>325</td>
<td>535</td>
<td>69</td>
</tr>
<tr>
<td>1960</td>
<td>655</td>
<td>860</td>
<td>75</td>
</tr>
<tr>
<td>1968</td>
<td>655</td>
<td>860</td>
<td>75</td>
</tr>
<tr>
<td>1969</td>
<td>1047</td>
<td>611</td>
<td>77</td>
</tr>
</tbody>
</table>

It is noticeable that health services are expanding, number of dispensaries, hospitals is ever increasing, thus expenditure on this service is increasing.

According to Local Government Ordinance 1951 the Local Government council bore the cost of establishment, maintenance and running of the dispensing stations and the Central Government bore the cost of running dispensaries and hospitals.

The above two tables show the expansion of education service, health service respectively. Expenditure on education amounts to 57% of total expenditure and the percentage is increasing.

Today provision of education services cost more than that percentage because the P.G.C. authority covers elementary, intermediate and secondary education. The high cost of education service has its influence in many ways particularly on the Central Government grant-in-aid structure. In 1931 the grant amounted to about 50% of the total cost of education; in 1960 the grant for education was raised to about 50%.

Because of this high percentage of expenditure of Local Government on education, some suggestions were recently been raised, that this service should be taken over from the P.G.C. responsibilities and be shifted wholly.
The next largest service in terms of expenditure, to education is health services. Expenditure on health service during the past twenty five years had grown rapidly, but less rapidly than education. It amounted to 23%.

For a clear picture, the following table shows the cost of running services, cost of personnel service, the revenue, the grant from the Central Government and the capital account. It is a summary table of the section on expenditure.
<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure in Millions of Pounds</th>
<th>Cost of Services</th>
<th>Cost of Salaries and Allowances</th>
<th>Revenue</th>
<th>Index in £s.</th>
<th>Index Capital Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970/71</td>
<td>37.3</td>
<td>100</td>
<td>11</td>
<td>100</td>
<td>26.3</td>
<td>100</td>
</tr>
<tr>
<td>1971/72</td>
<td>46.2</td>
<td>124</td>
<td>11.4</td>
<td>116</td>
<td>29.7</td>
<td>113</td>
</tr>
<tr>
<td>1972/73</td>
<td>63.9</td>
<td>171</td>
<td>16.2</td>
<td>147</td>
<td>42.6</td>
<td>162</td>
</tr>
<tr>
<td>1973/74</td>
<td>75.9</td>
<td>198</td>
<td>20</td>
<td>182</td>
<td>45.9</td>
<td>175</td>
</tr>
<tr>
<td>1974/75</td>
<td>90.0</td>
<td>241</td>
<td>22.8</td>
<td>207</td>
<td>56.3</td>
<td>214</td>
</tr>
<tr>
<td>1975/76</td>
<td>103.0</td>
<td>267</td>
<td>24.8</td>
<td>225</td>
<td>34.9</td>
<td>285</td>
</tr>
<tr>
<td>1976/77</td>
<td>103.5</td>
<td>277</td>
<td>27.6</td>
<td>251</td>
<td>22.9</td>
<td>315</td>
</tr>
<tr>
<td>1977/78</td>
<td>111.5</td>
<td>353</td>
<td>33.1</td>
<td>301</td>
<td>95.4</td>
<td>363</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance
The table shows the relationship between expenditure and revenue, grants-in-aid which the Central Government gives to local authorities. It reflects, in general, the trend of expenditure on services during the period 1971-1978. It is the period during which the new comprehensive system of Local Government was introduced. It is called comprehensive because, according to the People's Local Government Act 1971, all the services previously rendered by the local government councils or field agencies are, theoretically, transferred to the P.V.C.s.

With the issuance of that Act, the P.V.C. becomes the only independent budgetary unit in the province. It is responsible for control over a wide range of local services and the finance of all units of services operating in the province.

From the table the following argument and trends are noticed:

1. Expenditure on services, either running services or cost of personal services (as salaries and wages), is experiencing a high rate of growth, increasing from year to year showing an established trend of an increase during the whole period from 1971 to 1978. This increase might be attributed to price increase, population growth and per capita expenditure is expected to increase as more social services are demanded.
In the period under consideration the expenditure of services increased by 34.5 million pounds i.e., by 35%. The question that usually arises, what factors responsible for this increase? Of course social, political, demographic factors are equally responsible and closely interlinked to produce that result of increase of expenditure.

2. Revenue is also increasing, but it is increasing at a lower rate than expenditure. Over the period under consideration the increase is 22% less by 26% when compared with expenditure increase.

The gap between expenditure and revenue is bridged by the Central Government grant-in-aid.

3. The Central Government grant itself, as it is noticed from the table, is constantly increasing over the period under consideration. It is increasing from 15 million pounds in 1971 to 30 million in 1978. The percentage of increase is 97%.

4. An important remark is shown by the table in respect of cost of personnel services, i.e., salaries and wages allowances. The point that worth mentioning and observation is that the rate of growth of personnel service is greater than the rate of growth of running the service. The rate are 56% to 50% respectively.
This situation implies that, though most of personnel service is part of the cost of services themselves, as teachers, doctors, labour, salaries most of the revenue goes to the payment of salaries and wages. In other words most of the Central Government grant goes to the payment of the salaries and wages and consequently less percentage goes to the establishment and maintenance of services. Ultimately such a situation may lead to the deterioration of the standard of services.

This, in fact, is the problem which the P.W.Os. face today and to which no attention, unfortunately, is paid to care. It results in that the Central Government grants given to P.W.Os. are not fully utilized for provision of services.

5. Central Government grant-in-aid, like expenditure, is increasing at a very high rate of growth. It is increasing by 300% than revenue. This implies that the Central Government burden is increasing every year by paying more grant-in-aid. The direct result is more reliance of the P.W.Os. on the central authority, consequently more control over P.W.Os. freedom of action.
As long as the P.L.Gs. are not financially independent, the problem of central control over P.L.Gs. arises. This will be discussed in detail in Chapter IV.

In spite of the shortage of accurate data for actual expenditure, inadequacy of available data, the trend of increase of expenditure is clearly noticeable from the table.

Throughout the history of Local Government in the Sudan, with the exception of few cases, the financial inability of local authorities to support its functions has been noticed. The problem lies in the fact that Local Government expenditure on services is continuously increasing while Local Government revenues, if not static, are not increasing in the same percentage. The gap between expenditure and revenue is ever widening.

In the future there is every reason to believe that Local Government expenditure will continue to grow at a fairly rapid rate. There is constant pressure on local authorities to improve and expand their services.

Substantial increase in expenditure will occur given the continuity of present existing financial arrangement. Such anticipated increases in Local Government expenditure are the main reasons for setting up of the First National Conference of the People's Local Government held in January 1978.
The recommendations of the Conference are looking for rapid change in the financial system of Local Government. The change required is to lead to major reappraisal of the Central/Local relationship. It is a change aiming at the development of new sources of local revenue to cope with the increasing expenditure, and to meet improvement and expansion of social services.

There are no practical means to cut down expenditure on services or expenditure on personal services, or to stop the rising costs of the services themselves. Thus, alternatively the solution lies in the search for adequate, reliable, elastic and responsive sources of revenues.

**Capital Expenditure:**

The large capital works, or constructional works, that local authorities have to undertake, can not be done out of revenue only. The capital works are for the benefit of future generations. It is a work of permanent or fairly lasting nature. The coming generations have to bear some of its expenditure as far as they get benefit from it. Because of the above reason loans, capitals are essential to be raised. Capital expenditure to met either from capital accounts or loans. The cost of capital expenditure will be spread over a number of years.
There is always a question whether to finance capital expenditure by borrowing or from current revenue. The advantage of financing capital expenditure by deferring it from revenue instead of borrowing is that interests and charges are avoided. The total cost of capital schemes is thus reduced. There are arguments against financing capital expenditure from revenue. The disadvantage of such financing is that it imposes too immediate burden on present generation, while the capital works are created for the benefit of future as well as present generation.

The question of whether to meet capital expenditure from revenue is still debated. But the whole matter depends on the different circumstances. Arguments for financing capital expenditure as much as possible from revenue are extremely stronger. The effects of financing capital by borrowing are that heavy burden will fall on the future generation. It is questionable whether the present generation is justified in adding to the burden of future generation by a present policy of borrowing. However a compromise is essential, not to depend wholly on revenue financing or borrowing finance. It is advisable to try to meet as much as possible of capital expenditure from revenue as well as from borrowing.

In the previous chapter, it is agreed upon that revenues are not enough for both current expenditure on services and
capital expenditure.

Section 64 of the Local Government Ordinance, 1951 identified three types of reserved accounts. Reserve accounts, renewal accounts, equalization accounts. These funds may be used to finance small items of capital expenditure. The funds are intended for the purpose of avoiding external borrowing to meet cost of capital schemes.

The capital accounts represent the surplus of the annual budget which the local authorities aim at realizing by the closure of the financial year plus accumulation from previous years. It is reserved for expenditure on capital projects, e.g., purchase of plant, equipment, building of roads, etc.

The renewal account is built up by contribution from various services based on the expected life and probable cost of the asset which are to be replaced. It is usually confined to replace items of plant, equipment and vehicles. This account will enable the local authority to renew its plant equipments when their estimated life-time expire, e.g., if a council purchases a motor car for a sum of Rs. 2,000, its normal life is estimated at 5 years. The council has to include in its annual budget Rs. 400 to be placed in a special account (Renewal Account). When the five years
expire, the council will have in its renewal account L. 8, 2,000 by which a new car can be bought in replacement thereof.

The equalization account is primarily designed to balance the budget during bad years or during bad harvest due to climatic conditions. Annual sums are provided for in the annual budget. It is calculated as 80% from the proceeds of the direct taxes and 10% from local rates and others. The fund is kept in account which should not be touched except when real need arises. It can be utilized only in years of stringency when the council receipts are forced to fall down due to pests or climatic conditions.

According to section 46 of the Local Government Ordinance 1951, no expenditure can be incurred from these accounts except by the approval of the Minister of Local Government and except for the object of the account concerned. (30)

Borrowing by Local Authorities:

The power to borrow money for capital expenditure is like any other local authority’s power. It is an essential power that it has to be conferred on local authority.

Under the Local Government Ordinance 1951 the local authorities were not allowed to raise any loan whether by way of mortgage, over draft, issue of stocks or any method except with the consent of the Minister of Local Government and for purposes approved and been prescribed by him. (31)
The local authorities, generally speaking, rely on the Central Government for getting their loans. The Minister of Local Government through contacts with the local authorities assesses the council requirements for loans and grants. He proposes to the Minister of Finance the required funds. The response to the proposals is decided by the availability of surplus money available. The sum of money decided annually for loans is put under the disposal of the Minister of Local Government.

The loans which were paid to councils were not sufficient to meet the cost of capital projects. These loans were payable during a period which may extend to 26 years at an annual rate of interest of 4%. Few councils made use of this facility by buying ferries for councils in the Northern Province, White Nile, Blue Nile, Tharom Council, Wassa-Weiss, Wad Medani, Shendi and Berber, etc.

Higher councils which have sufficient revenues are allowed to bear the liability from their unallotted balance of reserve.

Under the Peasles Local Government Act 1971 the P.L.Gs. have power "to borrow whether by charge or over-drawing or by issue of documents, provided that the purposes for borrowing shall be stated and the President shall be informed in this respect within a period of not less than one month." (32)
Though local authorities are empowered to borrow in accordance with the law, still in fact a further approval is needed. The sanctioning authority is the President except with the consent of Minister of Finance.

The requirement to obtain a loan sanction or consent of the President is requisite and primarily meant to regulate local authority capital expenditure. Moreover, this control over borrowing is to prevent local authorities from conducting its affairs in an irresponsible manner by incurring too heavy a debt in relation to its revenue. It is to prevent local authorities from borrowing and over-expenditure and to ensure at the same time proper provisions are made for debt redemption.

Furthermore a loan sanction is merely a device to ensure that capital expenditure of local authorities conforms with the pattern of public expenditure.

The capital expenditure is controlled by the Central Government to prevent local authorities from entering into commitments beyond their means of settlement. This control over local capital investment, capital expenditure and borrowing is a necessary part of central control of national economy. The control is not meant to hamper the direction of local authorities in the development of their services.
After the application of the new comprehensive system of Local Government in 1971, still a question arises whether the Central Government is better qualified than the local authorities (P.R.C.s.) to decide how capital expenditure should be channelled to the individual services provided by the local authorities. The sound situation is that the Central Government should give local authorities greater freedom in respect of capital expenditure. Such freedom should still be subject to central control in respect of total investment, the amount of money to be spent on each service. The local authorities have to cope with the national standard of services set by the Central Government.

When a local authority decides to borrow to meet capital expenditure rather than to finance it from revenue or special accounts (capital account, renewal account or equalization account) it is necessary to think from where to borrow, from a third party or to borrow from the Central Government. In this case it is preferable that Local Government authorities should think of establishing credit institutions of their own. It is now becoming a necessity to finance local projects capable of promoting economic and social development.

In the mean the need for specialized credit institutions to finance local authorities is deeply felt, if local
authorities are to live and play their role in socio-economic development. The establishment of such credit institutions has been recommended frequently.

The financing of such credit institutions can come from the following sources:

- a) Annual appropriation to be made by the Central Government.
- b) Down payment in settlement of loans which will be used as revolving credit.
- c) Insurance fund of the working people in local authorities.
- d) Surplus cost deposits now in banks at a certain rate of interest.
- e) Equalization, renewal fund.
- f) Pension and social insurance deductions.

Such funds can be invested in the newly established credit institutions instead of being invested elsewhere. Thus in this way local authorities can borrow internally, and at the same time leading sources (credit institutions) will be continuously financed.

Regional and Local Development:

Under the People's Local Government Act 1971 the T.V.Cs. are allowed to keep for constructional works a reserved fund at the rate of 12% of the total expenditure.
estimated for financial years to meet the finance of the
new constructional works determined, provided that dispo-
sition or that fund shall be subject to the direction of the
President”.

At the same time according to the provision of part "I"
of the First Schedule of powers attached appendix III to that
act, “the P.L.C s are entrusted to carry out studies and under-
takings of researches which lead towards the development of
the province in economic and social fields.

Thus economic and social development has been given a
special attention in the new system of peoples Local Govern-
ment. The importance of regional and local development in
the provinces is one of the main objectives of the P.L.C s.

“The main purpose of regional and local development is
set out to develop the rural and regional areas in order to
cut down the economic and social disparities existing between
towns and rural areas to the minimum and to realize maximum
economic stability, economic integration and social justice”.

Regional planning is introduced in the new system of
Local Government as a device to achieve economic and
social development, and any new function which is entrusted
to the P.L.C. It is meant to play the role of bridging the
gap that exists now between rural areas and towns, between
poor provinces and rich provinces. At the same time the object-
ive is to lessen the migration of labour forces from rural
areas to capital towns and urbars which became congested with idle human labour. On the other hand, to stop migration from agricultural sector to industrial sector.

The Six Year Plan of Economic and Social Development 1977/78-1982-83 has given special consideration to the problem of local and regional development on grounds that development of human being, raising his welfare standard and achievement of social services constitute, in fact, the background of the national economic development. (36)

The thinking in national economic and social planning is connected directly with regional development. It is not at all isolated from it; the regional development constitutes the basis for national development. On this belief of direct relation, the Six Year Plan aims at the provision of social services, promotion of their quality and their expansion at the same time. The plan in order to achieve the mentioned purpose of local development, has to secure a proper distribution of services amongst the various geographical regions particularly the rural which are the needy areas for services.

This adequate distribution of social services, economic development can never be achieved without well-thought, realization, scientific regional and local development based on sound studies with a full understanding of the various regions and localities.
The People's Local Government Act 1971 has set up P.L.G. Co. with powers in the field of investment in local development schemes which have quick cash returns.

The financing of capital schemes or trading undertaking is not different from capital expenditure we referred to before. The fund is deducted from the investment fund which in turn is financed from the central contribution.

The provincial investment on capital schemes, trading undertaking, before being financed, are first enumerated by the Ministry of National Planning to make sure that proposed schemes are economically feasible and can provide the provincial budgets with quick cash returns.

This policy is adopted since the People's Local Government Act was enacted in 1971 and has proved, to some extent successful. A number of such investment schemes have come forward. In Khartoum Province some schemes were implemented e.g. Telilat Agricultural Scheme, in Kordofan Province milk and butter canning schemes, the Northern Kordofan Agricultural Harvest Scheme, Habila Mechanised Scheme.

In the 1974/75 financial year an agreement was held between the Ministry of Finance, the Planning authorities and the Ministry of People's Local Government by means of which the sum of £1,000,000 pounds was allocated for the financing of local development schemes.
In fact the F.M.Cs., according to this policy, can undertake investment on commercial grounds by utilization of local potentialities. It is meant to increase their sources of revenue in a manner which does not conflict with the comprehensive national development. At the same time it is meant to lessen the deficit of budget and, if possible, the reliance on Central Government grant-in-aid.

In an interview with Mr. Abdel Karim Abdel Rahim, the Executive Director of Northern Kordofan F.C., has pointed out that Kordofan Investment Milk scheme proved successful in 1978. The investment amounted to LE. 50,000 and the cash return was 60,000 pound i.e. 10,000 pound was the profit besides the fact that the scheme, had served the area - in provision of butter.

He said that the Kordofan F.C. had submitted a plan of 14 development schemes for the year 1978/79 whose cost was estimated to be about 9,560,076 pounds. Most of these schemes were poultry and dairies farms, in Wahad, Bara, Rahad, El Brembeita, El Chief.

Usually the F.M.Cs. are empowered to prepare the economic plan. The plans are submitted before the Central Planning Board, conducting studies and research for development of the province.
Sometimes the plans are rejected when there are no enough funds. In this way the P.R.C.s. efforts go in vain. Thus in this field of local development, the P.R.C.s. face the difficulty of meager financial resources to finance new projects. The (P.R.C.s.) also face the problem of the limited number of trained planning personnel and absence of sufficient data required for proper regional and local planning.

A joint research group was set up at the Ministry of National Planning. The group has to carry out the necessary field studies, collection of data and information before proposed schemes of the P.R.C.s. are submitted for financing.

Certain guidelines are set up by the group by means of which the P.R.C.s. can make the correct choice of schemes suitable for development.

These guidelines are:

1. To undertake research, collect data in order to propose new schemes which are both economically feasible and socially flexible.

To establish local and regional development planning bodies which may be responsible for supervising the preparation of studies, research and to follow up the execution of development schemes.
2. Emphasis on development concentrates on promotion of local natural resources, processing, fauna and local industries.

3. Emphasis on modernization and promotion of traditional industries, handicraft.

On these above guidelines local investment schemes have to be prepared by the P.E.Us.

In 1974/75 financial year total cost of projects amounted to 6,357,000 pounds. Out of this only 2,335,000 pounds was approved. (37)

In 1975/76 The Sudan Development Corporation played an important role in local development. A specialized section was set up to look after local development, to follow up the execution of approved development schemes. Certain new principles were laid for utilizing new projects to ensure that schemes submitted by the P.E.Us. were economically and socially feasible.

On the basis of these principles, which were to some extent similar to the principles laid by the joint group, the Sudan Development Corporation approved 126 schemes. The finance requirement of these schemes amounted to 12 million Sudanese pounds.
From the above efforts directed towards local and regional development, the picture of the local development seems quite promising. But despite that the real efforts made in areas of social and economic development, practically, are limited. This is attributed mainly to the fact that the schemes approved and executed were small in size and quick cash return. The schemes executed or under execution were not intended to serve regional development as had been scientifically defined. In fact the schemes were rather to supply the P.E.Cs. with quick source of revenue and to supplement the P.E.Cs. in case of shortage of liquidity which usually the P.E.Cs. used to suffer for a long time. Fordoow Milk scheme is a good example. There are other reasons that worth mentioning which constitutes obstacle to the progress of local development:

1. The absence of stable and continuous source of finance which constitutes the main obstacle for implementing local and regional projects. The Ministry of Finance failed to supply the P.E.Cs. with the money approved for local development schemes. For example the White Nile Province received 270,000 out of 5,000,000 pounds approved for the year 1977/78. The schemes under construction are now waste of money and not productive.
Also 500,000 pounds were allotted to Southern Kordofan for local development up to March 1979, the P.W.O. received only 208,000 from the Ministry of Finance. (39)

Because the Ministry of Finance failed to fulfill its obligation towards financing the development projects, the P.W.O. failed to finance some of their projects which proved economically feasible. For example, Khartoum Province Executive Council has failed to run Khartoum Province Transport Company successfully due to lack of finance. (40)

Other P.W.O.s are unable to complete some of the on-going projects due to shortage of their resources and the failure of the Ministry of Finance.

2. Lack of specialized technical cadre and specialized regional planning bodies, in the province, can be added to the reasons of shortage of finance.

The above shortcomings and obstacles had accompanied local and regional efforts during the first half of the Six Year Plan. In order to remove these obstacles new policy is advocated to be followed.

In the new policy, regional development planning bodies are to be established in all provinces headquarters. The planning bodies are to be accountable to the Ministry of National Planning under the direct control of the provincial commissioner and the P.W.Os.
A joint fund for financing the regional schemes is going to be established, to which each P.R.C. contributes according to its financial ability and it will be mainly financed by allocation of 7.5 million pounds out of the total 225 million pounds allocated usually from the Central development revenue.

By the implementation of this new policy of the plan the main problem of financing local and regional schemes will be solved.

The other problems of planning bodies, technical abilities can be also solved.
CHAPTER III.

NOTES.

(2) Ibid., p.16.
(3) Local Government Ordinance, 1951, Malacca, Printing Press, Malacca.
(5) Ibid., p.60.
(7) Ibid., p.11.
(9) Ibid., p.19.
(10) Local Government Ordinance, p.6.
(12) Ibid., p.13.
(14) Al Asmar, M.M.M., Comparative analysis of Local Administration in Egypt and the Sudan.


(18) Ibid., p.10.


(20) Ibid., p.116.

(21) Ibid., p.118.

(22) Ibid., p.119.


(25) Ibid., p.17.


(29) An interview with the Assistant Auditor General Dr/Enia Mekki on March 19, 1979.

(31) Ibid.


(33) Ibid., p.16.

(34) Ibid., p.17.


(36) Ibid., p.148.

(37) Ibid.

(38) An interview with Srd/Abdarek Dheen, Dep./The Executive Director of White Nile Provincial Executive Council, Nokom, on April 26, 1979.

(39) An interview with Srd/Abd Abd El-Halim, Dep./Executive Director of Southern Kordofan Provincial Executive Council, Juzi, on March 21st., 1979.


CHAPTER IV.

CENTRAL/LOCAL RELATION.

This chapter deals with the Central/Local relationship with particular emphasis on the Central Government and Local government financial relationship. In the previous chapters an attempt was made to explain the constitutional position of the state Local Government, its structure, its functions, its powers and financial sources or revenue. Here it is concerned with the obligations imposed on local authorities. It is our interest to see the central powers in relation to financial powers exercised by the local authorities. There are three points which are always borne in mind. First, whether the specified powers, which we mentioned in Chapter III, exercised by the local authorities are subject to wide control by the central authority or whether the central control and supervision is always found over local authorities. Secondly, whether the Central Government financial support, in form of central grant-in-aid, to local authorities, is conditional, rigid or flexible and adjustable. Thirdly, who finally has the upper hand over decision, i.e., financial decision, the central authority or the local authority.

A fourth question is equally important that is what are the measures or control adopted by the Central authority over the local authorities to maintain the financial relationship.
An attempt will be made to discuss some proposals of reform of the controls in a manner that a desired relationship is maintained.

**Arrangements of Central/Local Relationship:**

Theoretically, two arrangements are prevailing in Central/Local relations. In one arrangement Local Government is considered as an instrument for the provision of services within a given area. It is a field of administrative agency in which the relation between local authorities and the central government is a relation of agent and principal. In this case the central control is justified for many reasons. The Central Government is responsible for the promotion of national interests. The local authorities are increasingly dependent, at least, upon financial assistance from the national govt., and increasingly responsible as an agent for services which are of national, as well as local concern. For this reason local authorities are more and more subject to control from the Central Government. The role of Central Government, on the other hand, comes first in promotion of local development and precipitating of the principles of social equity and justice. The national resources should be equally distributed, after determining the priorities, over the different areas to launch a comprehensive national development. Moreover the ability to achieve uniformity or remove disparities in resources and
Government responsibility. In this way the local interests or sectional interests should be standardized to that of the national government as a whole. The Central Government imposes control over the local authorities so that they (Local authorities) may not abuse the authority conferred upon them and to enable the Central Government to assume its role in the promotion of the national interests. "Generally the Central control is exercised through four agents, the executive, legislation, judiciary and the community. Executive by inspection of the budgetary system which determines the total financial and personnel resources that each separate administrative unit such as the P.D.C. may not exceed without further authorization from above. This is the valid method which gives the Executive - The Finance Minister - an effective means of control over local authorities".(1)

The legislative ensures control through laws and regulations, the rising of questions in the legislative assembly, about good local public administration, approval of budget estimates. The control by the community over local
authorities exists when the people choose their representatives to local councils.

The central control includes mainly the financial and administrative aspects of the People’s Local Government. In this chapter we are mainly concerned with the financial control.

The other arrangement considers Local Government as a system of local independent bodies. Each body has its own functions and duties. The relationship between the Central Government and the local independent authorities is that of partnership.

In fact there has never been any settlement about which arrangement is the preferable one. If the first arrangement represents centralization, the other arrangement represents decentralization. The choice between centralization and decentralization is an great that governments seek working combination between the two arrangements. ‘The people’s Local Government in the Sudan is still a relatively new system and attempt to combine the best features of decentralized government (central, direction of their own affairs by local authorities) with vital central control (The need for Central Government to maintain essential services, such as defence, security, foreign affairs and retain the capacity to mobilize resources which are too big to be handled by local authorities).’(2)
The Midland Group in "Local Government and central control" argue that, the Government (Central Government) should make its mind on the administrative tasks for which local authorities should be responsible, and urge stronger controls on details of local financial activity, while maintaining that local authorities should have freedom in spending both its own revenue and money received from the Central Government". (3)

Here it is seen the desire to see local authorities as agents is tempered by equal desire to see them keep their independence.

J.A.G. Griffith sees it in a different way. He sees a conflict in central and local interests. The Central Government is stronger and more important. The relationship between the Central and Local Government is determined by what the Central Government decides are the functions of local authorities. He is inclined to the first arrangement of agent and principal, where in such relationship co-operation prevails. He concludes that "So far as I am concerned it is the efficiency of the service to the school, to the deprived child, to the handicapped and the unhoused that matter and to the hall with the local democracy". (4)

Hedel!ife Maud Report on "Central/Local Relation"
includes that "the pattern and character of local Government must be seen as to enable it to develop enough inherent strength to deal with national authority in a valid partnership". We do not believe that the right relationship exists today).

Dr. Assef in his thesis "A Comparative Analysis of Local Administration in Egypt and the Sudan, sees that the defects of the present relationship (in the Sudan) are in the local government pyramid structure, first and secondly in the too close control of central authority over grants. The Central Government always steps in to do some of things that properly belong to Local Government. In addition the local authorities are subject to minor controls and requirements which detract from their abilities to manage their own affairs and make their own decisions."(6). In such a case to remove control it will require both a change of heart or attitude on part of ministry and considerable amendment of the local Government Acts. What is really happening in the Sudan is that the local Government Act is under continuous revision and change. In spite of this revision still the Central Government is left with massive powers on the Local Government finance.

It is still the responsibility of the Central Government to settle policies for provision of services of national importance. It is the Central Government
responsibility to determine the resources, the taxes and miscellaneous sources which can be devoted to local government services. The Central Government always operates as a check on revenue and expenditure of Local Government.

The object of the continuous revision of Local Government Acts is to enable Local Government to play a more important, responsible and positive part in the running of the country. The reforms introduced in 1960 Provincial Administration Act and Peoples Local Government Act 1971 were attempts to strengthen the financial position of the Local Government that can lead to desired partnership. But in spite of these attempts in the division of responsibility the preponderant weight was given to the Central Government.

The Central Government actually having the legislative powers, retains overall control over the finance of major and minor services. The local services in 1971 Peoples Local Government Act were reorganized as clear responsibility of local authorities (P.E.C.A.) but still if something is badly wrong locally, the Central Government must have the power to make sure that it is put right and in the last resort to step in to put it right itself. The Central Government has always the powers necessary to control the licences of each service and its future development.
In the financial relations, it is absolutely fundamental that local authorities should be enabled to raise as much higher proportion of the money they spend. The sources of revenue are more important than the control of its use. Local authorities should have the right to determine overall expenditure and should have as much discretion as possible to determine on social and welfare services. "A change in the financial relations would improve Local Government management."(7)

It is the Government intention when the People's Local Government Act was passed that the local authorities (P.L.G.) to be allowed the maximum discretion to take their own decisions on services, finance within the national policy. With the existing structure of local authorities a new form of relationship between Local and Central Government has been created. In the new system the local authorities are seen as partners and not agents or junior partners. They are seen as independent of Central Government. An attempt was made to reduce the degree of central intervention in the management of local affairs by making local authorities (P.L.G.) more independent. But however a confusion still persists as to which arrangement of Central/Local relationship should or does exist? This is the problem which we are going to discuss in the subsequent section.
The Financial Relationship Between Local Government and Central Finance

The financial relationship between Local Government and central finance was close since early times. According to Local Government Ordinance 1951, the Local Councils were dependent on the central finance to cover the deficit which occurred as a result of local revenue collected being less than the cost of services rendered by the councils on behalf of the Central Government in the various fields such as health and education.

The Central Government according to (1954 Local Taxation Appropriation Ordinance) assigned some direct taxes, such as animal tax, land tax, vehicul, data tax, building tax, to local councils to help them in shouldering their local responsibilities.

Under the 1951 Local Government Ordinance and 1954 Local Taxation Appropriation Ordinance, certain measures of control were imposed on the local councils.

The Minister of Local Government was empowered to appoint a fit person or persons to audit the accounts of each council and certify the annual balance sheet. Article 50 "I" read that "Every council was under legal obligation to make available for inspection by auditors all books and documents of accounts and to make proper accounts of all
their financial transactions and had to prepare a final annual balance in accordance with the financial regulations issued by the Minister”.

The financial regulations included in detail definitions of the duties of Finance Committee of a council, duties of treasurer and account staff. These regulations were numerous and so detailed in describing how the annual or supplementary estimates of revenues and expenditure should be prepared and submitted. The regulations described the final statement of accounts, the balance and the budget of councils in general and how should be prepared. The regulations included specifications and limitation of contracts, purchase system, storage and control system.

The local councils usually prepare their annual budgets, transferred them directly to the Ministry of Local Government for approval. The Ministry of Finance reserved for itself the right to approve taxes and rate level of all councils in order to ensure justice to all inhabitants when the local councils submitted their budgets for approval by the Ministry of Local Government, they (councils) submitted also for the purpose of having their share of Ministry of Finance from the available deficit covering fund.

Another control exercised by the Central Government
over the Local Government councils was that no council was allowed to incur expenditure against capital expenditure, renewal accounts, reserve accounts without prior consent of the Ministry of Local Government. Expenditure against other items was allowed if it was in accordance with the approved budget. Any amendment or transfer of item of expenditure or revenue should be approved in anticipation by the Minister of Local Government.

The local councils were not allowed to raise a loan whether by way of mortgage, over drafts, issue of stock or any other method except with the consent of the minister of Local Government for purpose approved by him and upon conditions prescribed by him. This was clearly included in Article 48 (1) of the Local Government Ordinance 1951.

By the application of Provincial Administration Act, 1969, no major change took place in the prevailing relations among local council and Central Government. The only noticeable alteration was the introduction of the concept of decentralization. The provincial councils were empowered to scrutinise, supervise and vet the local councils' budgets. The Central Government was absolved, still to assign more revenue to provincial councils to cover the deficits of budgets.
The Ministry of Finance practiced supervision and control over budgets of provincial councils to get familiarized with quality, value, resources and trends of expenditure.

The provincial councils power over local councils included issuing of general directions to be observed as well as passing the local councils budgets.

The Minister of Local Government, with the consent of the Council of Ministers, was enabled to make financial regulations for provincial councils to follow. The regulations prescribed methods and ways of withdrawal of revenues capital, reserve and all special accounts through the consent of the Minister of Local Government.

Every minister was empowered to scrutinize the part of the budget pertaining to functions of his ministry.

With regard to matters concerning levying of taxes, rate increase, all were subject to the approval of both ministry of Finance and Council of Ministers.

Under the new system of peoples Local Government, 1971, the people's executive councils became independent, as called an integrated budget unit responsible for all allocation of local, regional and central services. It
is the sole budgetary unit. Accordingly a very large
allocations are transferred from the central budget to the
provincial budget as well as central revenue and expen-
diture.

With regard to measures of control, inspection,
disallowance, auditing, nothing was new to the prevail-
ing financial systems of 1931 or 1960. What new in the
new system of Local Government is that the peoples
executive Council is made the only corporate body and
budgetary unit.

In the new system still any minister was empowered to
inspect any activity of Peoples Executive Council respect-
ing matters relating to activities of his ministry.

The Minister may depute any technical inspector to
carry out such inspections. The inspection should be carried
out pursuant to standards prescribed by regulations so that
the P. E. C. may easily be questioned.

The Council of Ministers had power over resolutions,
local orders made by the P. E. C. It had the power of
disallowance, suspension and revoke of any resolution or
local order inconsistent with the national policy. It had
the power even to amend the warrant of establishment of the
P. E. C.
In case of default of P.E.C. to implement the direction of Council of Ministers, the P.E.C. powers might be suspended and transferred thereof to any person or other body.

According to Article 21 of the peoples Local Government Act 1971 the P.E.C.s are under statutory obligation to prepare estimate of revenue and expenditure of the financial year.(10)

The P.E.C. had to prepare statement of account of every tax authorized to be collected. It has to prepare proposition of financial appropriation of revenue and expenditure falling within its functions and powers. These propositions should be presented to the Ministers concerned whose ministries are represented in the P.E.C., before the proposition are being finally send to the Council of Ministers. Unless the Council of Ministers approves the estimates of budgets no expenditure is allowed to be incurred or revenue collected. During the financial year, if necessity requires, the appropriation of additional funds to meet new financial obligation or incidental obligation, the P.E.C. should submit to the Minister of Finance an annex containing those financial appropriation for approval by Council of Ministers.
The P.V.C.s are not allowed to borrow whether by over
drawing or by issue of security or any other manner unless
the consent of the President is obtained. This control of
borrowing is further extended by the provision that the
purposes for borrowing and conditions of settlement should
be clearly stated and detailed.

The accounts showing revenue and expenditure are
subject to audit by Auditor General. Article 25 of the
Auditor General Chamber Act 1970 shall apply to the audit
of accounts of the P.V.C. (11)

In the process of auditing any illegal expenditure
must be surcharged on the persons responsible for authoriz-
ing it. The surcharge is made upon persons responsible for
any revenue which may be lost owing to negligence of misconduct.

There is no doubt that the powers of disallowance
exercised by the Minister, surcharge by report of Auditor
General, are effective means of financial control.

Alongside with these external means of control by
Council of Ministers, Ministers, Minister of Peoples Local
Government, Minister of Finance, there is a sound system
of internal financial control.

The P.V.C.s are required to make safe and efficient
arrangement for the receipt of moneys paid to them and
issue of money payable by them. In order to control
the expenditure and revenue. The accounts
should be ready to be seen and inspected at any time. The
whole matter in behind the legality of the payments and
the compliance with approved budget.

The central control over the finance of the local
authorities was assured by the Republican Decree No. 4,
which stipulated the tutelage of the Ministry of Finance
over the public money. The decree entrusted to the
Ministry of Finance study, examination and advising on
the budget of the P.E. C.s.

A unified financial regulation was passed in 1971,
in which item 205 to 208 of section 15 of people's local
account, explained the methods by which accounts of P.E. C.s.
should be correctly treated.

The decree stipulated the opening of provincial budget
offices to enable Ministry of Finance to practice close
financial supervision to materialize the budgets. It made
some changes in method of budget writing. It imposed that
budgets of P.E. C.s. should be directly discussed by Prov-
incial Commissioner and Ministry of Finance. (12)

An assistant commissioner for financial affairs was
seconded from the Ministry of Finance. He was appointed as a member of P.E.C. according to the Republican decree 322.

In order to implement the above changes, all rules and financial circulars were revised in response to the decision issued by the Minister of Finance.

Moreover, the Financial Procedure Act 1977 empowered the minister of Finance to supervise, control and rationalize the circulation of public money in various central units and in the local authorities (P.E.Cs.).

The act included the power of the Ministry of Finance to examine, scrutinize budgets of P.E.Cs. with the aim to decide the deficits to be covered by the Central Government.

The Minister of Finance instructed financial performance of the P.E.Cs. and to prepare studies on finding new sources of revenue, to increase yields of existing sources and prohibited any contradiction with central government taxes.

The new provincial financial units which had been established were made responsible for the supervision of the drafting of budgets of various departments. It was their duty to examine budgets to be in concurrence with the laid principles and financial regulations. The main objective
was to meet the actual needs in the various fields, to
determine the actual value of expenditure and consequ-
ently could determine the required Central Government
aid.

The provincial financial units were responsible
for supervision of implementation of the approved
provincial budgets by controlling expenditure. The units
had to follow up revenue collection, make necessary study
of obstacles and promote the laws governing assessment and
collection of taxes.

The provincial financial units participated in
discussion, approving discussion leading to final financial
statement.

Since the Ministry of Finance was made the final
authority to decide the share of every province in the
Central Government grant, and in fact paid to the Local
Government, it had every right of control over the P.L.C.
finances. It was its right to decide the resources, total
expenditure of employees service and steering of services
in order to realize the necessary equalizing fund that the
Central Government grant offered to provinces.

The Minister of the People's Local Government, in his
address speech to Provincial Commissioners in 1974 stressed
that "The Ministry of Finance, is the final authority, which
according to 1ax, would financially supervise the provinces.\(^{(13)}\)

The P.E.C. were required by the Ministry of Finance to send monthly reports on expenditure to enable the Ministry to follow up control over expenditure.

Applications submitted by the P.E.Cs. for minor development projects, which constituted 12% of the approved expenditure, were examined thoroughly by the Ministry of Finance.

According to Article 34(1) 2 of peoples Local Government, it reads that "The Ministries have specific supervisory powers over functions pertaining to their ministries".

A dramatic evidence was observable in the field of finance of P.E.Cs. in the dependence of the P.E.Cs. on the Central Government in the financing of the services. Apart from receipt of P.E.Cs. from taxes, charges, fees, trading licences, miscellaneous revenues, the local revenue of the P.E.Cs. had proved increasingly inadequate to finance the expanding responsibilities placed on them especially high expensive social service, i.e. health and education. "It is estimated that about 60% of the local authorities expenditure is met by the Central Government or according to more recent statement, that almost two thirds of all local expenditure is now met out of general taxation.\(^{(14)}\)

The result had been a growing dependence on the Central
Government grant. The Central Government consequently had increasingly limited Local Government freedom in levying new taxes or raising rates of existing taxes.

The central control over the F.E.C.s. power of borrowing from capital expenditure was becoming greater than over current expenditure. The F.E.C.s. borrow either through Ministry Finance and not direct.

According to Article 29 of the People's Local Government Act 1971, the power of borrowing had to follow a laid policy and subject to the permission of the Minister of Local Government under certain conditions. This in fact represented a loan sanction which was usually permitted after a detailed securities.

The F.E.C.s. were subject to such central control in order to prevent them from undertaking commitments beyond their means of settlement. Restrictions were imposed on borrowing because in any case of borrowing the Central Government was the grantor. Sometimes it was argued that the purpose of such control was for the national economy and by ensuring that local authorities investment programmes were in line with the national programme and the existing financial system.

To summarize, the problem of Central/Local financial
relation lies on control. Expenditure is controlled and where possible reduced. In most cases reduction of expenditure is difficult because rising costs of services is not controllable due to inflation.

In the First National Conference of Peoples Local Government some recommendations were passed concerning the financial aspect of local authorities. These recommendations aimed at less central control over expenditure on condition that the P.L.G. acquired responsibility for both spending and revenue raising. In fact "there is no coherent financial relationship to meet the expanding expenditure in a world of high levels of spending and inflation and has to bear responsibility, to local authorities individually and collectively, to enable the Central Government with burdens which is ill equipped to bear or may not even wish to assume". (15)

The fact that two thirds of local authorities expenditure was not centrally, lead us to conclude that local authorities contribution to expenditure is little while contribution of the Central Government to local authorities expenditure is great.

"There are fears that the greater the contribution of the Central Government the less responsibility remains in the hands of the local authorities. Hence the local authority would seem to be at stake". (16)
It is a common view that the new system of peoples Local Government needs clarification in respect of purposes and responsibilities. This can be secured by one of two ways:

Either by increasing Central Government grant and introducing a much more detailed central control over expenditure and supervision of services provided locally, or by strengthening local responsibilities by reducing Central grant and giving local authorities power to raise additional taxes independently. Of course the reduction of dependence of local authorities on Central Government is a necessary condition for achieving better balance between Central and Local Government.

The relationship between Central and Local Government would be clear if the role of the Ministry of Finance is known.

Is it to sit and decide in detailed judgement on provinces budgets, or is its role to provide planned grants in assistance to provinces with only broad guidelines. The basis of knowledge and expertise of Ministry of Finance to supervise, check, reduce budget should be else laid.

The existing hostile, opposite attitude between the Ministry of Finance and P.E.C. should be removed or changed.
to cooperative attitude.

These problem will be overcome if the budgets of the P.E.Cs. are made basic building blocks in the national budget, shaping it rather than being shaped by the national budget.

If the P.E.Cs. are theoretically, budgetary unit and responsible of all services, do the ministries and departments reduce their budgets in proportion to their reduced responsibilities according to people Local Government Act 1971.

These queries are waiting answers in order to clear the financial Central/Local relationship.

Relationship with the Central Ministries and Departments:

The central ministries e.g. Ministry of Health, Education, Youth, Social Affairs, according to the peoples Local Government Act, are expected to reduce their budgets with their reduced responsibilities. They are expected correspondingly to increase in the transfer of their powers to the P.E.Cs. But actually this is not the case.

In an interview with Dr. Kamal A/Cadir (Assistant Under Secretary, Ministry of Finance and responsible for budgets of peoples Executive Councils) we came to know that
the central ministries, especially Ministry of Health and Ministry of Education, are still maintaining their funds without using them in the field or transferring them to the P.N.C.s. They used the new system of people Local Government as an excuse to reduce their efforts in out-laying in the provinces. These ministries concentrated their efforts in the capital. The Ministry of Health for example, retained direct responsibility for hospitals, Health Centres, Dispensaries and advocated more resources for them, instead of transferring budget allocation to the P.N.C.s. The excuse for this was that the hospitals and health centres were organized for educational purposes and henceforth direct control over them by the Ministry of Health is necessary.

When the Ministry of peoples Local Government was dissolved, the role of the Ministry of Finance became more important. The new system, at the stage of its development, was badly in need of an equivalent transfer of financial resources from the Central Government to cover the increase in duties and responsibilities. The concept of the integrated budget of P.N.C.s, covering all services and provincial development projects offered by government departments of the area, was a major financial change introduced by the new system. It meant that the
province has to finance a vast range of services, most of which had previously been financed as a part of separate ministerial budget. This concept stipulated that due to this enormous task laid on the P.E.Gs, the central ministries have to transfer allocation to the P.E.Gs. As we mentioned before this did not happen. The central ministries, most probably, left the burden to the P.E.Gs, and they seemed as opposite or hostile to the P.E.Gs.

The improvement in relations can be affected when the central ministries especially the Ministry of Finance cease to act as a central unit negotiating with the P.E.Gs, and become instead a central coordinating agent for budget preparation. The provincial financial units established in the provinces work as members of the P.E.Gs, and not as controlling units. "In this sense, provincial budgets will grow to be basic building block in the national budget."(17)

Also there appeared some problems with regard to the field of development schemes and the staffing of the P.E.Gs. In regard to the development schemes, there were the differences in development priorities between the central ministries and the P.E.Gs. It is not expected that ministerial perspectives would always coincide with that of the P.E.Gs. Every P.E.G. has its own priority
for development and preference which are given by many central ministries a low priority. A solution can lie in a more contact between the Central Government ministries and the P.E.C., by establishing common development planning body and to have a common approach for the Ministry of National Planning and Ministry of Finance for approval.

The Budget as the Main Control of Finances.

"The budget is the financial plan for a year, it determines the extent and development of the local authority". It covers revenue, expenditure and capital expenditure. "It is used as the yardstick by which we measure actual performance in terms of revenue or money spent". It gives the local authority the opportunity to review the development of its services. The budget is the plan of action. It is the medium of ensuring that the monies of the local authorities are ultimately laid in the way the local authority has decided.

In the traditional budget, we usually set up in details the estimated expenditure and the estimated revenue from taxes or from the various services. Comparative information of earlier years, two or three previous years, are included. Three columns appear to be absolutely important etc..
1. Original estimates for the current year.
2. Revised estimates for the current year.
3. Estimates for the ensuing year.

Two years or three years figures are very useful to judge the progress of expenditure and revenue. A column usually is added to show the increase or decrease in order to focus attention on abnormal variation from one year to another. A variation sheet is important to be added to the other, previously mentioned, columns.

In this arrangement the budget is treated as a measure of control. The main function of the budget is to ensure that expenditure is maintained at the level envisaged in the budget and that it is spent on the objects envisaged in the budget. Before expenditure is incurred it is important to ensure that appropriate provision has been made in estimates. Such control ensures that monies are available to meet the proposed expenditure.

The Auditor General, as we mentioned before, is by law the guardian of this budget. His functions with regard to the budget are as follows:

The Auditor General has to surcharge the amount of expenditure disallowed upon the person responsible for incurring it or authorising the expenditure. He has to discharge any sum which has not been duly brought into
account upon the prices ought to have brought into account. He has to surcharge the amount of any loss or deficiency upon any person by whose negligence or misconduct or deficiency has been incurred. On the whole the duties of the Auditor General, with regard to budget, extent to matters of clear illegality, wrong accounting, tax arrears, improper stores control. He has strong position by law, the peoples Local Government Act, the President, the Minister of Finance.

This method of preparing the traditional budget, to act, as a measure of financial control, continued a long time since 1951 to 1972. In the peoples Local Government Act 1972 a new system of budget was introduced. It was the comprehensive system or so called, or integrated budget, in which most of the services are to be rendered by the P.E.C. This advocated comprehensive budget, or integrated budget covering all services, provincial development offered previously by various field agencies as well as local authorities had been introduced. But in actual fact as we mentioned earlier, "the dualism between the central and local financial resources remained the same".(30)

In fact nothing is new in the new system. The so called integrated budget is a collection of budgets of
councils and provincial departments. Other things concerning preparation of budgets, traditional methods, items of revenue and expenditure remained the same.

By examining the new system of what is called integrated budget many bottlenecks have been discovered in the way of implementation such as:

a) That Provincial Executive Councils are charged with responsibilities but not with the power to raise local revenue or participate in the distribution of certain sources of the central Government revenue.

b) The transfer of services from the central ministries and departments to be the responsibility of the provincial programme was not accompanied with adequate delegation of authority to obtain revenue to finance the additional responsibilities. It is noticed that there is contradiction between purpose of decentralisation and current practice, between what is said and what actually happening. There is a noticeable mismatching of the responsibilities with the required authority or sources of the P.E.C’s.

The provincial budgetary process and the negotiations
of the P.E.C.s. with the Ministry of Finance became a source of a number of problems which handicapped the P.E.C. in pursuing their development schemes. An atmosphere of mistrust between the P.E.C.s. and the Central Government was created.

Furthermore, the detailed central control and the examination of the submitted budgets, in most cases, resulted in a complete disregard of the provincial plans, waste of effort, delay of decision and lowering of morale.

P.E.C.s. are also faced with problems in planning and implementing development programmes. Confusion is always made about whose objectives does the development project serve: the P.E.C. or the Central Government, who finances the project, who supervises the implementation and who manages the project after its completion. The P.E.C.s. are frequently given the task of implementing development programmes without the opportunity to participate in the planning and sometimes the plans are discovered to be inconsistent with the local needs.

The heart of our issue is how much financial autonomy or decentralization of decisions shall be vested in the P.E.C.s.? Although the general philosophy of the Local Government is clearly stated in the People's Local Government Act 1971, however reality and practice prove otherwise.
However up to now the so-called integrated budget proved its disadvantages in practice, though in theory it might be otherwise. An appropriate financial mechanism is needed to provide a benchmark for ensuring the prerequisite financial autonomy in horizontal relationship with the Central Government.

In order to achieve this desired horizontal relationship between the P.E.Cs. and Central Government, a reform of the present budgetary procedure is proposed to be introduced. The proposed system is required to cater for the following:-

a) That the P.E.Cs. should participate in the process of identifying their needs.
b) That co-operation of and communication between the P.E.C. and Central government in setting priorities, examining action programmes and financing local activities.
c) That should exist interaction between planning activities and the annual budgetary process and means of their financing.
d) The public accountability of those officials who are loyal to the P.E.C. and entrusted to execute plans.
programming and budgeting approach, in order to achieve a coherent, integrated and comprehensive programme of action (of budget) this approach is proposed.

The main purpose of planning, programming and budgeting system or approach is the specification of objectives, evaluation of programmes as they are related to objectives and the measurement of the total cost and benefit.

Planning, Programming and Budgeting System.

Planning, Programming and budgeting system in simple terms means "deciding what one is trying to achieve and what are the alternative methods within available resources of achieving it". The main objective of the system is the setting up of long term plan, been arranged into programmes, then the budget for implementing the programmes is made. This means the plan or aim or objective is translated first into specific programme of action. In this way the E.A.C. can view its responsibilities more comprehensively at key policy instead of starting of detailed budget items. Once the plan is made, the
programme of action decided the P.W.C. will have the freedom to execute its budget. It can implement approved programme without further reference to the Central Government. A regular system of reporting monthly or quarterly is required to ensure financial management. The auditing can be performed by Auditor General or by any central staff to ensure efficiency and accountability.

This system is suggested to operate instead of the comprehensive or so called integrated budgeting because the latter did not show success in practice. In fact the so called integrated budgeting complicated the relationship between the Central and Local authorities as we showed before.

The proposed system emphasizes that the P.W.C. is treated a whole. Each service has objectives. The alternative method of achieving these objectives are examined first, after determining the best way of doing, the necessary resources are allocated and then the results are measured. Although the system appears apparently difficult to achieve, the attempt to use it instead of comprehensive system of budgeting is a progress. Sometimes it may be difficult to define objectives as most
functions of the P.W.C. are of social nature and constantly the need for social services are changing in quality and quantity. It may also be difficult to measure a social service, but the P.W.C. are faced with increasing pressure to extend their services to meet the community needs. Sometimes the implementation of this system is faced with problem of availability of resources, choice of projects, and allocation. The scarcity of resources to meet numerous community needs, makes it difficult to apply the planning, programming and budgeting system.

In spite of all these difficulties the system has many advantages over the applied so called integrated budgeting.

First, there will be a systematic reappraisal of the P.W.C. objectives in the light of changing conditions and evaluation and choice of alternative means of achieving the objectives.

Secondly, the activities of expenditure will have to be justified by what they are designed to achieve. The whole cost of meeting each objective will be obtained.

Thirdly, the setting up of the annual budget as a part of the long term plan will ensure that budgeting in a continuous process.
Fourthly, the development of the system of a corporate management within the P.W.C., of which planning, programming and budgeting is part, will by time make the staff at all levels more heavily aware of the need for the objective analysis and this is one of the problems of disloyalty to P.W.C. by the central staff.

These advantages over weigh the difficulties of applying the system.

If in the future the planning, programming and budgeting system is applied, it will release the local government from control over the central authorities.
CHAPTER IV.

NOTES:


(9) Ibid., p.9.

(11) Ibid., p.15.

(12) First meeting of Commissioner with the Minister of Finance, Minutes, March, 1974.

(13) Ibid.


(19) Ibid., p.242.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS.

We have outlined in the previous chapters the general problems which hindered the attainment of effective financial system of People’s Local Government. We discussed the local sources of revenue, the grants of Central Government to local authorities, the functions, the functions and powers, expenditure on services and the Central/Local relationship.

There were, in fact, enormous problems in the areas i.e., the organization of the local authorities, structure of local authorities, the allocation of functions and powers, the relationship with the Central Government. All these problems made the matter difficult to draw conclusive proposals to remedy the defects of the finance system of Local Government.

With these above problems in mind, this is an attempt to summarize the conclusions of our study under “A” (Financial Inability).

“Local Government as a major multipurpose institution dispose at least 25% of the national income on services”.[1] Thus it has sizable financial management in harnessing social service to serve the community.

The financial inability of the local authorities in the Sudan are the most serious determinants of healthy Local
Government. Some of the financial problems of local authorities are caused by the transfer of functions without being accompanied by transfer of adequate financial resources. Other problems lie in the inability of local authorities to vary their local revenues which remained for a long time static despite the growth of responsibilities and rising cost of services.

The inability of local authorities to find new sources of revenue, is accompanied by inadequate, traditional means of assessment and collection of assessed taxes which constitutes major part of Local Government revenues.

The assigned direct taxes from the Central Government to the local authorities proved to be inelastic and expensive in assessment and collection. This inelasticity of direct assessed taxes is coupled with the growth of expenditure on Local Government services. Thus a natural trend is to search for additional methods of obtaining local revenues which would strengthen the local authorities. The failure to obtain additional new sources of revenue made the local authorities dependent to a large extent on Central Government grants which brought with them some severe financial control and loss of local discretion on the part of local authorities especially the provincial ones. Grants from the Central Government are usually coupled with provisions that lead to
substantial measure of central control. If this financial
central control occurs, and this is what is happening in our case,
the local authorities becomes more and more an executive
organ of Central Government. The Central Government
today does not allow any local authority any freedom.
There is a detailed central control today existing over
revenue and particularly over expenditure. In a whole
this is clearly reflected in preparation and approval of
budgets by the Central Government.

Thus a fresh approach is needed to affect the finance
of Local Government. This new approach has to become heav-
ily involved in development, new sources of finance, methods
of expenditure control which can be acceptable in the differ-
ent stages of development of Local Government. The most
important of which is the finding out of additional sources
of revenue to Local Government.

In this stage of economic and social development, we
are deeply interested in that Local Government shall be
supported by adequate financial system with sufficient
revenues of its own. We believe that without financial
reform this new system will be handicapped as a self-
governing institution. The belief is urged with the fact
that there is an opportunity offered by the reorganisation
of the system according to 1971 Peoples Local Government
Act. In the reorganization we have to examine in particular and fundamentally the short-comings of the present local taxation system and to remove them.

The new sources of revenue proposed are local income tax, customs and duty tax, production tax, increase of charges on services. All these new sources of revenue have been frequently debated in previous casual studies of local taxation, but still the proposal is an advocate for taking them as a substitute for the existing traditional direct taxes (land tax, personal tax, duty, tree tax).

The failure of traditional taxes is taken into account with the individual ability to pay the taxes being inelastic and expensive and have inherent disadvantages in their assessment and collection is taken into account. Various proposals can be made to include local income tax, or transfer state tax to local authorities or increase charges on services, or make new charges on new services. Though the idea looks attractive, but it is difficult to assess such taxes and collect them by the national and local authorities. It is difficult to see if a taxpayer’s income tax shared among places of residence (locality) and places from which he derives his income. Even if this difficulty could be overcome by creating separate local administration, virtually, there would remain
the question of how much would such a tax yield compared with the administration cost of assessment and collection.

The transfer of state direct and indirect tax to local authorities in form of customs duties, sales tax, production tax to hold greater possibilities as it appears nothing prevent its application. But this proposal of transfer of some direct/indirect taxes to local authorities especially duty tax in the Sudan, of course, would exhaust the state revenue unless the state yields out a developmental scheme could substitute. The Central Government depends on duty taxes as the major revenue, particularly, in this stage of socio-economic development. The take off stage of development will absorb such income. Moreover the drawback of this proposal is that local authorities would be allowed, according to law, to fix their rates of duties fully. This is fixed naturally, but money now is transferred to local authorities in the form of grants-in-aid.

Our insistence on this proposal and not on giving local authorities central grants is to amend as much as possible the Central Government control on local Government finance.

The above argument, no doubt, does not stop the search
for additional or alternative methods for raising local revenues.

It is true that the major expenditure of local government is on social services, i.e., expenditure on education 59.7% and health 17.6%. It is sometimes difficult or even anti-social to impose new charges or increase the existing charges, but these two social services, education and health, are basically essential as factors of development and expensive. Education might be free in primary and intermediate stages, but for secondary and post-secondary education, free education and free accommodation are not recommended.

It is difficult sometimes to envisage any substantial additional local revenue which would not conflict with the national policy of taxation. The Central Government still thinks it is difficult to devise a satisfactory new source of local revenue by authorising the collection of local income tax. It is common belief to earmark from the indirect taxes and direct taxes to local authorities. It is a general view that improvement of the system of local finance must come from improvement of the system of local taxation which is traditionally the right of the local authorities.
their revenues by levying taxes on certain commodities and services. The Tamil Executive Council, which were already taxed by the Central government, Southern Kordofan Province levied 3 piastres per pound on sugar, etc.,

Moreover the new system instead of solving the financial difficulties of its councils tended rather to increase the burden by creation of many new councils. This process increased greatly the cost of the system with regard to staff, equipment services and councils budgets.

The financing of these new costs were either from national revenues or through revenues allocated by the system of self-help especially in cases of councils below the P.K.Gs.

This is clearly reflected in the increase of the Central Government contribution for the covering of deficits in the P.K.Gs. budgets from 15.2 million in the budgetary year 1970/71 to 90 million pounds in 1977/78. 

The increasing reliance of the P.K.Gs. on the Central Government instead of dependence on their own has serious
implications. First this excessive reliance kills the imitative of the local authorities to look for new sources of revenue, or attempt to improve their tax collection. Secondly, it deprives the central government from some of its sustained and basic contribution in major development projects which have national economic strategy. Thirdly, the central government expenditure on local authorities has its drawbacks with regard to the practice of national development plan. Most of the money goes to the P.N.Ca. instead of financing development projects.

Central/Local Relationship.

In our discussion of the central/local relationship we referred to the important role played by the Ministry of Finance and its minister. Their role is very important in preparing and following the execution of the budget of the P.N.Ca. But the role of P.N.Ca. which have autonomous existence and as co-partners in the relationship is underlined. The P.N.Ca. has to shoulder its financial responsibilities through their financial committees. The other agents of control, namely, the representation of the ministry of finance, the financial supervision, accounts representation, who are also having their say in the financial aspects of the P.N.Ca. should co-operate with the financial committees. These agents are dealing with one
or the same functions, still they are lacking co-operation and co-ordination between them. The financial supervisors, accounts and representatives of Ministry of Finance are assuming greater role. Through them, the Ministry of Finance retains some powers as regard the execution of the P.E.C.s' budgets. Moreover, any expenditure from the establishment fund by the P.E.C.s. should be authorized by the Minister of Finance.

Again the problem lies in increasing the financial capability of the P.E.C. to be self-contained. The spontaneous revenue of the P.E.C.s. are low due to difficulties in the process of assessment, collection of local taxes which constitute the main source of revenue of the P.E.C.s. These difficulties being known as natural crises that affect production as whole or due to the traditional nature of local rates taxes, but in spite of this, the capacity has to be raised to get the possible maximum income through:

a) amending the existing laws and regulations governing the collection of taxes from the old days and adopting new methods and techniques of assessment and collection.

b) establishing within these local authorities separate specialized units for collecting taxes.
These units must be dedicated to this target only because it is noticed that the existing collecting bodies were not separate and busy with other business other than collection.

d) introducing incentives for those who collect more taxes.

d) providing the collecting bodies with the necessary staff, equipped with cars and courts and information staff.

The thinking in new items on which charges could be imposed is a necessity, such as sport tickets, parking fees, road fees. However any local authority could make use of its economic potentiality.

P.A.Cs. can participate as share holders or even establish institutions on commercial basis. Money could be invested in economic projects and the money could be either borrowed from the Central Government or abroad or from the Sudan Development Corporation.

Local Government, according to the new Peoples Local Government Act 1971 is becoming heavily involved in socio-economic development. Beside being the provider of social services, its various activities in the different fields have imputed impact upon the economic life of the citizens.
The increasing level of expenditure on the new services, improving services, financial management of development schemes, makes it a necessity for Local Government to learn new techniques. It is high time that Local Government no longer plays the traditional role of provision of services or maintenance of law and order or collection of taxes. The new developmental role, especially in the economic field necessitates the employment of new techniques such as the planning, programming and performance budgeting in order to implement its projects of local development. Moreover the commercial activities indicate that the P.E.C. have to be measured against cost and financial benefit as well as on the social benefit.

We had discussed this technique of planning, programming and budgeting before. But the emphasis here on the importance of planning, programming and budgeting as an important aspect of finance especially in implementation of development schemes. Now about 120 small and medium size schemes have been passed to the Sudan Development Corporation to be implemented in co-operation with the different P.E.C.s. The planning and budgeting aspects enter into both policy making and control. The aspects, in fact, offer comprehensive example of finance as a thread running through all affairs. It
is advocated or recommended here because these aspects are
a bundle of administrative practices designed to improve
were of making and executing plans.

By adopting the P.E.R., it will be assumed that the
local authorities decide up its aims after examining local
environment and local needs of the country. In a council
the members should first identify the need. Then the
council starts by setting objectives. Then they make a
programme. The objectives and the programme constitute
the plan of the council. The council then decides how, to
what extent and in what direction and in what order and
decides how the plan can be accomplished. This in fact
stipulates how the services are programmed, developed or
even altered. There will always be a blend of the object-
ives and the plan. The expenditure on services has to
be analysed objectively according to the purposes on
which they were spent. If possible the social services
to be measured against expenditure of providing them.
A measure of input and output can be applied. By the
P.E.R. system the so called integrated budget of the
new system of 1971 can be achieved, all departments,
councils, ministries and officials in the province are thrown
together to meet common purposes of the P.E.R.s. The
officials outlook as they seek together to find
solutions to common problems. The officials concerned with financial management whether from Ministry of Finance, accounts advisory, Auditor General will be involved to work in co-operation and co-ordination.

The annual budget, in which all are interested, becomes the link in a longer chain. The planning and budgeting is a group management, co-ordinated and interconnected. The system, in fact, is a valuable vehicle for achieving the purpose of comprehensive integrated budget. It is indirectly a catalyst of integration.

The primary three aspects of Local Government namely organization, finance and Central/Local relations are strongly linked. Any reference to Local Government should consider them together, as one bundle in order to attain the proper place of Local Government in the country.

Dr. Marshall wrote that one aspect of Local Government which never reaches to finality is the financial relation of Local Government and Central Government. It is “the centre thinks the local authorities expect too much, whilst the local authorities believe themselves to be robbed of their deserts... a universal acceptable financial relationship is impossible of attainment”. But however the ideal relationship, so far desirable, is partnership relationship, not junior to senior relation-
ship but to each according to resources, area, population, needs and responsibilities. At last there is no responsibility without money.

It is a belief that Local Government can only live if it is effective, but effectiveness depends not only on paper list of functions or schedule of powers, or enactment of laws but on actual performance which is governed by availability of adequate necessary qualified staff and acceptable central/local relationship.

While this study was already written recent financial reform took place. A Presidential decree No. 41 was declared followed by other Presidential decrees No. 50 to 57. The first decree stipulated to Peoples Local Government budget to be the basis or building block of annual national budget for the fiscal year 1979/80. The other decrees dissolved some of central ministries and their powers and responsibilities given to the P.L.Gs and consequently their financial allocation. Yet all these financial reforms and rectifications are for study. A future research is needed for the study of reform in theory and practice with special regard to Local Government Finance.
CHAPTER V.

NOTES.


(2) Memorandum on Comprehensive Budget Proposal 1973/74 made by the Minister of Peoples Local Government to the Council of Ministers on October 30, 1973.


APPENDIX 1.

FIRST SCHEDULE.

POWERS WHICH MAY BE CONFERRED BY WARRANT ON COUNCILS.

PART 1

PUBLIC ORDER.

1. to provide suitable court buildings properly furnished and equipped for local courts, and to pay such salaries and remuneration to the judges and officials thereof as the Minister of Interior may lay down;

2. to reduce juvenile delinquency;

3. to control or eradicate begging and to eradicate prostitution;

4. to establish and control slaughtering places, special and general markets and aerodromes, to let out sites therein, to regulate the slaughter of animals and to control the sale and movement of animals including the compulsory use of guarantees and commodities within and without such markets;

5. to establish public landing places, bathing, washing and watering places and provide for the orderly conduct and cleanliness thereof;

6. to provide for the impounding of stray animals within pounds;
(7) to provide for the orderly conduct of and cleanliness in places of public resort and for the hours of closing of such places, but not so as to restrict the hours at which hotels may receive and cater for persons resident therein or seeking accommodation;

(8) to provide places for the public consumption of native liquors;

(9) to provide for the construction and upkeep of public roads and bridges (other than those declared by the Government to be trunk roads or bridges thereof) and streets, public squares and open spaces and to provide for the cleanliness and upkeep thereof including the cleanliness of such trunk roads or bridges thereof;

(10) to provide and regulate the use of parking places for motor and other vehicles and tethering places for animals and to prohibit the parking of vehicles or the tethering of animals elsewhere than at such places;

(11) to provide for the orderly use of tramways, bus services, ferries and other vehicles playing for hire and to prescribe stopping places and routes for bus services;
(12) to provide sign posts, traffic signs, roundabouts and other measures to facilitate the safe passage of road traffic of all kinds;

(13) to provide and maintain street trees, public gardens, open spaces, sports grounds, recreation grounds, public swimming pools and public halls;

(14) to provide public lighting of streets, open spaces or public buildings;

(15) to provide for the prevention and control of fire and flood and to provide fire engines and fire fighting appliances;

(16) to provide for the deposit of dry grass, timber or other inflammable material in such places that such deposit may not cause risk of fire to adjoining property;

(17) to regulate or prohibit the carrying and discharge of firearms and fireworks and the carrying of dangerous weapons;

(18) in the interests of public order to regulate clubs, lotteries, public fairs, dances and entertainments and the collection of money from the public by any means for any political, religious, educational, medical or other charitable or philanthropic purposes;
(19) to provide for the inspection of horses, donkeys and any other animals plying for hire in carriages, carts or any other vehicle or for carrying water or any other load, and to prevent the employment of animals unfit for work;

(20) to control and licence the owning of dogs and to provide for the destruction of dogs, cats and vermin;

(21) to provide bands and other forms of public entertainment;

(22) to ensure a sufficiency of houses for the public and for council servants, and of hotels and resthouses;

(23) to provide for the maintenance of disabled and destitute and orphan persons and to build and maintain almshouses;

(24) to establish and control cemeteries and burial grounds;

(25) to provide for the control of noise;

(26) to regulate or prohibit the keeping of animals or insects;

(27) to licence and control the following petty traders: Auctioneer, Barber, Butcher, Carrier, Donkey boy, Itinerant news vendor, Market broker, Petitioner and public letter writer porter, profess-
ional guarantor of sale of animals, public
measurer, Second-hand dealer, Shoe black, street
trader, Tanner, Washerman.
PART 2.
PUBLIC HEALTH

(1) to control the purifying of food and drink and
the carrying on of any trade which may be noxious,
offensive, injurious to the public health or a
source of public danger;

(2) to prevent the pollution of water and the breeding
and spread of flies, mosquitoes and other noxious
insects;

(3) to provide for the maintenance and repair of all
wells and other public water supplies other than
those controlled by the Government;

(4) to provide for the destruction or removal of and
to prohibit the accumulation or deposit of such
vegetation or rubbish or waste matter in or near
any village or town as may be injurious to health
or a source of public nuisance;

(5) to provide and to provide for the use of public
lavatories, conservancy and sewage services and
public sanitary services;

(6) to assist midwifery;

(7) to provide and maintain dispensaries, clinics, public
health centres and ambulance services;

(8) to provide for sanitation.
PART 3
EDUCATION

(1) to provide and maintain subgrade and village schools and boys elementary schools and boarding houses for such schools, boys clubs and adult education courses and to contribute to the upkeep of religious institutions and private (Ahliya) schools up to the elementary level;

(2) to provide and maintain public reading rooms and libraries;

PART 4
AGRICULTURE

(1) to provide for soil conservation measures and develop water supplies;

(2) subject to existing private rights or to any license of permit granted by the Government, to control cultivation or any operation incidental thereto, grazing areas, watering places, hunting and fishing, and to allocate to any individual or group any grazing, hunting, cultivation or gum tapping area or watering or fishing place and to prescribe any route for the movement of animals from one place to another and to issue permits accordingly;
(3) to provide and maintain agricultural or veterinary
demonstrations or educational courses; to provide
services for the improvement of agriculture and the
breeding of animals and to promote agricultural shows;
(4) to provide for the abatement and prevent the
spreading of agricultural or other pests;
(5) to make loans for agricultural purposes to small
farmers or to co-operative societies;

PART 5.
BUILDING AND PLANNING

(1) to regulate building;
(2) to control town and village planning;

PART 6.
PUBLIC UTILITIES

(1) to provide public supplies of water and electricity,
public transport and ferry services, drainage,
irrigation services and agricultural schemes;

PART 7.
MISCELLANEOUS

(1) to make donations for charitable purposes;
(2) to make provision for the training and welfare of
officials and employees;
(3) to join any association or contribute to the funds
of any organization other than an association or organization of a political nature and whether national or international and which relates directly or indirectly to local government;

(4) to maintain a public relations office;

(5) to execute work for the government or the public on payment.
APPENDIX II.

THE SCHEDULE
POWERS OF PROVINCE COUNCIL.

A. Education

1. provision and maintenance of Elementary and Intermediate schools.
2. Provision and maintenance of Libraries and Reading Rooms.
3. Construction and maintenance of buildings to be used as hostels for students.
4. Provision of scholarships.
5. Undertaking of educational surveys, framing of educational plans and implementation thereof.
6. Promotion of adult education.
8. Maintenance of depots for schools books, articles of stationery and equipment.
9. Any other measures likely to promote the cause of education.

B. Culture

1. Establishment and maintenance of information centres.
2. Organization of general cultural activity.
3. Supply and maintenance of radio sets at public institutions and public places.
4. Organization of exhibitions and art galleries.
5. Provide bands and other forms of public entertainment.
6. Furtherance of civic education and the dissemination of information on such matters as local government, rural reconstruction, hygiene, community development, agriculture, industries, cattle breeding and other matters of public interest.
7. Celebration of the Holy Prophet's Birth day, Independence Day, Thawra Day and other national or religious occasions.
8. Reception of distinguished visitors.
9. Promotion of physical culture and the encouragement of public games and sports.
10. Preservation of the historical and indigenous characteristics of the province.
11. Any other measures likely to promote cultural progress and advancement.

vi. Social Welfare

1. Establishment, management and maintenance of welfare homes, asylums, orphanages, widows' homes and other institutions for the relief of the distressed.
2. Promotion of social, civic and patriotic virtues among the people and discouraging of parochial, racial, tribal sectarian and provincial prejudices.
3. Organization of social service Volunteers.
4. Organization of legal aid for the poor.
5. Adoption of measures for the promotion of the welfare of women, backward classes, and children and families of the persons serving in the Armed Forces.
6. Adoption of measures for the settlement of disputes by conciliation and arbitration.
7. Any other measures likely to promote social welfare.

D. Agriculture
1. Adoption of measures for reclamation and improvement of land for agricultural development.
2. The making of land use surveys and definition of land use policies in the best social and economic interests of the areas concerned and the country in general.
3. The adoption of such flood protection measures and the provision of such irrigation, drainage of water storage facilities as may be necessary for development of agricultural land.
4. The promotion of Agricultural credit and Agricultural co-operation.
5. The provision of suitable farming implements, of improved seed for sowing and of fertilizers and facilitation of supply of same to cultivators and farmers.
c. Extension of Agricultural knowledge and education in improved method of Agricultural husbandry by all means including the establishment of demonstration farms, the provision of audio-visual equipment, provision of simple agricultural literature and staging of Agricultural shows and Exhibitions.

7. Adoption of measures for crop improvement and crop protection.

8. The organization of crop statistics and provision of reliable statistics of cropped areas and yields of crops.

9. Adoption of other measures likely to promote the development of village industries.

E. Public Health

1. Provision and maintenance of dispensaries.
2. Promotion of health education.
3. Framing and implementation of anti-mosquito schemes.
4. Provision and maintenance of mobile medical aid units.
5. Promotion and encouragement of societies for the provision of medical aid.
6. Promotion of auxiliary medical education.
7. Establishment and maintenance of health centres.

F. Animal Resources:

1. Measures to alleviate diseases of animals and birds,
and the prevention and control of contiguous diseases among birds and animals.

2. Preservation of animal wealth and control of grazing and breeding of animals and prescription of routes for movement of animals.

3. Provision, maintenance and improvement of pasture and grazing grounds.

4. Establishment and maintenance of cattle farms and dairies.

5. Establishment and maintenance of poultry farms.

6. Any other measures likely to promote public health, animal husbandry and welfare of birds.

Public Works

1. Relief measures in the event of any fire, flood, famine or other natural calamity.

2. Improvement of the means of communications, which shall not extend to any means of communication or public roads which the Minister concerned under section 46 by Regulation rules to be outside the jurisdiction of province Councils.

3. Drainage, water-supply and other works of public utility.

4. Framing and execution of village plans, village improvement schemes, town planning schemes and regional planning schemes.
5. Maintenance of maps for local areas.
6. Construction, management and maintenance of such other works of public utility not specified elsewhere as may be required for fulfilling any obligation imposed by or under this order or any other law for the time being in force.
APPENDIX III.

THE SCHEDULE.

Powers which may be conferred on people’s Executive Council by their warrants of establishment.

PART I
ECONOMIC DEVELOPMENT.

1. Establishment and promotion of rural and home industries
2. Preparation of economic and social development plans according to the conferred powers and submission of the necessary recommendations for the economic development plan of the province to the Ministries concerned.
3. Regulation of statistics in all fields and provision of necessary and reliable statistics.
4. Enlightenment of citizens of the details of the approved subsidiary and social development schemes, and the preparation of such citizens for adaptation to the conditions required for the implementation of the development schemes.
5. The carrying out of studies and the undertaking of researches which aim towards the development of the province in economic and social fields.

PART II
EDUCATION

1. Establishment and maintenance of primary and general
secondary schools and of high secondary schools for boys and girls with boarding houses and hostels.

2. Establishment, preparation and administration of boys clubs, adult education classes, religious institutions, and assistance of private schools.

3. Establishment, preparation and maintenance of public libraries and reading rooms.

4. Grant of financial aids for poor students and of scholarships to brilliant students.

5. Study of educational surveys, preparation and implementation of educational plans.

6. Preparation and administration of Women social welfare centres and promotion of women movements.

7. Establishment and administration of kindergartens and approval of establishment of private kindergartens and offering of assistance thereto.

8. The taking of any other measures which may consolidate the aims of education.

PART III
PUBLIC HEALTH

1. Establishment and maintenance of wards, health centres, medical laboratories, dressing station, mobile and medical aid units, and promotion of health education, control of private hospitals, pharmacies and private
clinics and determination of their fees.
2. Establishment and encouragement of medical and health societies.
3. Registration of birth and deaths.
4. Control of sellers of food, and drink to the public and of any persons carrying on any work harmful or dangerous to public health or to the public.
5. Prevention of Pollution of water and of multiplication and spreading of mosquitoes flies and other harmful insects.
6. Undertaking of general cleanliness.
7. Preparation and setting of a system for the use of public and private lavatories, disposal of lavatory wastes, and the undertaking of sewage and drainage services.
8. Training, licencing, and controlling of midwives and the offering of necessary assistance to them.
9. The undertaking of training of nurses and dressers.
10. Establishment and administration of burial places and cemeteries and the supply thereof with water and light.
11. Establishment and administration of stores for the different health institutions.
12. The undertaking of all local health services.
PART IV
PUBLIC WORKS

1. Construction, maintenance, levelling and regulation of use of public roads, bridges, streets and public squares, including regulation of the use of the main roads and the bridges constructed thereupon and the lighting of such roads and the planning of trees thereon.

2. The undertaking of drainage works, supply of drinking water and of light.

3. Construction and maintenance of buildings of the Council or of any other buildings transferred thereto as agent by any body.

4. Establishment and maintenance of rest-houses at the places visited by officials while exercising their official duties and activities.

5. Establishment and administration of subsidiary workshops for the repair of Council Vehicles and other equipment.

6. Establishment and maintenance of local airports,

PART V
AGRICULTURE

1. Undertaking the reclamation of agricultural land and the improvement of waste land for agricultural development.
2. Adoption of necessary measures for evading the danger of floods and provision of such irrigation, drainage or water storage facilities as may be necessary for development of agricultural land.

3. Promotion of agricultural credit and agricultural cooperation.

4. Provision of farming implements and equipment and of improved seeds for sowing and of fertilizers, and facilitation of supply of same to farmers and tenants. The setting up of agricultural shows and exhibitions.

5. Spreading of agricultural culture and education in the proper method of agricultural production and agricultural extension by all means including the establishment of demonstration farms, provision of audio-visual means and equipment and agricultural publications in a simple easy language understandable to the tenants.

- Improvement of the different types of products and the protection of farms from agricultural pests and diseases.

- Regulation of agricultural statistics by provision of reliable statistics for cultivated areas and for scarcity of the different products.

6. Planting trees in streets and taking care of them, establishment and maintenance of public parks, open
spaces and plant nurseries.

- Control and development of provincial forests, organization of horticultural gardens and establishment of any demonstration farms.

PART VI
ANIMAL RESOURCES

1. The taking of necessary measures for eradication of animal and poultry diseases by control of contagious diseases and by preventing same from spreading and by inoculation of animals.

2. Preservation of animal resources, control and reform of pastures and animal production, prescription of roads for movement of animals and demarcation of the necessary fire-lines.

3. Provision, maintenance and improvement of pastures.

4. Establishment, maintenance and improvement of cattle breeding farms and taking care of their products and supply of the public with such products.

5. Establishment and maintenance of poultry farms.

6. Holding of veterinary shows and exhibitions.

7. Inspection of horses, donkeys and any other animals used for commercial purposes or for pulling of carts or carriage of water or any other purpose and prohibition of the usage of unfit animals.
8. Controlling and licensing ownership of dogs and destruction of harmful animals.
9. The taking of any other measures likely to improve public health and breeding of animals and poultry.
10. Establishment and maintenance of veterinary hospitals, dispensaries, dressing stations, veterinary laboratories and mobile medical units for treatment of animals.

PART VII
TOWN AND VILLAGE PLANNING

1. Organization of building by making, regulations for this purpose.
2. Organization, planning and replanning of towns and villages and implementation of those schemes.
3. Disposal of Government land for all different purposes in accordance with existing laws.
4. Keeping of maps for local areas.
5. Provision of the necessary houses for citizens.

PART VIII
GENERAL CULTURE

1. Establishment and maintenance of guidance and information centres.
2. Provision of institutions and public places with the different means of information and maintenance of such means.
3. Organization of general cultural activity.
4. Encouragement of musical bands.
5. The strengthening of civic education, the dissemination of information respecting local government, the promotion of rural areas health, social development, industry, cattle breeding and similar matters of public interest.
6. Celebration of national and religious occasions.
7. Preservation of historical cities in the province in collaboration with the antiquities Department.
8. Promotion of sports culture and encouragement of public games and sports and establishment, preparation and management and control of stadiums and sports clubs.
9. The study of local languages and cultures and promotion of folklore.
11. Taking of all necessary actions for promotion of tourist centres and places of summer resorts.
12. Establishment, administration and promotion of Theatres.
13. Adoption of any other measures likely to consolidate cultural progress.
PART IX
COMMUNITY DEVELOPMENT

1. To apply methods of community development which aim at mobilizing the voluntary efforts of the citizens in self-help activities and schemes which are beneficial to the area.

2. To initiate and sustain social change essential for execution of national development programmes.

3. To approve, encourage and to supervise self-help schemes and provide financial and technical aid to such projects and ensure proper execution in accordance with the directions of the council.

4. To promote, register and supervise cooperative societies of all kinds.

PART X
SOCIAL WELFARE

1. Establishment, management and maintenance of welfare homes, asylums, orphanages and other institutions for the relief of the distressed.

2. Promotion of social and patriotic virtue among the people and discouragement of parochial, racial, tribal, sectarian and provincial prejudices.

4. Adoption of measures to promote welfare of women and children.

5. Adoption of measures for the settlement of disputes by conciliation and arbitration.

6. Adoption of relief measures in the event of flood, famine or any other natural calamity.

7. Adoption of any other measures likely to promote social welfare.

8. Organization and encouragement of assistance to village development committees, May Legions for men, May Legions for women and cooperative societies.

PART XI

LABOUR.

1. To enlist labour forces in the province.

2. To organize employment in the province.

3. To inspect work and investigate into individuals complaints.

4. To inspect factories and investigate into labour disputes and accidents and to promote the interest of the labour force.

5. To provide vocational training, work experience and training in rural industries.

6. To establish and manage cultural labour centres.
PART XII
TRADE AND SUPPLY

1. To regulate and licence trade business in the province and to supervise markets and to submit necessary recommendations to the Ministry of Economics, Trade and supply.

2. To ensure adequate supply of commodities and foodstuffs of prime necessity and to control its distribution.

3. To inspect weights and measures.

4. To establish committees to fix and control maximum prices of commodities.

PART XIII
PUBLIC ORDER

1. To control and reduce juvenile delinquency including entry of delinquents at public places.

2. To control or eradicate begging and gambling in public places and to eradicate prostitution.

3. To establish and control slaughtering places special and general markets and moradas to let out sites therein; to regulate the slaughter of animals and to control the sale and movement of animals including the compulsory use of guarantors and of commodities within and without such markets and to licence traders at the produce markets.
4. To establish public landing places, bathing washing and watering places.

5. To provide for the impounding of stray animals within pounds.

6. To licence and to provide for the orderly conduct of and cleanliness in places of public resort and to prescribe local fees for hotels and local fees for catering places including restaurants.

7. To provide places for the public consumption of native liquors.

8. To provide and regulate the use of parking places for motor and other vehicles and gathering places for animals and to prohibit the parking of vehicles of the gathering of animals elsewhere than at such places.

9. To provide for the orderly use of bus services, ferries and other vehicles playing for hire and to prescribe stopping places and routes and fees.

10. To provide sign posts, traffic signs, roundabouts and other measures to facilitate the safe passage of road traffic of all kinds.

11. To provide for prevention and control of fire and flood and to provide fire engines and fire fighting appliances and to make the necessary regulations for the purpose.
12. To make the necessary orders for conducting voluntary work for the welfare of the community including upkeep of means of transport and any other measures required for dealing with emergencies resulting from fires, flood, famine, earthquake, epidemic or any other calamity.

13. To provide for the deposit of dry grass, timber or other inflammable material in such places provided that such deposit shall not cause risk of fire to adjaeant property.

14. To regulate or prohibit the carrying of dangerous weapons.

15. In the interests of public order to regulate clubs, lotteries and public fairs, dances and entertainment and the collection of money from the public by any means for any political, religious, educational, medical or other charitable or philanthropic purposes.

16. To provide for the control of noise.

17. To regulate or prohibit the keeping of animals or insects in town and dwelling areas.

18. To licence and control the following petty trades:- auctioneers, barbers, butchers, carriers, donkey boys, itinerant newspaper vendors, market brokers, petition and public letter writers, porters, professional guarantors, of animals, public measures, second-hand
declers, shoe-black, pedlers, tanners, weaversmen, water-carriers, or any other similar trade.

19. To establish, manage and furnish building of the peoples, courts.

PART XIV

1. To make provisions for the training and welfare of officials and employees.

2. To join any association of local councils in the sense for the purpose of promoting the peoples local Government or for the purpose of providing aid to neighbouring councils.

3. To carry out work for the government units or the public on payment.

4. To receive distinguished visitors.

5. To submit recommendations to the Ministry of the Interior for regulating or prohibiting immigration from neighbouring countries or any other countries.

6. To establish and manage stores for the supply of government units in the province of their needs of stationeries and articles.
BIBLIOGRAPHIC REFERENCES.

ABEL, RAMI, MAHATHIR, KHAN, ABDUL,}

ATEL, BALTAN STEK,}
Local Government Finance, United States of America, 1975.

AEDAM, M. A.,}

AEDBAH, H. P.,}

AED, MOHAMED A.,}

CHAPMAN, D. H.,}

CLARK, J. A.,}

DUBSON, M. L.,}

EL HASBAI, ALI KHALI,}

GLASSET, E. R.,}

GRADLE, RALFA and KENNETH THOMPSON,}

HARRINGTON, R. P.,}
HICKS, U. K.,

HICKS, UREHLA, E.

GURBAN, John, (Ed.)

JACKSON, R. M.,

LEMAIRE, R. P.

MARXICK, HENRY,

MARSHALL, J. E.,

MARSHALL, J. E.,

MARSHALL, J. E.,

MARSHALL, J. E.,

RICHARDS, F. G.

ROBERTSON, James,

ROBERTSON, J. E.

MILLER, E. BURCH,
OFFICIAL PUBLICATIONS:


Report of Re-division of the Provinces.


ARTICLES:

E. A. AMAN, 
"Budgeting in the Sudan", Khartoum University Press, 1977 (Monograph), Development Studies and Research Centre, University of Khartoum.


NASSER ELHAGI, 

KHORDA FADIL, 

NASSER BAHJOO EMIN, 

MOHAMMED HAQQI, 
"The Political Role of the Local Government Officer", in Local Government and Politics in the Sudan, ed. by Howell, John.

SAID, KHALIL ABDUL, 

مراجع باللغة العربية:

البيان الإضافي للمؤتمرات الأولى للحكم المحلي

قرار ٥٠ على المدافعات ١٩٧٨.

ملاحظات مختصرة حول الوفود للاجتماعات القادمة لتطوير الحكم المحلي،

وزارة الحكومة المحلية والإدارة العامة للجمعيات، ١٩٧٢.

ملاحظات مشروعة أصلاً الحكم المحلي بالسودان،

وزارة الحكومة المحلية، ١٩٧٠.

سيدي مصطفى:

التحليل الاختياري في السودان، دار جامعة الخرطوم للنشر، ١٩٧٨.

سيدي أحمد مصطفى:

الحكومة المحلية في السودان، مطبعة صحفية الحلي، ١٩٧٨.

السيد عبد المحسن:

العلاقة بين السلطات المحلية، مطبعة النSetText القاهرة، ١٩٧٠.

السيد الطاهر:

المؤسسات في نظام الحكم المحلي، وزارة الحكومة المحلية، مطبعة النSetText، الخرطوم، ١٩٧٣.