

# 6

## Decentralisation in Tanzania

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### Summary

The purpose of this chapter is to examine the process of decentralisation by devolution in Tanzania. Research for this chapter was based on an analysis of three main types of data. The first data was obtained from the paper on 'Decentralisation by Devolution in Tanzania' submitted by the Tanzanian Prime Minister's Office-Regional Administration and Local Government (PMO-RALG) to the Commonwealth Secretariat for validation. The second was a two-week rapid field survey that was conducted in Tanzania in October 2009 where semi-structured interviews were used to obtain information from key respondents, including senior government officials in key sector ministries, central and local government politicians, and representatives of international development partners. During the field survey, officials of PMO-RALG and the President's Office-Public Service Management section (POPSM) provided local support. Third, in April 2010, the draft report was reviewed at a stakeholder workshop in Gaborone, Botswana at which government officials were present.

Therefore, this chapter expresses the views of a number of stakeholders who contributed to it and not necessarily those of the government. The chapter is divided into six sections. Section 1 provides a short introduction to Tanzania and a detailed explanation of the methodology adopted in writing the report, in addition to the socio-cultural, political, economic and historical context under which decentralisation should be understood in Tanzania. Section 2 discusses the structure of the Tanzanian government and the adoption of a Local Government Reform Programme in which the policy of decentralisation by devolution is embedded. Sections 3, 4 and 5 showcase the status of implementation, successes, and challenges, while a description of the second stage of the Local Government Reform Programme and conclusion end the chapter.

The general objective of the decentralisation by devolution or 'D-by-D' policy in Tanzania is to improve public service delivery under a Local Government Reform Programme (LGRP). The implementation strategy entails decentralising government functions, responsibilities and resources to local government authorities and strengthening the capacity of local authorities. This is important since local governments are factored into all the implementation plans and programmes of MKUKUTA - the National Strategy for Growth and Poverty Reduction.

LGRP developed in stages: the first stage was a 10-year period that lasted from 1999 to 2008; the second stage started in 2009 and will end in 2014. Major findings indicate that in the first stage, political decentralisation has entrenched a system of regular elections for ward councillors, village council, *mtaa* committees and *kitongoji* chairs every five years. One-third of local posts are set aside for women and other marginalised groups. Council meetings are now open to the public, resulting in improvements in agenda-setting and reporting of meetings. Councils' powers have expanded to include drafting byelaws covering areas such as community development, waste collection and sanitation, and local revenue generation. Rungwe District Council privatised the collection of market fees that increased revenues by 83 per cent per year.

In the area of financial decentralisation, Act No.6 of 1999 was promulgated to allow the provision of block grants. Additionally, a better intergovernmental transfer procedure was developed to provide a set of recurrent block grants for five priority sectors (primary education, local health services, agricultural extension and livestock, water supply, and local roads), a General Purpose Grant, a local government capital development grant system (for capital expenditures), and appropriate ministerial subventions for delegated functions. Government also devised simple, transparent formulas to make the allocated resources to LGs more predictable, and to enhance equity and fairness. In the space of three years, (from financial year 2004/05 to 2007/08) transfers from the centre rose from US\$352 million to US\$648 million, the latter representing nearly US\$9 per person. The principle of LGs earning the right to greater autonomy or additional development funds was a great incentive for LGs to improve their financial management capacity and performance. Resource-poor areas also received special transfers. In addition, a capital development grants system was used to provide discretionary grants, up to TSh260 billion shared on a formula basis, to LGs for construction of new schools and clinics, improvement of agriculture services and for capacity building. In 2004–2009 seven development partners provided 65 per cent of the funding, while the rest came as loans from the World Bank.

In the area of human resource decentralisation, over 60 per cent of government employees are now employed at the LG level. As part of the decentralisation process, staff transferred to the councils are being de-linked from their respective ministries. LGs now have autonomy over human resources, including for planning, recruiting, rewarding, promoting, disciplining, development and firing their personnel. However, the educational distribution of employees in the Tanzania Civil Service indicates that over 80 per cent possess secondary school education and below, indicating that there is scope to improve existing human capital.

In the various sectors, primary education has been devolved in principle; each ward now has at least a secondary school, which has led to higher enrolment figures. The objective of having one dispensary per ward is being attained nationwide as LGs have become responsible for primary health care. Private participation in health service

delivery is also on the rise with the involvement of faith-based organisations such as the Catholic and Lutheran Churches who run referral hospitals. In the agricultural sector, districts now formulate District Agriculture Development Plans (DADPS). LGs have also taken advantage of the permission to contract out refuse collection by engaging private companies for waste management. For example, the HANANASIF Group handles waste for Kinondoni Council in Dar es Salaam. In the area of privatisation, the Government of Tanzania has expanded the divestiture programme to all major utility and infrastructure public enterprises (water, telecommunications, ports, railways, electricity and so on).

Tanzania's association with development partners (DPs) is advanced. LGRP I was mostly financed from a basket fund contributed to by DPs such as Finland, Norway, the Netherlands, Denmark, Sweden, Ireland, Belgium, Germany, Canada, DFID (UK) and others. Britain's DFID has now changed its mode of assistance to General Budget Support.

Despite these achievements, LGs still experience financial shortfalls due to inadequate transfers from central government. Additionally, the quality of education is not commensurate with increasing enrolment rates and shortfalls in medical personnel prevent full functionality in many clinics. DPs have also observed systemic problems with human resources development. However, this did not hinder the Government of Tanzania from embarking on the second stage of the LGRP.

LGRP II is still in its early phase in terms of confronting those factors hindering human resources autonomy for LGs, giving more emphasis to accountability, conducting appraisals of decentralisation at the council level and ultimately building on the achievements of LGRP I. Seven DPs – Finland, Belgium, Germany, Ireland, Japan, the Netherlands, and Sweden – have offered more pooled funding in the form of a Local Government Development Grant for 2009–2013.

In the course of LGRP II, the importance of periodic reviews cannot be over-emphasised, bearing in mind how such exercises facilitated the implementation of LGRP I.

## **6.1 Introduction**

In October 1998, Tanzania made changes to relevant local government (LG) laws in order to both implement local government reform (with a view to strengthening the local government system), and streamline sector reforms with civil service and local government reform (URT, 1998). Within the framework of a unitary state, the new local government system would be in the form of political devolution and decentralisation of functions and finances. More specifically, local governments would have:

'...the responsibility for social development and public service provision within their jurisdiction, facilitation of maintenance of law and order and issues of national importance such as education, health, water, roads and agriculture.' (URT, 1998)

Tanzania's local government system is currently made up of devolved statutory bodies – village council, township authority, district council, town council, municipal council and city council. At the grassroots are units called wards, *Mtaa* (urban neighbourhoods) and *kitongoji* (rural neighbourhoods). These local institutions feed into the decentralised system to bolster community participation in planning and managing service delivery. There is often a big difference between formal arrangements (laws, regulations, and policy) for decentralisation and what is actually practiced in a country. Thus we examine the extent to which decentralisation as stated in the statute books of Tanzania is actually practiced. More specifically, what are the consequences of Tanzania's decentralisation policy and programmes for equity, quality of local governance, and service delivery? Is the government serious about its declared intentions about decentralisation? What are the major responsibilities assigned to decentralised units? How has the government shared power and resources with LGs? To what extent have central bureaucrats and politicians perceived decentralisation not as a zero-sum game (in which they gain or lose) but a positive-sum game (or win-win) for central and local actors? Are the anticipated changes in local institutions, structures and resource flows taking place? Is there a clear rule for determining allocations to different local governments? Do LGAs have the power to tax and set fees? How successful are they in generating their own revenue? Has decentralisation resulted in increased community participation in planning and managing service delivery in selected sectors? What are the concrete achievements of decentralisation so far? How important are the private sector and international development agencies in the provision of public and quasi-public goods? This chapter addresses decentralisation in Tanzania in an attempt to answer these questions.

### **6.1.1 Sources of data and data-collection methods**

The research collected data that illuminate the circumstances that led to the adoption of decentralisation by devolution in Tanzania; the achievements, constraints, and proposals for improvement. Three types of data-collection methods were adopted. The first set of data was obtained from the paper on 'Decentralisation by Devolution in Tanzania' submitted by Tanzania Prime Minister's Office-Regional Administration and Local Government (PMO-RALG) to the Commonwealth Secretariat for validation. The second was a two-week rapid field survey that was conducted in Tanzania with the support of PMO-RALG and the President's Office-Public Service Management (POPSM). During this field survey, semi-structured interviews were used to obtain information from key respondents, which included senior government officials in the ministries and local government (LG) politicians, personnel of international donor agencies, and academics (see Table 1.1 in chapter 1). The study also used other data-collection techniques such as focus group discussions, direct observation and document reviews.

The chapter is divided into six sections (including this introduction). Section 2 contains the physical, economic, political and historical frame of decentralisation policy in Tanzania. Section 3 examines the practice of decentralisation, focusing on the devolution of powers, personnel and finance as essential components of the first phase of the Local Government Reform Programme (LGRP) (referred to in this document as LGRP I). Section 4 provides an outlay as well as early assessment (after barely a year) of the second phase, LGRP II, which started in 2009. In section 5, the successes and challenges related to LGRP I and lessons learnt for LGRP II are highlighted, followed by conclusions arising from the observations.

## **6.2 Country Background**

### **6.2.1 Physical features**

The United Republic of Tanzania comprises mainland Tanzania and a number of offshore islands including Mafia, Pemba, and Zanzibar. This country of approximately 945,087km<sup>2</sup> is home to a wide variety of peoples and is Africa's twelfth-largest country. The UN estimates that Tanzania has nearly 41 million people (Population Reference Bureau, 2009). The country is also unique with respect to its landforms: Africa's highest point, Mount Kilimanjaro, rises to 5,892m above sea level, while Africa's lowest point is located on the floor bed of Lake Tanganyika, which is 358m below sea level. The main upland areas are the northern belt, while much of the country's interior is comprised of undulating plains. It is also traversed by rift valleys, home to Lakes Tanganyika, Victoria, Nyasa, and others. According to the 2008 population estimates population density on the Tanzanian mainland and island of Zanzibar was 44 and 486 people per square kilometre respectively.

### **6.2.2 Economy of Tanzania**

Agriculture is the economic mainstay of the population. Nearly 80 per cent of the economically active population work in agriculture, and agricultural activities account for 25.7 per cent of GDP in 2008. About 10 per cent of the country's land area is cultivated, and subsistence farming accounts for 40 per cent of total agricultural output. The country is also known for cash crops such as coffee, cashew nuts, tobacco, coconuts and groundnuts. Cut flowers also emerged as an export crop in the 1990s. A variety of mineral resources are also exploited and exported including diamonds, gold, salt, limestone, and graphite, while reserves of nickel, uranium, tanzanite, and natural gas are known to exist.

### **6.2.3 Structure of Tanzanian government**

The United Republic of Tanzania (URT) is a product of the union of two sovereign states, Tanganyika and Zanzibar. Tanganyika was the first to gain independence on

9 December 1961, and Zanzibar followed on 10 December 1963. The two sovereign republics formed the United Republic of Tanzania on 26 April 1964. The government has authority over all union matters in the United Republic, while all matters concerning the Revolutionary Government of Zanzibar (with the exception of union matters) rests with Zanzibar. Politically, the government is a unitary republic based on a multiparty parliamentary democracy that was reintroduced in 1992. Executive power is vested in the president, who is elected in a separate vote (see Annex 6.6).

The 2005 General Election produced 323 members of parliament (MPs), including 75 special seats for women, 5 elected by the Zanzibar House of Representatives, 10 appointed by the president, the attorney general, and the remaining 232 elected from constituencies.

Tanzania's legal system is largely based on English common law, and the judiciary consists of a five-level court system. At the apex is the chief justice, while the registrar of the court of appeal is the chief executive officer. Next comes the high court, which is divided into zones administered by judges-in-charge, assisted by district registrars. At the next lower level is the resident magistrates' court, then the district magistrates' court. District magistrates-in-charge also supervise the lower primary courts in their respective districts.

The executive branch is comprised of the president and subordinate organs and authorities set up by the president, who perform delegated functions and authorities assigned by the president. The subordinate organs include:

- the vice president (principal assistant to the president);
- the prime minister (leader of government business in the national assembly);
- the ministers, whose number and functions are determined at the discretion of the president- (current ministerial responsibilities were issued in February 2008 through Government Notice No.20);
- regional commissioners and district commissioners (also appointed by the president); and
- other statutory organs.

The second level of government administration is in the regions. Currently, there are 26 regions (21 in mainland Tanzania, 5 in Zanzibar). Each regional commissioner, with technical assistance from the regional administrative secretary, is responsible for the supervision of all functions and duties of the government in the region, as well as for supporting local government authorities in service delivery and socio-economic development.

At the third level of central government administration are the districts. District commissioners assist regional commissioners within the district, while the district administrative secretary is the head of district administration.

Another level down are the local government authorities (LGAs). There are 133 in total, classified into two major categories:

**Urban councils** – in charge of the administration and development of urban areas, ranging from townships to municipalities and cities. There are currently four city councils, Dar es Salaam, Mwanza, Mbeya and Tanga. City council directors are appointed by the president; municipal directors and district executive directors are appointed by the minister responsible for local government (currently the prime minister). City mayors, municipal mayors and council chairpersons and their deputies are elected from ward councillors, who are themselves elected by universal suffrage. Elections started in 1994 and take place every five years.

**Rural councils** – commonly known as district councils.

The local government system can be divided into the following hierarchical categories: councils (133, 22 of which are urban), wards (2,555), villages (over 10,700), mtaa (1,755), and kitongoji<sup>1</sup> (50,836) (Mmari, 2005). It is important to note at this stage that at each tier of government, there are functional elected and appointed administrators. The implication of this arrangement on decentralisation will be discussed in due course. The administrative and territorial organisation at each tier of government is presented in Annex 6.3. Irrespective of the area of jurisdiction, LGs are mandated to administer, maintain law and order, and engage in economic and development planning.

#### **6.2.4 Evolution of the local government system in Tanzania**

When Tanzania embarked on decentralisation in 1999/2000, it was not the first time. Prior to independence in 1961 a system of native authorities and chiefdoms was put in place for local governance. At independence, the Tanganyika Africa National Union (TANU) was the principal political party. Then President Nyerere headed a TANU-controlled parliament that held all but one seat, and he was able to establish a one-party state in 1965. The Tanzanian government continued with the practice of elected local government for about a decade, when the president deemed it unsatisfactory. In May 1972 the government embarked on a 'policy of decentralisation based on deconcentrated administrations at regional and district levels. On 30 June 1972, elected rural local governments were abolished, and exactly a year later urban councils were scrapped. But service delivery did not improve. Central bureaucracy stifled organisational performance and the decentralisation carried out at that time did not reflect local democratic principles.<sup>2</sup> In February 1977, TANU merged with the ruling party in Zanzibar, the Afro-Shirazi Party (ASP), to form Chama Cha Mapinduzi (CCM). The abolition of urban local authorities did not last long because the new structures could not deliver services effectively (Tidemand, 2005). By 1978, urban local authorities came on-stream again, but their local revenue-raising powers

were curtailed, as regions had substantial influence. However, by 1980 an Urban Development Policy was passed to strengthen urban local authorities.

In 1982 parliament passed new legislation to usher in a comprehensive system of local governments at district and village level in rural areas, and at municipal and city level in urban areas. Urban councils were headed by town council directors. Elected councillors were re-introduced and councils given powers to collect revenue, determine local budgets and plans, and enact byelaws. Councils were given direct responsibility to deliver services in areas such as primary education, primary health, local water supply, local roads, and agriculture extension. But regional administration remained strong and in control of most of the local funding, which made them undertake many development activities directly. In contrast, democratic local governments had no substantial resources to effectively deliver services they were mandated to deliver.

With the onset of multiparty democracy there was a move away from centrally planned and controlled one-party state, and since the late-1990s Tanzanian development strategies have emphasised institutional reform, good governance, decentralisation and community development as essential to poverty reduction (Mercer, 2003). A Local Government Reform Agenda was introduced in 1996 which spelled out the rationale behind the current decentralisation process. The Local Government Reform Programme was closely linked to the civil service reform programme (URT, PMO, CSRP, 1996: 1).

The Tanzanian reforms do not include Zanzibar, where LGAs play a rather marginal role and operate in parallel to strong regional and district administrations. Legislation governing local government in mainland Tanzania is as follows:

- 1982 Local Government Acts amended
- 1982 Local Government Finance Act
- 1983 Urban Authorities (rating) Act
- 1997 Regional Administration Act
- 1999 Local Government Laws (Miscellaneous) Act

The principal LG acts have been amended from 1999 as part of the LGRP.

### **6.2.5 Institutions providing technical support and monitoring to local government**

The institutions in charge of technical support and monitoring of local authorities in Tanzania are the PMO-RALG and the Association of Local Authorities in Tanzania.



## 6.2.6 Decentralisation and civil service reform in Tanzania

A Civil Service Reform Programme (CSRP) was undertaken in Tanzania in the early 1990s, marking a definitive policy shift regarding the organisation and management of the public sector and the public service to improve accountability and efficiency. The CSRP consisted of six components, one of which was local government reform. The reform of the local government system has its background in a national conference that was held in 1996 called 'Towards a Shared Vision for Local Government in Tanzania'. This was formalised in the 1998 Policy Paper on Local Government Reform that spelled out a policy of decentralisation by devolution, famously referred to as 'D-by-D'.

The general objective of the policy is to improve public service delivery; the implementation strategy for doing so is decentralisation by devolution (D-by-D) which entails decentralising government functions, responsibilities and resources to LGAs and strengthening the capacity of local authorities. The government's expectation is to ultimately have a local government system in which local government authorities are:

- largely autonomous institutions, free to make policy and operational decisions consistent with the laws of the land and government policies;
- strong and effective institutions underpinned by possession of resources (both human and financial) and authority to perform their roles and functions;
- institutions with leaders who are elected in a fully democratic process; and
- institutions that will facilitate participation of the people in planning and executing their development plans and foster partnerships with civic groups.

The principle of subsidiarity was adopted such that 'public service responsibilities must be exercised by the lowest level of government unless a cogent and convincing case can be made for higher level assignment' (Mmari, 2005). The government took a holistic approach to decentralisation, covering political, administrative and fiscal aspects, as well as service delivery aspects. Its approach involves radical changes in central-local relations.

In 1999/2000, the responsibility for implementing D-by-D was vested in the PMO-RALG. However, devolution also had consequences for all ministries, departments and agencies (MDAs) of government, since it required changes in modes of operation of the central system. The need to mobilise for an LGRP arose due to reasons such as duplication in functions and responsibilities among different levels and institutions of government. More specifically, the conflicting and negative attributes of LGs at this time were typified by the experience in Shinyanga region in 1998/99, where the following problems came to light:

- Staff were accountable to more than one authority.
- Frequent transfers of staff negatively impacted on morale and motivation.

- Most government decisions did not reflect the priorities of the local people.
- Central government took too long forwarding funds to the districts.
- Local people were unclear about the roles and responsibilities of local government and its relation to central government.

LGs are expected to be free from central government control other than through the framework of national policies, laws, regulations and oversight. The LGRP involves five main areas:

**Political decentralisation:** This involves strengthening local democratic institutions, enhancing public participation, and bringing control over many important aspects of people's daily lives nearer to the people themselves.

**Fiscal decentralisation:** Introducing the equitable and transparent transfer of revenue and capital development grants from central government to local government authorities; and giving local government authorities financial powers and powers to raise appropriate local revenues.

**Administrative decentralisation:** Decentralising personnel, integrating them into LGA administration and away from ministry subordination, and restructuring of local government organisations.

**Service function decentralisation:** This entails decentralising public services to bring service management and the provision of services closer to the end user, and increasing the quality and quantity of these services.

**Changed central–local relations:** Central government is to have over-riding powers within the framework of the constitution and the legal framework, with the local government having devolved powers and responsibilities in law. Thus central and line ministries will change their roles and functions to become:

- policy-making bodies;
- supportive and capacity-building bodies;
- monitoring and quality assurance bodies; and
- control bodies (legal controls and audits).

The LGRP was structured with specific components looking at legal harmonisation, fiscal decentralisation, human resources and organisational development, structures and governance in local government and co-ordination, and building the capacity of PMO–RALG itself. Government also embarked on a Vision 2025 programme with the twin objectives of economic growth and poverty reduction. This programme, the National Strategy for Growth and Reduction of Poverty, is also called MKUKUTA. The role of local government is factored into all plans and programmes of implementation of MKUKUTA through building the autonomy and capacity of LGAs to fulfil

their new role in a decentralised system to provide better services, especially to the poor. PMO-RALG and LGAs are mentioned as important organs in about 80 per cent of the MKUKUTA cluster strategies (Mmari, 2005; PMO-RALG, 2008).

### *D-by-D: The implementation process*

Countries differ dramatically in the degree and extent of decentralisation that is allowed and accommodated. Yet it has become the most favoured policy priority among policy-makers (Sharma, 2006). How decentralisation is measured depends partly on how it is defined. The Tanzanian decentralisation process is embedded in LGRP, the first phase of which lasted from 1998 to 2008 (referred to in this document as LGRP I). In 1998, Tanzania had a total of 102 local authorities. Within LGRP I, local government reform was designed to be carried out in three phases, with each one-year phase accommodating one-third of all councils starting January 1999 (URT, 1998).

The selection of councils for the first and second phases was to be 'on a voluntary and demand-driven basis, together with an assessment of financial and management capacity, that is, councils with the highest capacities. In reality, councils were randomly selected for the first batch' (pers.comm., PMO-RALG official, 2009). It was estimated that a total of US\$8.1 million was required for preparations and capacity building at central/regional level in phase one implementation. The first phase (Phase I) began in 1999 with 38<sup>3</sup> districts and urban councils (randomly selected) that 'were given assistance to restructure themselves, improve their human resource management (HRM), build capacity in financial management, and embed principles of good governance' (pers.comm., PMO-RALG official, 2009). However, as a result of a joint review undertaken by government and development partners (DP) in 2001, a decision was made to abolish the phased approach and extend D-by-D to all LGAs. Thus from 2002, all LGAs were involved in D-by-D. Another joint review in 2004 exposed the need to give more impetus to reforms at central level to be in line with D-by-D. The decentralisation process also continues in the second stage of LGRP, LGRP II, which has medium-term objectives. LGRP II began in 2009 and it is to end in 2014. Section 6.3 provides a general overview and performance assessment of central and local government brought about by D-by-D under the two phases of LGRP. It examines the outcome of decentralisation policy in relation to the four main dimensions: political, administrative, functional, and fiscal decentralisation in phase 1 of LGRP.

## **6.3 D-by-D in LGRP I: Status of Implementation**

### **6.3.1 Political decentralisation**

Since the adoption of D-by-D, elections for ward councillors, village council, *mtaa* committee and *kitongoji* chair take place every five years. This is a vital aspect of

decentralisation policy in that local self-governance provides a platform for democratic accountability. In striving for equity and representativeness, special seats have been put in place for one-third of local posts to be for women or other marginalised groups. Political decentralisation has led to the empowerment of local councils to draft bylaws to cover areas such as community development, local revenue generation, waste collection and sanitation. Council meetings at the district, town, municipality, city, and village levels are now open to the public, resulting in improvements in agenda setting and the reporting of meetings. Decisions, plans and budgets are posted in public places and discussed in statutory meetings.

In the Tanzanian local government structure, the council directors and heads of departments have implemented decisions made in statutory meetings of the council, including implementation of projects. Elected councillors oversee project implementation in their wards. The approval of what type of project to implement is made by full council after following a bottom-up planning process approach. Execution of the projects is now the responsibility of not only council technocrats but all stakeholders, including councillors and the community at large. Councillors in their respective standing committees monitor the execution of the projects on a quarterly basis. Implementation status is thereafter submitted to the full council by the chairpersons of the standing committees. The full council meets on quarterly basis.

Voter turnout data is presented in Table 6.1 and shows a mixed picture of voter turnout.

**Table 6.1.** Voter turnout in Tanzania (1995–2005)

<i>Year</i>	<i>Population</i>	<i>Voting age population</i>	<i>Registration</i>	<i>Total vote</i>	<i>VAP* turnout (%)</i>	<i>Voter turnout (%)</i>
<b>Parliamentary elections</b>						
2005	36,766,356	17,459,595	15,705,223	11,389,530	65.2	72.5
2000	33,517,000	16,055,200	10,088,484	7,341,067	45.7	72.8
1995	29,700,000	14,256,000	8,928,816	6,831,578	47.9	76.5
<b>Presidential elections</b>						
2005	36,766,356	17,459,595	16,401,694	11,875,927	68.0	72.4
2000	33,517,000	16,055,200	10,088,484	8,517,648	53.1	84.4
1995	29,700,000	14,256,000	8,929,969	6,846,681	48.0	76.7

\* Total vote as a proportion of VAP

*Source:* Adapted from International IDEA (Country View) and African Elections Database

The number of registered voters and proportion of voting age population has increased over time. Statistics from the African Elections Database show that in Tanzania, the voting age population (VAP) grew from 14 million in the 1995 elections to 17.5 million in the 2005 elections. In the same period, VAP turnout (total vote as a proportion of VAP) rose from 47.9 to 65.2 per cent. However, voter turnout declined from about 77

per cent to 72 per cent in the period 1995–2005, indicating decrease in local interest and participation in actual voting for the parliamentary and presidential elections.

During the grassroots elections held in late October 2009 (which precede national elections for president, parliament and ward positions), signs that voter apathy may occur at the grassroots elections were made by some officials of PO-RALG. While there was no hard data to substantiate this claim at that time, a REPOA publication pointed to a contradiction that more people are turning out for general elections, even though MPs have less contact with voters compared to the *kitongoji/mtaa* officials. The main challenge is how to encourage more of the population to participate in grassroots elections. Arising from this, it could be recommended that civic/grassroots elections should probably be held at the same time as general elections (or with ward council elections). This is important as the quality of political engagement affects the form and substance of outcomes of decentralisation at the local level. However, by the time general elections were held in 31 October 2010, despite substantial increase in number of registered voters to twenty million people, voter turnout stood at 42.8 per cent<sup>4</sup>, reaching new lower levels. Elections have provided opportunities for the populace to choose their representatives in a democratic manner. Trend data from Tanzania indicates voter interest may be waning.

However, as noted earlier, government-appointed municipal and district directors also work in the councils to supervise, but not control, elected officials (chairpersons and councillors). In addition to government appointees there are technical staff posted by central government from sector ministries to LGAs.

### **6.3.2 The politics**

The adoption of a multi-party system in 1992 has not led to major changes in the Tanzanian political environment, in that the CCM party has remained in power throughout. A survey showed that Tanzanians have less contact with MPs because MPs spend a limited amount of time in their constituencies (75 per cent of respondents indicated that MPs visit only once a year or less). About 40 per cent identified voters as the group responsible for holding MPs accountable, while 41 per cent expressed little confidence in the usefulness of elections as a tool for holding parliamentarians accountable to voters (Chaligha, 2009).

Mayors/chairpersons are indirectly elected from within the ranks of the elected councillors of each of the authorities. The deputy mayor must come from a different urban authority than the mayor. The ruling CCM party has enjoyed majority votes at national and district levels. For example, the election results for 2005 for councils show that in Dar es Salaam's three municipal councils, CCM won all the available 73 seats, thus gaining full control of local parliament as shown in Table 6.2.

**Table 6.2.** Municipal elections, Dar es Salaam (2005)

<i>Dar es Salaam municipal councils</i>	<i>No. of seats won by CCM (all women and men)</i>	<i>No. of women</i>	<i>No. of seats won by other parties</i>
Ilala	22	4	CUF: 20, CHADEMA: 1, NCCR–Mageuzi: 1
Kinondoni (including Kawe constituency)	27	1	CUF: 17, CHADEMA: 9, TLP: 1
Temeke (including Kigamboni constituency)	24	7	CUF: 23, SAU: 1
Total	73	12	CUF: 60, CHADEMA: 10, NCCR–Mageuzi: 1, TLP: 1, SAU: 1

*Source:* National Electoral Commission of Tanzania

Female contestants had more success in Kigamboni (one-third of seats are reserved for women and other marginalised groups), and in most constituencies CCM won by more than 60–70 per cent of votes cast. The CCM thus has a stronghold on decision-making at council level, and given this result partisan politics at inter-party level is rare. Yet political pressure is considered a major impediment to revenue collection in some of the councils. Councillors who want to be re-elected disassociate themselves from increased taxation because taxes are generally disliked (Fjeldstad 2001: 9). In some instances, councillors vacillated on raising local taxes and charges because they are major local landowners or business people who wanted to minimise their personal tax burden.

### **6.3.3 Fiscal decentralisation**

The reintroduction of local government in 1984 brought about the provision of grants to councils. Up to 80 per cent of council's recurrent expenditure was financed through grants and, more importantly, resources were inadequate and concentrated at the ministries prior to implementation of LGRP I. But the financial status of LGAs remained very poor: financial transfers from central government were unreliable, unrelated to budgets, and did not arrive in a timely manner. This was partly due to the cash budgeting system and the opaque system of resource allocation. Funds made available to LGAs barely covered salaries and running costs. As a result, LGAs had little or no opportunity to embark on meaningful initiatives to address local development. Also development partners (DPs) and NGOs played important roles in development funding through other parallel programmes on education and area-based programmes, which led to accountability problems.

A deliberate attempt was made to address the problems of underfunding of councils, enhance their financial resources and increase their efficient use of resources in D-by-D. Thus at the early stages of LGRP I, Act No.6 of 1999 was promulgated to

allow the provision of block grants, and a better intergovernmental transfer procedure was developed, comprised of:

- a set of recurrent sectoral block grants for priority sectors (primary education, local health services, agricultural extension and livestock, water supply, and local roads);
- a general purpose grant – a combination of administration grant and compensation grant – to cover administration costs;
- a local government capital development grant system (for capital development expenditures); and
- appropriate ministerial subventions for delegated functions.

In order to make allocations more predictable, and to enhance equity and fairness, a simple transparent formula was devised by government to allocate resources to LGAs. The formulae-based system takes into consideration factors such as population, number of school age children, infant mortality rate (IMR), poverty count, and distance from council headquarter based on a ‘sound principle of transfer design as laid out by the intergovernmental transfer study’ (Allers and Ishemol, 2009). A sample of sectoral allocation formula for FY2004/05 is shown below in Table 6.3.

**Table 6.3.** The allocation formula

	<i>Grant</i>	<i>Allocation formula</i>	<i>Per cent</i>
<b>Sector block grant</b>	Primary education	Number of school-aged children	100
		Health	70
	Agriculture	Number of poor residents	10
		District medical vehicle route	10
		Under-five mortality	10
		Number of villages	60
	Water	Rural population	20
		Rainfall index	20
		Equal shares	10
	Local roads	Number of un-served rural residents	90
Road network length		75	
Land area capped		15	
<b>General purpose grant</b>	Number of poor residents	10	
	Fixed lump-sum	10	
	Total number of villages	10	
	Total population	50	
<b>Capital development grant</b>	Total number of rural residents	30	
	Total population	70	
	Number of poor residents	20	
	Land area (capped)	10	

*Source:* Adapted from URT (2006)

A major success factor has been the availability of resources through a ‘basket fund’ for D-by-D, particularly in LGRP I. The first basket fund of its type in Tanzania, it is the pooled funding of DPs and the government. DPs that provided financial support through this fund include the UK, Denmark, Ireland, the Netherlands, Norway, Finland, Sweden, UNCDF, the EU, World Bank, UNDP, Belgium, Germany and Canada. The DPs also gave technical support for D-by-D. Thus, since D-by-D started, resources have been following the transfer of functions.

### *Intergovernmental transfers*

With decentralisation, major responsibilities have been devolved to councils, and LGAs are financed basically through grants and allocations from central government. The introduction of formula-based grant allocation was completed in 2006 and it has been fundamental to the success of decentralisation. Grants from central government constitute nearly 90 per cent of LG budgets. Over the years there has been an increase in financial resources transferred to LGAs. In the space of three years, that is 2004/05 to 2007/08, transfers from the centre rose from US\$352 million to US\$648 million, representing an increase of US\$8.80 per capita (2002 National Census, in URT, 2008). Deviations from the formula-based allocations have surfaced in the past when it was discovered that line ministries posted more staff to local governments than could be accommodated in the budget plan (Boex, 2004). How this is being corrected is discussed in ‘Special transfers’ sub-section of this chapter.

### *Conditional allocations*

Conditional allocations are also given under LGRP I to benefit pro-poor sectors (education, health, water, roads, and agricultural sectors). The eligibility criteria for conditional allocations in LGRP I were laid down to identify those LGAs with adequate capacity, which in turn justified their being given greater autonomy over the use of grant resources. In order to help more LGAs to begin to meet the criteria and other performance measures, capacity-building grants are provided to assist LGAs as many lacked financial management capacity (URT, 2008).

A system of ‘bottom up’ planning and budgeting part of the MKUKUTA<sup>5</sup>, known as ‘Opportunities and Obstacles to Development’ (O&OD) has also been put in place. Ideally, in D-by-D local plans and budgets should be formulated from grassroots to council level; these are then amalgamated and forwarded to PMO-RALG and the Ministry of Finance and Economic Affairs. The principle of LGAs earning the right to greater autonomy and additional development funds was a great incentive to LGAs to improve their financial management capacity and performance. LGAs were mandated to prepare three-year rolling medium-term expenditure frameworks (MTEFs). The Ministry of Finance and Economic Affairs also introduced an integrated financial management system. This resulted in improvements in the financial management



performance of LGAs. For example, in 2004/05 only 3 per cent received adverse reports and the percentage of clean reports increased from 14 per cent in 2003 to 53 per cent. In the 2007/08 financial year there were no adverse audit reports among the 124 LGAs reported on.

### *Capital development grants*

Most councils depend on intergovernmental transfers to fund their activities, but only 22 per cent of the funds needed for effective and efficient service delivery actually reach LGAs. LGAs could earn the right to greater autonomy and development grants through the Local Government Development Grant (LGDG) system. This system provides discretionary capital development grants to LGAs on a formula basis, but only where they have met minimum performance criteria (including financial management) and some governance-related minimum conditions. The development and financing of the system was supported by the World Bank's Local Government Support Programme and a consortium of development partners.

In the period 2004–09 the LGDG system provided non-earmarked funding of over TSh260 billion to local development. Seven development partners provided 65 per cent of this amount as grants, while the rest came as loans from the World Bank. The funding has helped LGAs to construct new schools and clinics, improve agricultural services (Finland's main interest has been in forestry, agriculture and bio-energy), as well as build capacity (training civil servants and local leaders). Now, all development funding to LGs will pass through this system.

### *Special transfers*

Allocations to LGs are different because of criteria such as population size, nature of service intervention, and remoteness of location. Resource-poor areas therefore benefit from 'shock absorbing' mechanisms made available during planning sessions. Remote islands are given boats; generators are provided in areas not covered by the national grid; and staff housing catered for in districts/localities where it is deficient. All these are to motivate staff transferred to such areas, and are not usually covered in the regular budget. For instance, Makete in Iringa region is a hilly region with rough roads and the population has a higher incidence of HIV than other areas; so an extra-budgetary compensation is made for local governance in that area. Also in the delta areas of Rufiji River, boats are supplied to transport medicine to health facilities. The success of the system has been influenced by central government who mandates LGAs to use those grants for other projects. Councils sometimes express dissatisfaction with transfers from central government: that is, transfers are often delayed and in some cases councils receive a relatively small proportion of what they were promised, or of what they need to deliver the service. The flip side is that officials in the ministry of finance also feel that there are instances where councils get 'double' transfers; for

example they feel that the development grants and sector grants that LGAs receive amount to double benefits. In reality, part of the block grant is still allocated through ministerial subvention rather than through the formulas (URT, 2008).

### *Locally generated revenues*

Local governments' own revenues represent less than 6 per cent of total national tax revenues in Tanzania. In the early stages, it was doubtful that the administration in many local authorities in Tanzania had adequate capacity and the required integrity to manage increased fiscal autonomy. Moreover, without substantial restructuring of the current tax system, capacity building and improved integrity, increased autonomy would increase levels of mismanagement and corruption (Fjeldstad, 2001). Local authorities have the power to levy a limited number of taxes, fees and charges. Councils are only supposed to charge in areas where they provide services. The government has abolished 'nuisance' taxes such as on-the-spot or roadside tax collection targeted at members of the public which are of little benefit and which create collection problems. Taxes that accrue to LGAs include property tax and crop tax, but the LGAs feel they are being short-changed because they are prevented from collecting 'good' taxes such as income tax.

LGAs do now have more discretion to 'outsource' revenue collection. For example, Rungwe District Council has privatised the collection of market fees, and as a result revenue increased by 83 per cent (or US\$19,600 per year). Iringa Municipal Council privatised all revenue collection and increased revenue by 173 per cent (or US\$40,700) in one year (URT, 2008). This has generated a reverse in the direction of accountability; earlier there had been a strong tendency to account upwards because of dependence on allocations from the centre. Now councils realise the need for downward accountability of local and central resources to sustain the flow of internally generated revenue.

The incidence of corruption used to be high, but as reform was implemented mechanisms such as codes of conduct for councillors and codes of ethics for local government staff were put in place, and financial management has improved dramatically with placement of internal benchmarks. Kinondoni Municipal Council (a council in Dar es Salaam) was the worst LGA in terms of financial management, but it has since improved its poor rating. There is an annual audit of LG finance, first by an auditor based at the district council, who forwards the audit report to the council director for response to any queries raised, and then submits it to the finance committee and the full council. External auditors are stationed at regional level and they are answerable to the National Audit Office. The auditing system has been effective due to the verification system put in place to rate the financial management of LGAs, shame poor-performing LGAs, and tie further transfers to benchmarks in the audit system.

### 6.3.4 Human resources/administrative decentralisation

Over 60 per cent of government employees are employed at the LG level (URT, 2005). As part of the D-by-D process, council staff are to be de-linked from their 'home' ministries. For example, prior to D-by-D, there were more staff in the Ministry of Agriculture and Food Security than the entire staff at LG level. So most staff were transferred to LG level as soon as D-by-D started. Some staff at the ministry headquarters initially resisted transfer, so they were then given option to quit.

LGAs are to have autonomy over human resources, that is LGs 'will be fully responsible for planning, recruiting, rewarding, promoting, disciplining, development and firing of their personnel. The councils will be the appointing authorities and employers for all local government personnel (including teachers, health staff, agricultural staff etc.)' (GoT, 1998). LGs will 'employ the Council Director, the department heads and will adopt staffing plans and budgets' (ibid.) This is also contained in the Local Government Service Regulations (2000). At the early stages of LGRP I, some regulations were passed by government to reverse some parts of the regulations of 2000. These include Public Service Act No.8 of 2002 and the Public Service Regulations of 2003. These two regulations impinged on the LG's ability to use their discretion on staff management. The Public Service Act was then amended in 2004 to give LG a mandate to employ and hire their own staff.

LGRP capacity building has been in training activities that cover both staff and elected officials. Tailor-made training programmes were developed and conducted nationwide in the following areas: internal systems, skills and knowledge development, staff incentives and deployment, leadership and equipping, and re-tooling (PMO-RALG, 2008).

Training has been provided for:

- 72,000 elected grassroots leaders;
- 2,537 ward executive officers;
- 10,045 village/*mitaa* executive officers;
- 3,447 councillors;
- 106 council directors;
- 104 district commissioners; and
- 116 human resources officers.

The human resource target of the first phase was not fully met (URT, 2008). Some of the councils are short of staff requirements despite a transfer of staff from sector ministries. For example, Mbinga has 34 wards with more than 100 villages but has only one engineer. It is not easy for one engineer to supervise construction of 40 dispensary units; even if the dispensary units only needed rehabilitation, the end result would not be of the quality desired. Reasonable autonomy was given to councils to hire and fire staff; however some staff are still appointed at the level of sector

ministries based on the perception that some councils lack the capacity to recruit or attract skilled or professional staff. While some staff are transferred to councils, the financial means of keeping them at the local level did not follow. At Kibaha District Council, allowances meant to facilitate the transfer of staff are withheld by some of ministries, and some staff transferred to Kibaha have not yet received their transfer allowance, which is affecting staff morale and effectiveness. Unfortunately, funds available at local level are not enough to compensate affected staff. The Kibaha District Council economist observed that:

‘there is a flow of financial resources from the centre; but money transferred does not match the flow of responsibilities. In other instances, money has been given but councils lack capacity to utilise it well due to lack of professional personnel such as accountants, doctors, engineers etc. The main challenge is our overdependence on transfers from central government, which the central government is in turn using as a leverage to interfere in council activities. Our priorities are manipulated by central government because we depend on them financially by up to 90 per cent. D-by-D is more theoretical than practical; even practitioners have not yet internalised it. Decentralisation is well-known terminology at the national level, but not at the districts level’ (in-depth interview conducted at Kibaha District Council, November 2009)

### 6.3.5 Public service

The public service employment and management policy was launched in 1999, and effectively took off in 2000. National co-ordination of the public service is done at the President’s Office–Public Service Management section (PO–PSM). The PO–PSM sets and gives approval for staff levels and employment into ministries, departments and agencies (MDA), regional secretariat and LGAs. As of October 2009, Tanzania’s public service was 249,289 strong (60 per cent employed at local level) and about 80 per cent of its workforce possesses less than secondary school education (see Table 6.4 below, and Annex 6.4 for executive agencies).

**Table 6.4.** Educational attainment of employees in Tanzania’s civil service (central and local), October 2009

<i>Educational level</i>	<i>Number of employees</i>	<i>%</i>
Unknown	146	0.06
Up to standard 4	2,189	0.88
Standard 5–8	92,395	37.06
Form 1–4	116,167	46.60
Form 5–6	6,853	2.75
Ordinary diploma	20,387	8.18
Advanced diploma	3,914	1.57
Bachelors degree	4,113	1.65
Postgraduate diploma	915	0.37
Masters degree	2,056	0.82
Doctorate	151	0.06
Total	249,286	

Source: PO–PSM office, Dar es Salaam, October 2009

PO-PSM is responsible for developing schemes of service and conducting quality checks of all schemes for MDAs. The LGAs were also empowered by the Public Service Act 2002 to independently employ personnel. This Act was reviewed in 2007. As far as public service and servants are concerned, the ministry responsible for public service monitors and sets standards. Each ministry does standard policy setting for its sector, which still needs to be in concordance with civil service regulations.

### *Training*

PO-PSM make training policy for MDAs. Employers are required to carry out training programmes and requests from MDAs can be made to the public service (PO-PSM) based on their training needs assessment. Some opportunities for international training are given by partners; in instances where training opportunities do not meet the needs of PO-PSM personnel at the central level, they are passed on to the relevant ministries and agencies to take advantage of. There is an Open Performance Review and Appraisal System which has a built-in mechanism to identify gaps in the knowledge and skills of personnel. The system informs training requirements and it is designed for the individual assessment of workers. At individual meetings with supervisors, areas where personnel lack skills/knowledge are identified. Between 2006 and September 2009, records from the PO-PSM's office show that 1,034 public servants benefited from long and short training programmes through the PO-PSM.

In relation to decentralisation, PO-PSM is responsible for the restructuring of the public service, organisational set-up of MDAs, and how MDAs comply with D-by-D. In PO-PSM action plan, functions of MDAs are examined regularly to ensure that nothing operational remains at MDAs national offices. MDAs that still retain local activities at the centre are mandated to devolve them to councils as agreed. A large number of staff has been transferred from sector ministries to relevant departments in LGAs to beef up functioning capacity, and transfers have resulted in increased skills and human resources at the district level. Ministries are expected to submit themselves to a review of operational structures, and it is PO-PSM responsibility to see if they are complying with D-by-D. PMO-RALG carried out a compliance exercise in 2007 to check how ministries had conducted the transfer of staff to sub-national units, to see if staff, equipment, and money are following devolved responsibilities. In the second phase of reforms, nine ministries are to be checked for compliance. Some ministries find it hard to devolve activities that have revenue-generating functions and operations that attract money from central government. There are instances where ministries release responsibility to councils but do not release the resources needed for councils to perform the functions. In budget guidelines, D-by-D activities need to be taken out of MDAs (for example, training allowances for council staff). This is an important condition to be adhered to by Ministries. Thus the compliance exercise focuses on budgets of Ministries.

### **6.3.6 National framework and commitment**

#### *Changes in central–local relations*

The first actual redistribution of functions and resources took place in 1999. Improvements observed in fiscal transfers owe much to the process of targeted information and education, and negotiation on fiscal decentralisation, especially among sectoral ministries. The joint Government–Donor Task Force on Fiscal Decentralisation set up in 2002 was influential in this regard. Under D-by-D, most municipalities have the necessary administrative, financial and political powers. Major functions of municipalities include the:

- assessment and collection of municipal revenues;
- preparation and implementation of development plans;
- provision of internal roads and bridges, markets, slaughter houses, terminals, public gardens, recreational areas, and other public facilities;
- regulation of cleanliness and provision of solid waste, water, sewerage, and drainage services; and
- delivery of miscellaneous services, including fire protection, libraries, public toilets, street lighting and ambulance services.

But the performance of municipalities has been poor in terms of service delivery. One of the major reasons for the poor performance of municipalities in service provision is that while most municipalities have the power to decide on their priorities, the bulk of local finance derives from central government transfers. This dependency compromises the autonomy of LGAs to deliver services. In some other instances, most decisions are made by higher central authorities as a result of the considerable level of control it exercises over the revenues, human resources and financial matters of the local authorities.

#### *Millennium Development Goals (MDGs)*

Vision 2025 and MKUKUTA underline the importance of D-by-D to achieving the Millennium Development Goals (MDGs). There are clear conceptual linkages between MKUKUTA and the LGRP. The local government reforms are basically forming the foundation for the implementation of MKUKUTA. PMO–RALG and LGAs are mentioned in implementation in around 80 per cent of the cluster strategies.

### **6.3.7 Sectoral decentralisation**

In Tanzania, local government is primarily responsible for the service delivery of basic education, (primary) health care and agriculture. In these sectors there are various forms of direct decentralisation to user groups – school management committees, health user-management committees, and farmers groups (Tidemand, 2009).

## *Education*

The election manifesto of the ruling party says that by 2010 each ward must have a secondary school. This manifesto was linked to the achievement of the MDGs. The pressure was such that any child that passed the primary-school leaving examination had to be given the chance to go to secondary school. A large proportion of the capital development grant of 2007/08 went to the education sector (although five major sectors were to share the available funds equally). Most of the projects were launched in the education sector. Kongwa District Council, for example, had only three secondary schools until 2006; this rose to 21 in 2008. In Kongwa, it became a must that every able-bodied adult contribute TSh5,000 and labour to this effort, in addition to contributions from civil society organisations (CSOs) and non-governmental organisations (NGOs) (pers.comm., former director of Kongwa District Council).

Primary and secondary education has also been devolved. In the education sector school management committees now manage a substantial part of the budget. Only the education sector has registered major service delivery achievements so far. These achievements have been mostly quantitative (increased enrolment). However, the improvement in the education sector can also be related to the larger chunk of allocation accorded to the sector. In the breakdown of conditional allocation for local government administration: education accounts for some 70 per cent of allocations, health 18 per cent, administration 6 per cent, and water, roads and agriculture together receive 6 per cent.

'In Kibaha District the impact of decentralisation is being felt more in the delivery of secondary education services. Staff have been transferred and requests for payment to facilitate the transfers are being handled at the district level. The council has been effective in conducting the local transfer of teachers; we pay their subsistence allowance. Also, placement and transfers of students, which used to be done at the centre in Dar es Salaam, is being handled now at the regional/district level. There is a deficit of personnel at the managerial level. At present, there is no budget to facilitate the transfer of teachers when they are posted to managerial level. This has to be fine-tuned between the council and the ministry. We also discovered that at the ministry money has been allocated to facilitate transfers of teachers but that this money has not been forwarded to districts.' (Kibaha District Education Officer)

## *Health sector*

The Ministry of Health introduced reforms as part of their strategy to devolve the administration and management of health services to local authorities by introducing Council Health Services Boards and various Health Facility Committees that work under the local governments. The aim is to increase community participation in the planning and management of the health boards and committees and have a mixed representation from government, voluntary agencies, private for-profit health providers, and communities. Through these structures the genuine transfer of power

and authority to the communities is expected to take place. Because selection into local management structure is not democratic, representatives see themselves as primarily accountable to government and not to their communities (Boon, 2007). Similar situations have been reported in Zambia (Blas and Limbambala, 2001) and Uganda (Hutchinson, 1999).

In the Tanzanian health sector LGAs are responsible for primary health care and hospitals are managed by government-appointed health boards but capacity constraints have limited the effectiveness of many decentralisation efforts. These deficiencies have included limitations both in absolute staffing numbers and in their level of training and preparedness for their new functions. Similar findings have been observed in a survey of district directors of health services in Uganda (Hutchinson, 1999); and Kenya (Oyayo and Rifkin (2003) in Hutchinson and LaFond, 2004).

The involvement of user groups is especially found in small health units and this is slowly gaining prominence. These user groups and the decentralisation of sector responsibilities and funding to them have enhanced direct community participation in service delivery. In the education sector there is some evidence that this improves effectiveness, although the effectiveness of participation seems to decline when user fees are abolished, which in turn leads to inefficiencies. Without well-functioning systems for representation and accountability, decentralisation can lead to an increase in resource leakages – funds, drugs and supplies – from the health sector. If local governments have weak administrative or technical capacity, overall efficiency or resource use may decrease (Brinkerhoff and Leighton, 2002).

The strategy was to have a dispensary in each village and a health centre in each ward by 2008. Improvements in service delivery may not be as fast or visible as in the education sector because while it was easy to find teachers to fill the gaps, it takes at least four years to train nurses (at least five years for doctors), so it took a bit longer to start providing health care services. In effect, immediate gains may not be seen in the devolution of powers and functions in the health sector. However in terms of facilities, the Tanzania Social Action Fund (TASAF) is being used to construct dispensaries in preparation for health workers who are currently in training.

Tanzania faces an uphill struggle regarding additional training for health workers. While health-service delivery is increasingly becoming locally determined, opportunities for the overseas training of medical officers is still centralised and scholarships only benefit those at the ministry, not those in direct line of service delivery. With effect from 1999, secondary schools management has also been transferred to LGAs.

### *Agriculture*

Kibaha District Council (KDC) is comfortable with the quality of their staff at present; their main challenge is the technical links with the ministry. For example,



there is only one adviser on livestock in the entire region, which is not enough. He is the same person that attends to issues of marketing and conflict resolution between farmers and livestock keepers. The regional livestock department needs to be beefed up. Irrigation engineers are located at zonal offices, which are even further removed from the district headquarters. The hidden challenge is that central government does not articulate the financial needs of the departments. In agriculture, projects are interconnected, but compensatory effects are not noted. For instance, an abattoir needs a constant water supply. There is a need for more consultative meetings between ministry and sub-national sector units. This will help in deepening local ownership of the development process, apart from the usual 20 per cent contribution from locals in order for them to feel like part-owners and players.

Districts also formulate district agricultural development plans (DADP). This sector's plan is to facilitate research and analyse opportunities for viable agriculture-related projects, in that order. The district council encouraged the formation of farmer's groups for project implementation.

'Locals are able to prioritise their problems. DADPs give room for participation by all groups. In two years, we have seen an increase in production of crops and livestock. Food security is the target of the project and this is being achieved. There are improvements in both the quantity and quality of crops; surplus production resulted from good crop husbandry, and there are extension officers at the ward level. The challenge with DADP is the different priorities for various groups.' (Agricultural officer, Kibaha Town Council)

### **Tanzania Social Action Fund (TASAF)**

Another important source of funding for locally conceived projects is the Tanzania Social Action Fund (TASAF). Between 1999 and 2005, TASAF operated in 40 LGs in mainland Tanzania, where it has been a source of direct funding for community development initiatives and subprojects (Tidemand, 2005). While communities are responsible for procurement and project management, technical support is given by district teams. TASAF has largely benefited the education sector where local school committees have received funding for classroom construction under the Primary Education Development Programme (PEDP). The main concern is with grassroots participation in formulating and implementing development projects. There is a standing agreement that locals have to contribute 20 per cent of project costs. This 20 per cent can be in the form of cash, labour or water supply.

Some local initiatives fail due to delays in or a lack of contributions. Communities already contribute to virtually all the projects (health, education, etc.) and may not be able to afford more. According to both the political leader and economist of Kibaha Town Council, 'the cost-sharing scheme is taking its toll on citizens, especially among the unemployed or underemployed. The case is worst among those living in coastal areas that are generally not economically active and contributions from them are

poor.’ Community contributions are low in towns compared to rural areas. Byelaws that make contributions mandatory are not being enforced. One way to avoid contribution fatigue is to charge all levies (licences, project contributions) as one tax. The Dar es Salaam City Council has successfully implemented this, although there are complaints in some quarters that the decision was not democratic. Contributions could also be tagged to applications for various licences. The problem with this approach is that contributions differ per sector and are set in contracts. For example, in agriculture a 20 per cent contribution is standard. Guidelines for different projects need to be amalgamated by setting a cross-cutting 10 per cent threshold. Right now, 90 per cent of functions have been decentralised from central government but less than 50 per cent of the resources necessary to implement the work has followed.

### *Water*

Water management committees are village-based (eight members, half men half women). They are trained in how to sell water and use the proceeds to maintain boreholes. Urban water authorities are autonomous and their board comprises LG officials and stakeholders.

### *Electricity*

The government holds a monopoly on electricity generation, supply and distribution through the Ministry of Energy and Mineral Resources. There is a general notion that emergencies such as drought make it imperative not to leave provision of electricity supply in the hands of private providers. ‘Commercial companies have no social obligation to supply electricity at subsidised or affordable rates to the populace; they will always charge commercial rates for electricity supply’ (PMO–RALG official, Dar es Salaam). Decentralised organs do not have a role in power generation and supply; this is handled by the Tanzania Electricity Supply Company (TANESCO).

### *Waste management*

LGAs are allowed to contract out revenue and refuse collection, and have done so. For example, a company called HANANASIF GROUP has been engaged to carry out waste management at Kinondoni Municipal Council in the Dar es Salaam region.

### *Civic awareness*

The O&OD process and the LGDG have also contributed to increasing public awareness about rights and responsibilities and local development. However, the participation of civil society in the affairs of local authorities is has observer status. Civil society organisations are neither member of the council nor of the statutory committees of a local authority.

## *Privatisation of state enterprises in Tanzania*

Tanzania has also transferred some of its responsibilities to the market through privatisation. In February 1967 numerous parastatal enterprises were established as the strategic commercial activities of the economy were put under state control. Within two decades, managerial and financial difficulties were faced by the government in the process of running its parastatals, which underscored the need for a change of policy. Thus in early 1992 the government announced a national policy to privatise utility and infrastructure services as part of a parastatal sector reform policy. A Presidential Parastatal Sector Reform Commission (PSRC) was established under the Public Corporations Act of 1992 (amended in 1993 and 1999). The body was formed to co-ordinate the implementation of government's privatisation efforts as part of its economic reform. Much of the initial impetus for privatisation in Tanzania came from international financial institutions – the IMF and WB, as part of their push for structural adjustment (AFRODAD, 2007).

The privatisation of large utilities is a complex process, requiring full audits, legislative changes and the preparation of regulatory frameworks (AFRODAD, 2007). Since the inception of the privatisation programme in May 1993, a total of 811 divestiture transactions had been completed, including the divestiture of 312 state corporations and the disposal of 499 non-core assets. For example, in the banking sector the sales agreement for the National Bank of Commerce was signed in March 2000. Over time, new guidelines have been introduced for the preparation and execution of public enterprise (PE) divestiture transactions. Bidders are now to undergo careful pre-qualification and due diligence process; bids are now better judged on well-defined criteria such as price, precluding the need for extensive negotiations with the winning bidder, which used to happen in the past. As a result, one of the large parastatal monopolies, the container terminal of the Tanzania Harbour Authority, was removed from government management through a ten-year lease agreement signed in May 2000.

In late 1996 the Government of Tanzania (GoT) decided to expand the privatisation programme to divest all major utility and infrastructure PEs (water, telecommunications, ports, railways, electricity) along with banking, agriculture and mining PEs. For example, Dar es Salaam Water and Sewerage Authority (DAWASA), wholly owned by the government, is responsible for the provision of water supply and sewerage services in the Greater Dar es Salaam area (that is, Dar es Salaam and part of the coastal region). Protesters claim these international takeovers are excluding the poor from an affordable clean water supply, due to the concentration on cost recovery.

The government also embarked on implementing extensive restructuring and privatisation of the electricity sub-sector in order to attract investment and increase efficiency. In the new electricity industry structure, TANESCO's monopolistic nature was curbed when independent power producers (IPPs) were allowed to contribute to power generation. Power generated by IPPs is sold to TANESCO. Some IPPs and their

corresponding generation capacity include: Kiwira Coal Mine (6MW), TANWAT (2.5MW) and Independent Power Tanzania Limited – IPTL (100MW). Similar to the water supply situation, TANESCO has been criticised for the high level of its tariffs in comparison with those in other countries in the Southern African Development Community (SADC). The privatisation of state-owned companies has attracted a number of international players including South African Breweries (Tanzania Breweries), the Japanese Tobacco Company (Tanzania Cigarette Company), Lafarge, Holderback Scancem in cement production, and Illovo Sugar/EDF Man (Kilombero Sugar Company), and a consortium of Detecom (Germany) and MSI (Netherlands) (Tanzania Telecommunications Corporation Ltd – TTCL) (AFRODAD, 2007).

### **6.3.8 Development partners and PMO–RALG**

Tanzania’s association with development partners (DP) is advanced. This occurred as a result of the political will and ability that GoT has demonstrated in its attempt to reduce poverty and decentralise governance. With decentralisation, DPs pledged more support when the government launched a Local Government Reform Programme in 1998, and in 1999 established a basket fund for the LGRP, the first in the country. LGRP I was mostly financed from a basket fund created by DPs and GoT. The activities supported were in capacity building, including international exchange of elected leaders and functionaries on study visits, and the training of heads of departments, council directors and other officials. Some lead donors offered assistance in sectoral training.

‘Based on Finland’s government assessment and long-standing interests in engagement with Tanzania, 38 per cent of Finnish support goes to general budget support, 35 per cent into the basket fund and the rest to projects and civil society support. In general, support given by all countries is done in consultation with the government to avoid ‘overlaps and over-subscription’ to some projects and councils, or prevent the occurrence of ‘aid orphans’ in other areas. The Finnish government has supported other countries in their decentralisation drive, including Angola, Namibia, and Mozambique. The experience in Tanzania is unique because of the existence of the LGDG, which is seen as an advanced grant system, a model that is now being studied by the governments of Ghana and Namibia.’ (Ms Soiri, Finnish Embassy, Dar es Salaam, October 2009).

What further spurred DPs to be more involved in Tanzania’s decentralisation process was the government’s commitment to establish and contribute to the Local Government Development Grant (LGDG). The money pooled in the LGDG can be accessed by councils based on agreed criteria, including performance rating in annual assessment. After scaling such hurdles, councils have used funds to build schools, dispensaries, health centres, roads, etc. Within a short time, DPs moved from supporting area programmes to supporting the basket fund, and their overall interest in local development is demonstrated by their general budget support (GBS). (GoT’s preferred mode of support is through GBS.)

Britain's DFID later opted out of the basket fund because it prefers giving more assistance through GBS, to 'assist national priorities' (pers.comm., PMO-RALG official). While the Commissioner for Budget also prefers the GBS option, PMO-RALG official thinks that LGRP has a better chance of success in terms of sectoral development with the basket fund. 'Under GBS, the government disburses money according to its priorities and to the advantage of security agencies (the armed forces, prisons service, and immigration) but with the basket fund, sectors do not have to compete for funds with security agencies who clearly cannot meet service delivery benchmarks set by donors' (pers.comm., PMO-RALG official).

The terms of reference for DP members are clearly spelled out, and NGOs, for example, are not allowed to be members of this group. The DPs meet monthly, and their group is headed by two chairpersons elected annually on an alternating basis. One current co-chair is from Finland and has been in post for nearly three years. Consensus is the key word for decision-making within the group. In 2008, the GBS was found to be unsatisfactory but the group recommended ways of moving forward in its support procedures. Little friction occurs among DPs involved with Tanzania D-by-D. Most members are LG/governance specialists and this makes collaboration easier within the group. However the disadvantage of this homogeneity is that members can get too involved or acting as 'know-it-all', which does not help in letting the government take the leadership role. DP members need to ensure that they follow the legal requirements and reporting procedures of their home countries, to ensure accountability to their governments who allocate part of their taxpayers' money to fund development projects in other countries.

### **6.3.9 Challenges faced by PMO-RALG**

PMO-RALG is regarded as the champion of the decentralisation policy, and has been charged with its implementation. While PMO-RALG desires to fulfil its mandate, the unit also faces certain limitations. PMO-RALG has put in place an LG inspection unit which is more or less an auditing unit charged with conducting routine inspections on the administrative and financial performance of councils and advising council officials how to run their offices more effectively. This has not been successful so far. 'The unit has not been able to conduct impromptu on-the-spot assessments, but has [instead] been using a 'fire brigade' approach, responding to complaints from councils. Lack of human resources has hampered the spontaneity function of the inspection unit.' (PMO-RALG officials, Dar es Salaam, 2009).

## **6.4 D-by-D: Successes and Challenges**

### **6.4.1 Successes of D-by-D**

The general public has an increased level of awareness of governance procedures, and grassroots participation has been solidified by the establishment of the *kitongoji* and

*mtaa* for local project formulation, design, implementation, and monitoring. This has particularly improved accountability. The government also put in place MKUKUTA to align the Vision 2025 programme with the MDGs. The LGDG system has had a positive impact on D-by-D. The PMO–RALG office is satisfied with donor involvement in D-by-D so far, but there is a realisation that there are many sector needs too, and there is a wish for more support from international donors.

### *Service delivery*

Service provision has improved in the education sector. The objective is for each ward to have one secondary school; some wards now have more than one. There is a more than 75 per cent enrolment rate for primary schoolchildren, and more than 50 per cent of them go on to secondary school (a ward is about five villages; each village has approximately 250 households, so a ward has about 1500 people). In the health sector, service provision has been decentralised to district level. Each ward now has health centre; there are dispensaries in nearly every village but their impact on improvements in major health indicators is not easy to assess. Each district also has allocated space to establish hospitals. Private participation in health service delivery is on the rise, especially from faith-based organisations such as the Catholic and Lutheran churches (these Christian institutions run Bugando referral hospital in Mwanza and Kilimanjaro Christian Medical Centre in Kilimanjaro region). LGAs have also improved in terms of organisational structure, construction of markets, and garbage collection – in collaboration with the private sector (pers.comm., Secretary General ALAT, 2009).

### *Finance*

Central allocations (from the government's own resources and the donor basket funding), where conditional or not, are the most significant sources of revenue for LGAs. Financial management of councils has also improved. The barometer for this is the Controller Auditor General's Report showing a significant decrease in the number of councils getting negative financial management ratings, so more qualify for and have access to other types of conditional grants. In Tanzania, the developments partners have provided support for broader governance issues such as cross-sectoral planning, broad-based citizen participation and general local accountability. Since members of the public are allowed to participate in full council meetings as observers, transparency can be said to exist on the issues discussed in council and committee meetings, although this matter is discussed further in the next section.

### *Transparency and accountability system of local management*

PMO–RALG supervise the activities of LGAs. In cases of non-performance or poor performance the minister responsible for local government has powers to abolish the

council and appoint a commission. He can also transfer the chief officers and bring in new ones. However, a system of downward accountability for the elected officials to account for their performance to those who elected them is woefully lacking; political officeholders can only be voted out of office between elections if charged with wrongdoings.

### *Harmonisation of legislation*

In general, while some regulations were passed to support the reforms, not all relevant legislation was harmonised with the decentralisation policy. Donors such as GTZ have supported efforts to harmonise central and sector legislation with government policy on decentralisation. The Tanzanian government has also taken conscious steps to enhance harmonisation by setting up the Legal Harmonisation Task Force. Efforts to harmonise central and sector legislation with government policy on decentralisation have been ongoing since 1999, but little progress was at first recorded. Under LGRP, harmonisation reports on the six pro-poor sectors have been written. Draft bills have been prepared for the education and health sectors and submitted to government for approval. The slow rate of progress is attributed to the large scale and complexity of the harmonisation of central and sector legislation with government policy.

### **6.4.2 Major challenges to D-by-D**

Achievements have not been good enough due to inadequate resources and the gap between how much money councils request in order to fulfil their mandate and the amount allocated by the central government (which falls far short of LG requests), with a further decrease in what is finally released to LGAs. The experience of financial shortfalls at the council level has raised questions locally about the sincerity of the government to pursue D-by-D. Specific challenges are highlighted in the sections that follow.

### *Service delivery*

While there has been an increase in the enrolment levels of eligible children in primary and secondary schools, the quality of service delivered is still low. This is due to an apparent lack of teachers, desks and textbooks for students, which is reflected in the relatively poor quality of pupils graduating from primary and secondary schools (pers. comm., Secretary General, ALAT). In Kibaha Town Council, the construction of schools has stalled due to lack of funds. In the health sector, though, there are more dispensaries established at the local level, but it is too early to make a link between health infrastructure and improvements (or otherwise) in health indicators. However, secondary data obtained from REPOA suggests that while citizens' satisfaction with local government service delivery in basic health has improved, infant mortality and maternal mortality rates (IMR and MMR) are still high, and malaria remains the

number one deadly disease (Research and Analysis Working Group, 2007). Also, water supply service is still deficient; this is compounded by frequent drought in some years.

### *Finance*

It is conceded that under D-by-D, if LGAs continue to have limited revenue-generating capacity, they are more likely to remain reliant on transfers from central government, which still fall short of the council's financial requirements. In addition, decentralisation generally involves a diminished central government role in service delivery; however certain functions (e.g., setting standards, transferring resources) are likely to be most efficiently undertaken at the central level. However, decentralisation still requires a strong central capacity for monitoring and enforcing regulations and standards.

'The central government should see LGs as partners and agents of development. The central government should not see the money it transfers as charity but obligatory.'  
(Council official, Kinondoni)

The impact of the grant system on local revenue generation is discussed in the following sections in relation to how start-up councils benefited in the early years of LGRP I.

### *The start-up councils*

The 38 councils chosen randomly from rural and urban areas formed the core of start-up councils at the beginning of LGRP I had help with finance and development based on administrative support and logistics because they received a the US\$130,000 start-up grant per council (excluding retrenchment and other costs) training in the EPICOR accounting system, etc. When the remaining councils joined the reform process, they learned that they would receive similar logistics and financial support. As a result many councils did not try very hard to generate internal revenue. What these councils have now are the development grants allocated through a formula. Respondents also allege disparities in allocation. For example, Dar es Salaam City Council still gets a larger share of transfers than others despite the fact that it has better capacity and opportunities to generate internal revenue compared to other councils. Also, central government abolished nuisance taxes, which used to be a source of council revenue. So the wait-and-see attitude among councils is understandable.

### *Autonomy*

Local government autonomy and the involvement of citizens in decision-making and supervision is clear at the grassroots level where communities are involved in processes of both planning and implementation. The resources set aside for the



health, education and agriculture sectors have to be used to implement projects in those sectors.

### *Dissatisfaction of DPs*

The co-chair of the DP group observed that some systemic problems recur and that there is little or no advancement in human resources development. Government has curbed the councils' power to hire and fire; and council staff salaries and allowances are still handled centrally. Other problems are in the areas of legal harmonisation of council laws with national laws; overlaps and contradictions between the LG framework and public service regulations and sector laws (which need to be harmonised); and financial transfers from the centre. Councils' capacity to generate internal revenue is low, while the scattered/sparse population of the country's interior compounds the situation. There is a high dependency on allocations from the centre, and little interest in raising revenue from communities. A comparison was made to Angola, where post-war communities have shown more dynamism in their revenue-raising for local development. Local ownership of development practices should not focus on decision-making alone, but also on communities' exhibited desire to generate their own revenue. Tanzania has a good planning system, but this has not yet translated into development.

### *Accountability*

For much of the three decades after independence, Tanzania was governed as a one-party state. With the introduction of a multiparty system in the early 1990s, elections at the grassroots level are not heavily contested compared to elections for MPs. These contests are not major events, partly because the earlier one-party structure has ingrained a culture of non-challenge and engendered harmonious relationships within and between contesting parties. However, holding non-performing elected officials to account between elections is, for now, restricted to the officials' party. There is no other mechanism for recalling non-performing officials, and they can go on to enjoy their term of office to the full. Erring officials are subjected to disciplinary action within the party, for example, fellow councillors can vote out mayors before their term of office expires, but the impeached mayor can then revert to his/her original role as a councillor. It is only at the village level where members of village committees have been removed and not reinstated in other capacities. An offending official can also be disqualified from participating in future electoral contests or taking up appointments.

### *Corruption*

Pockets of corruption are increasing. Grassroots leaders and committee members are not paid, unlike village or ward executive officers (who are government representatives).

The excuse for non-payment of salaries to committee members at the grassroots level is that these are political posts. Grassroots leaders are often relatively poor, yet they are expected to spend their time on development planning and implementation in their respective villages. Sometimes they collude with experts and other paid officials to 'build classrooms with substandard materials and pocket the remaining funds'<sup>6</sup>. In addition, those who vie for elected positions are increasingly using personal finance for their campaigns. Due to internal competition for positions within the ruling party, this phenomenon runs rampant in the drive to gain influence. In the end, election winners enter into unscrupulous deals in order to recoup money invested in pre-election campaigns.

### **6.4.3 Conclusion LGRP I**

Field research shows that the security services (police, army and immigration) have not been decentralised. The judiciary is also centralised, with the exception of ward tribunals, which give a sense of decentralised judicial services. Opposition parties have not offered alternative ideas regarding the way decentralisation is being operationalised in Tanzania. The main departure is from CHADEMA, who think that given the country's size, a loose federal system of governance should be adopted. Thus there have not been substantive dissensions to embarking on the second phase of the reform programme.

## **6.5 Local Government Reform Programme Phase II (2009–2014)**

### **6.5.1 The Local Government Reform Programme**

The Tanzanian government promotes and drives the decentralisation process through the LGRP, whose aim is to contribute to the reduction of the proportion of Tanzanians living in poverty. Some major early achievements were recorded in the start-up phase of LGRP I, including:

- a clear policy statement on reform, supported by the highest levels of government;
- legislation to enable the reforms;
- regulations to support the reforms;
- information on the reforms; and
- regional administration was restructured in line with its new role.

However, early implementation of the reforms was hindered by:

- resistance to change at central and local government levels;

- an insufficient emphasis on publicising the reforms at all levels; and
- the persistence of financial mismanagement at LGA level.

Also, in the first phase of devolution the GoT put more emphasis on transferring responsibilities and functions to the district level, while in the new phase, transfer of responsibilities would go lower to the *kitongoji* and *mtaa* grassroots level. The financial implication of this is that 50 per cent of financial transfers will go directly to the grassroots, which is a major departure from usual practice, which was through district councils. The focus on districts in the first phase was intentional and the LGDG system implemented in 2004 did not have any provision for transfers to village governments. The aim at that time was to build capacity in the districts in the hope that they would in turn contribute to building capacity at lower tiers (pers.comm., Permanent Secretary, PMO-RALG, September 2009).

Thus PMO-RALG, in conjunction with the development partners, prepared and formulated LGRP II to continue implementing D-by-D. LGRP in Tanzania is now in this second phase, and will:

- build on the achievements of LGRP I;
- confront important bottlenecks such as human resources autonomy for LGAs;
- make the D-by-D effort a government-wide undertaking in a way that LGRP was not set up to be;
- give more emphasis on demand and accountability, and working with civil society;
- increase information education and communication (IEC) efforts to citizens and ministries departments and agencies;
- strengthen lower governance units and appraise further D-by-D from council level; and
- implement LGRP II by government officials and structures (regional secretariats<sup>7</sup>), whereas LGRP I was delegated to a separate team.

It is in this second phase of LG reform that ALAT intends to play a frontline role in representing the interest of LGs (pers.comm., Secretary General ALAT, September 2009). In LGRP II, problematic and systemic legal, human resources and fiscal issues are being addressed (pers.comm., Ms Soiri, co-chair DP group, October 2009). As a sign of the success of the LGDG system, seven DPs – Finland, Belgium, Germany, Ireland, Japan, the Netherlands, and Sweden – have offered more pooled funding to Tanzania in the form of LGDG for the period 2009–2013 through a new Local Government Development Grant (LGDG) (press release, Embassy of Finland, September 2009). The LGDG is ‘an intergovernmental transfer system that provides transparent, discretionary and formula-based development funding to LGAs for their own development

efforts'. In FY 2009/10 98 per cent of all LGAs passed assessment measures (solid evidence of bottom-up participation of local residents in all development planning, and orderly conduct of financial management) and are in line to receive funding based on performance, size of territory and population, and poverty rate. The amount of funds to be shared through the LGDG is nearly TSh120 billion (comprising TSh43.11 billion from government funding, TSh42.82 billion from DPs, and TSh32.4 billion from the World Bank). For instance, the Government of Finland<sup>8</sup> is to contribute approximately TSh8.5 billion (€4.5 million) in FY 2009/2010 as part of the pot expected from DPs.

There is a suggestion to have two separate auditing comptrollers – one for LGs and a national auditor for MDAs. Although the legal procedure for this has begun, its realisation may take a while since it requires constitutional change.

## 6.6 Conclusion

The Mombasa Declaration (2004), signed by Burundi, Kenya, Rwanda, Seychelles, Tanzania and Uganda, commits signatory countries to 'promote and support decentralisation in order to improve the quality of life in our respective countries'.

The government of Tanzania recognises that decentralisation by devolution is a process, and that there is 'no right way or single model to achieve decentralisation and the benefits it is expected to bring'. So far, assessment of the phases of the decentralisation implementation process indicates sustained commitment of the central government to see to the success of various decentralisation programmes.

LGAs have been made more autonomous through LGRP. But simply granting to LGAs autonomy over their own personnel will not in itself result in the effective decentralisation of human resource management. Sector ministries must remain committed to the transfer of functions even if it causes a reduction in their own annual financial grants at the national level. Otherwise, staff transferred to local governments may be under-used due to lack of means to undertake projects at the local level. This would ultimately impact negatively on service delivery. The PMO-RALG monitoring unit needs to be more proactive in discovering and responding to such lapses.

The fiscal transfer system has been crucial in financing LGAs in Tanzania. Based on the formula system, the country is on the right track to fiscal decentralisation. Local government revenue sources have been expanded under the LGRP based on support received from many bilateral donors through basket funding. Since the introduction of the formula system, grant allocation has become more transparent and equitable to rectify a long-standing imbalance in the allocation of resources between LGAs. Local governments in Tanzania currently manage approximately 22 per cent of public expenditure; for more effective service delivery at the local level, this proportion needs to be higher. Also, measures need to be taken to improve the

financial independence of LGAs and substantially reduce the reliance of LGAs on transfers from central government.

LGRP I has been instrumental in assigning functions and responsibilities to local levels of governance (local authorities). What has not been achieved in Tanzania in the implementation policy is the real devolution of powers and functions to local authorities. Additionally, the financial autonomy of LGAs has not expanded. While adequate mechanisms are in place for budget execution and the fiscal reporting and responsiveness of local government authorities has improved, their impact on improvements in the delivery of services is mixed. In general, despite insufficient funds and inadequate transfers, councils have been able to justify their legitimacy by improving service delivery in the health and education sectors. Where services have been contracted out (for example in waste management), qualitative anecdotal information shows that general street cleanliness has improved over the years. The low educational attainment of council employees reveals the urgent need for continuous training. Improvements in health indicators may take a long time to become visible; thus administrators must not be discouraged and logistical support for dispensaries must not waver.

Three substantive reviews were conducted by the government and DPs jointly and individually during the operational life of LGRP I. These reviews, in 2001, 2004 and 2007, resulted in important adjustments in priorities and strategies in the implementation of D-by-D. The review team fully endorsed the policies and strategies of the programme, and recognised and complimented the progress. Now that LGRP II has commenced, the importance of periodic reviews cannot be over-emphasised if we bear in mind how such exercises helped during LGRP.

#### Annex 6.1. Background characteristics of mainland Tanzania

Human development	HDI	0.407	
	Total GDP (US\$ million)	24,700	
	GNI/per capita (US\$ units)	1,230	
	Annual growth	6.3	
	Life expectancy	54.0	
	Literacy (%)	Men	85.2
	Women	69.2	
Decentralisation	Urban population	25%	
	Number and tiers of local governments (councils)	Region	22
		Local government	10,181
Distribution of the communes by population strata	< 20,000	10,075	
	20,000 to 49,999	95	
	50,000 to 99,999	11	
	100,000+	11	
	Capital	1	

Source: Population Reference Bureau, 2009

## Annex 6.2. Administrative and territorial organisation of mainland Tanzania

Territorial division		Local government	Constituency	Deliberating body	Executive body	Decentralisation body/supervision
Name	Number					
Regions	21	No	Yes			
Administrative districts	133	No	Yes			
Urban authorities	22	Yes	No	Urban council	City director	
Rural authorities	99	Yes	No	District council		PMO-RALG
Towns		Yes	Urban	Municipal council	Municipal director	PMO-RALG
Town councils	12	Yes	Urban	Town council	Town director	PMO-RALG
Township authorities		Yes	Rural	District council	Township executive officer	District council
Rural councils	99	Yes	Rural	District council	District executive director	District council
Wards	2,555	Yes	Rural/urban	Ward development committees	Ward executive officer	
Registered villages	10,075	Yes	Rural	Village development committees	Village executive officer	District council

## Annex 6.3. Local authorities provisions in the Tanzanian Constitution

**The Constitution:** The Tanzanian Constitution stipulates that local government authorities shall be established in each region, district, urban area and village of the United Republic, which shall be of the type and designation, prescribed by law to be enacted by Parliament or the House of Representatives. In Article 146(1) of the constitution, the purpose of having local government authorities is ‘to transfer authority to the people’. The Tanzanian local governments system is based on political devolution and decentralisation of functions and finances, situated within a unitary state. At present there are 22 urban councils (i.e., 2 city councils, 12 municipal councils and 8 town councils), 92 rural district councils and over 10,000 village councils.

**The Ward:** The minister responsible for local government has been mandated to subdivide the area of every district, town, municipality or city council into wards. The ward is an administrative area for supervising the implementation of council development programmes and service delivery, and for co-ordinating the activities of villages and neighbourhoods within the ward. Each ward has a ward development committee, comprised of the following:

- a councillor representing the ward in the district or urban council who is the chairperson of the committee;
- chairpersons of all villages within the ward;

- chairpersons of *mitaa* in the case of urban wards;
- women councillors who occupy special seats reserved for women in the relevant district or urban authority resident in the ward; and
- invited members who must include persons from non-government organisations and other civic groups involved in the promotion and development of the ward (but without voting rights).

**The village:** An area may be registered as a village where the registrar of villages in the ministry responsible for local government feels the following criteria have been met: (1) not less than 250 households (*kaya*) have settled and made their homes within any area of mainland Tanzania; and (2) the boundaries of that area can be particularly defined. A total of 10,639 villages have been registered in mainland Tanzania (Mmari, 2005). Each village has a village council comprising 15–25 members elected every five years by the village assembly (all adult persons resident in the village).

**The *kitongoji*:** This is the lowest local government organ in rural and peri-urban areas, and it forms part of a registered village. By law, a village may be divided into not more than five *kitongoji*, the size of which is determined by the village council and approved by the district council. Each *kitongoji* is headed by a chairperson, elected by the electoral college consisting of all the adult members of the *kitongoji*.

**The *mtaa*:** This is the lowest unit of government in urban areas. It can also be referred to as neighbourhood. In Section 14(3) of the Local Government (Urban Authorities) Act No. 8 of 1982, the area of an urban ward shall be divided into *mitaa* consisting of a number of households, which the urban authority may determine. Every *mtaa* has a chairperson who is elected by a *mtaa* electoral meeting.

**Annex 6.4. Educational distribution of employees in the Tanzanian civil service (executive agencies, October 2009)**

<i>Educational level</i>	<i>Number of employees</i>	<i>%</i>
Unknown	1	0.12
Up to Standard 4	7	0.87
Standard 5–8	444	55.29
Form 1–4	154	19.18
Form 5–6	69	8.59
Ordinary diploma	77	9.59
Advanced diploma	14	1.74
Bachelors degree	14	1.74
Postgraduate diploma	4	0.50
Masters degree	19	2.37
Total	803	

Source: PO–PSM, Dar es Salaam

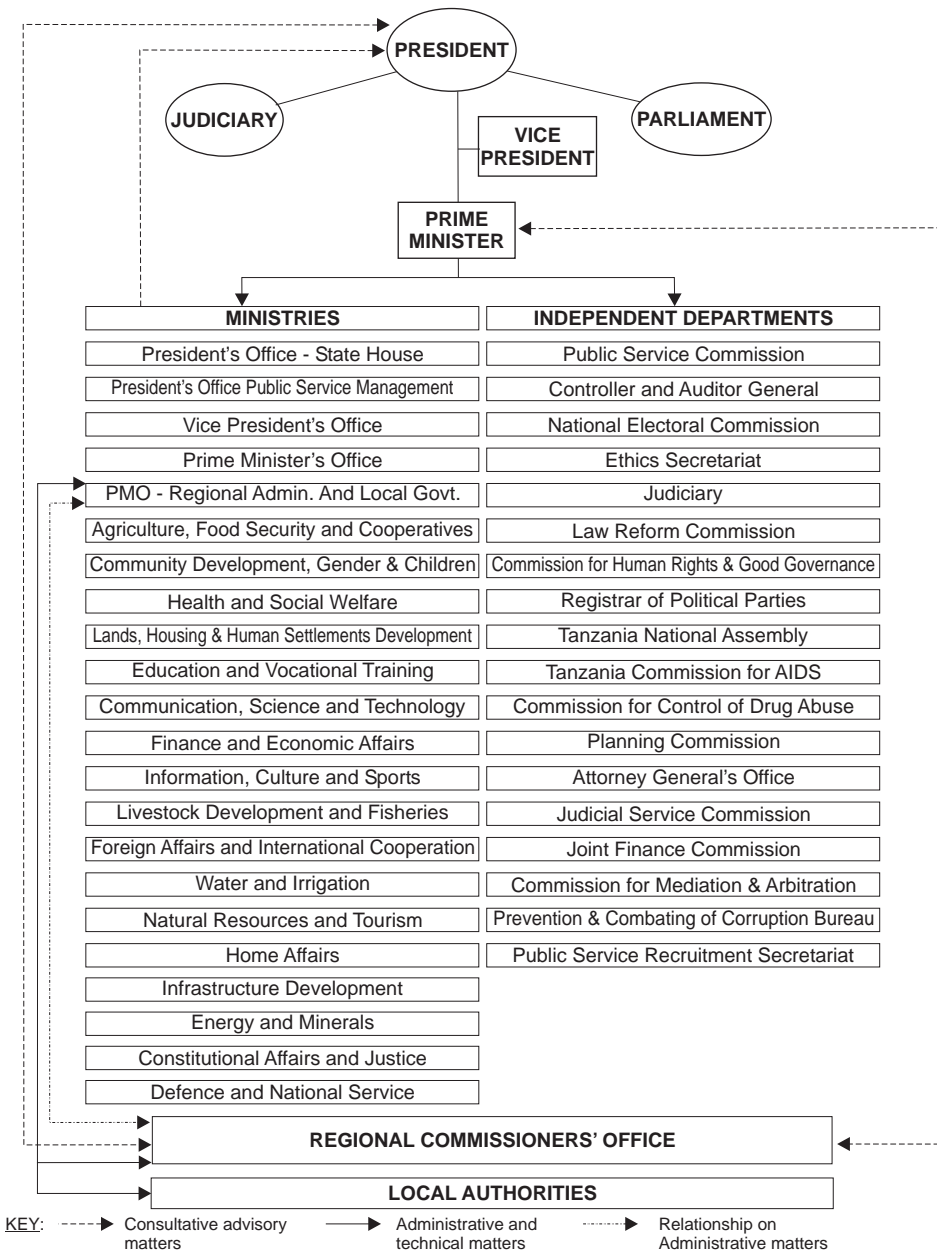
### Annex 6.5. Sectoral allocation formula FY 2004/05

<i>Sectoral grant</i>	<i>Grant pool FY 2004/05</i>	<i>Allocation formula</i>
Primary education	TSh245.9 billion	Number of school-aged children: 100% (plus earmarked amount for special schools)
Health	TSh63.6 billion	Population: 70% Number of poor residents: 10% District medical vehicle route: 10% Under-five mortality: 10%
Agriculture	TSh13.9 billion	Number of villages: 60% Rural population: 20% Rainfall index: 20%
Water	TSh11.2 billion	Equal shares: 10% Number of un-served rural residents: 90%
Local roads	TSh5.0 billion	Road network length: 75% Land area capped: 15% Number of poor residents: 10%

*Source:* URT, 2006



Annex 6.6 The organisation of the Government of the United Republic of Tanzania – 2nd cabinet of 4th phase government



Source: Government notice No. 20, published on 13 February 2008

## Notes

1. The kitongoji chairman is often seen as a replacement of the CCM ten-cell leader system (Shivji and Peter, 2003).
2. Central government's attempt at decentralisation was not new. District and urban councils were abolished in 1972 and 1973 respectively because the government was dissatisfied with the poor development attainments of local government authorities. There was a new resolve at that time by the Tanganyika African National Union (TANU) to transform society according to the socialist orientation of the Arusha Declaration and the policy of *Ujamaa*. A policy of decentralisation (in fact deconcentration) was thus introduced. But, the Tanzania decentralisation of the mid-1970s was in effect a centralisation (Mamdani, 1996: 177). This was operational for more than a decade, and after the election of President Hassan Mwinyi in 1985, Tanzania abandoned *Ujamaa*. The leadership of the ruling party, the *Chama cha Mapinduzi* (CCM), observed the failure of this top-down 'revolutionary' strategy of state-building. It became imperative that the local political space be opened – albeit partially. By 1992, the one-party state model was also abandoned and multiparty politics was introduced. Thereafter the government re-established elected councils in urban and rural areas, due partly to the economic crisis of the late 1970s and the inefficiency and gross corruption of DDCs. In the 1990s the civil service programme was launched as part of a wider governance reform that included the introduction of the multiparty politics. Embedded in the CSRPs was decentralisation by devolution.
3. In the design, Phase I was to comprise 35 councils; three other councils were added, making 38 in total.
4. Africa Elections Database. Elections in Tanzania. <http://africanelections.tripod.com/tz.html> [Accessed 16 March 2011].
5. Related with MKUKUTA Cluster 3 strategy of deepening public involvement in preparing and monitoring budgets (Research and Analysis Working Group, 2007).
6. Anecdotal evidence; personal communication with PMO-RALG official, Dar es Salaam, 2009.
7. Regional secretariats were restructured (downsized) in 1997 to make way for devolved LGAs and were not involved in direct implementation of D by D until recently.
8. Press Release, Embassy of Finland, Dar es Salaam, 4 September 2009, 'Finland supports Local Government Development Grant System', <http://www.finland.or.tz/public/default.aspx?contentid=170459&contentlan=2&culture=en-US>