



# REPOA *Brief*

www.repoa.or.tz

RESEARCH ON POVERTY ALLEVIATION

## LOCAL GOVERNMENT REFORM IN TANZANIA 2002 - 2005: SUMMARY OF RESEARCH FINDINGS ON GOVERNANCE, FINANCE AND SERVICE DELIVERY

BRIEF 6

OCTOBER

2006

What impact has Tanzania's Local Government Reform Programme had on local governance, finances and service delivery? Have there been any changes over time in the provision of basic services to the public? What factors may explain distinct improvements in service delivery? These are some of the questions addressed by the Formative Process Research Programme on local government reform in Tanzania. This brief summarises some of the key findings of phase 1 (2002-2005) of the research programme. It focuses on lessons from three broad dimensions of the reform: governance, finances, and service delivery.

By: ODD-HELGE FJELDSTAD, EINAR BRAATHEN, AMON CHALIGHA

The Local Government Reform Programme (LGRP) aims to transfer duties and financial resources from central to local government levels. Local government authorities are thought to be in a better position to identify people's needs by encouraging citizens' participation in democratic governance, and thus supply the appropriate form and level of public services. The in-depth Formative Process Research Programme (FPRP) follows the implementation of the reform over time, and is being conducted in six councils: Bagamoyo District Council (DC), Ilala Municipal Council (MC), Iringa DC, Kilosa DC, Moshi DC, and Mwanza City Council (CC). These councils were selected on the basis of variations in resource bases, rural-urban variations, their degree of inclusion in the LGRP, the degree of donor presence or support, and the composition of political parties. (see page 3 for further details).

### Governance - Lessons for Local Autonomy and Citizen Participation

Local governance covers issues related to citizens' participation in formulating and implementing plans for local development, local government autonomy in staffing, working relations between council staff and elected councillors, etc.

There has been substantial development in the processes of decision making, especially through attempts to include citizens in the planning process. Urban councils are generally better resourced and seem to be able to implement more plans from below (*kitongoji/mtaa*, village and ward levels) than their rural counterparts. **In rural councils, however, there is an urgent need to simplify and streamline the existing planning and budgeting systems.** The multiple planning, budgeting and reporting systems have placed a lot of pressure on the already limited capacity of the councils. The councils' management teams, especially the treasurers and planning officers, allocated a substantial share of their time to planning, budgeting and reporting, while the actual implementation of (realistic) plans and priorities suffered. This also applied to officials at the ward and village levels. Village plans for many rural councils were 'shopping lists', which could not be implemented because of financial and other constraints. The research found that in some districts bottom-up planning was in practice an *ad hoc* exercise, with the actual planning carried out by the council management team.

Many citizens interviewed said that they did not have ways to hold their representatives accountable for their actions, and councillors held limited powers to remove non-performing or corrupt council officers. **There are no effective instruments and procedures in place for ordinary people to use when they want to hold council officials accountable.** These observations are consistent with the 2005 Afrobarometer Survey ([www.afrobarometer.org](http://www.afrobarometer.org)), which found that Tanzanians had a low level of awareness of their political leaders. Nevertheless, there are examples from our case councils where people have forced leaders to resign due to misconduct, though via a very cumbersome process which included many compromises with the district leadership.

**Corruption was perceived to be a problem** for all six case councils. In Kilosa DC, for instance, 40% of the respondents in the Citizens' Survey (conducted in November 2003 as part of this research programme) viewed corruption as a serious problem, compared to 72% from Moshi DC. Moreover, while almost 40% of the respondents in Kilosa DC had seen a decline in the level of corruption over the past two years, 53% in Moshi DC said they had observed an increase. There were some complaints from the general public and some local politicians that council employees were not fired because of corruption, they were often simply transferred to another council without making public the reasons for the transfer.

The LGRP provides a potentially good avenue for combating corruption, for example by improving the working conditions for the staff in local authorities, including better salary and pension schemes, and by providing training and other incentives. Clearer demarcations of duties and responsibilities for council staff and councillors are also required.

Still, **many people interviewed said that they had confidence in their council officials.** As many as 55% of the respondents in the Citizens' Survey perceived that the council staff "do as best as they can". More than 60% of the respondents held the same view on the performance of the elected councillors. The Afrobarometer 2005 survey also

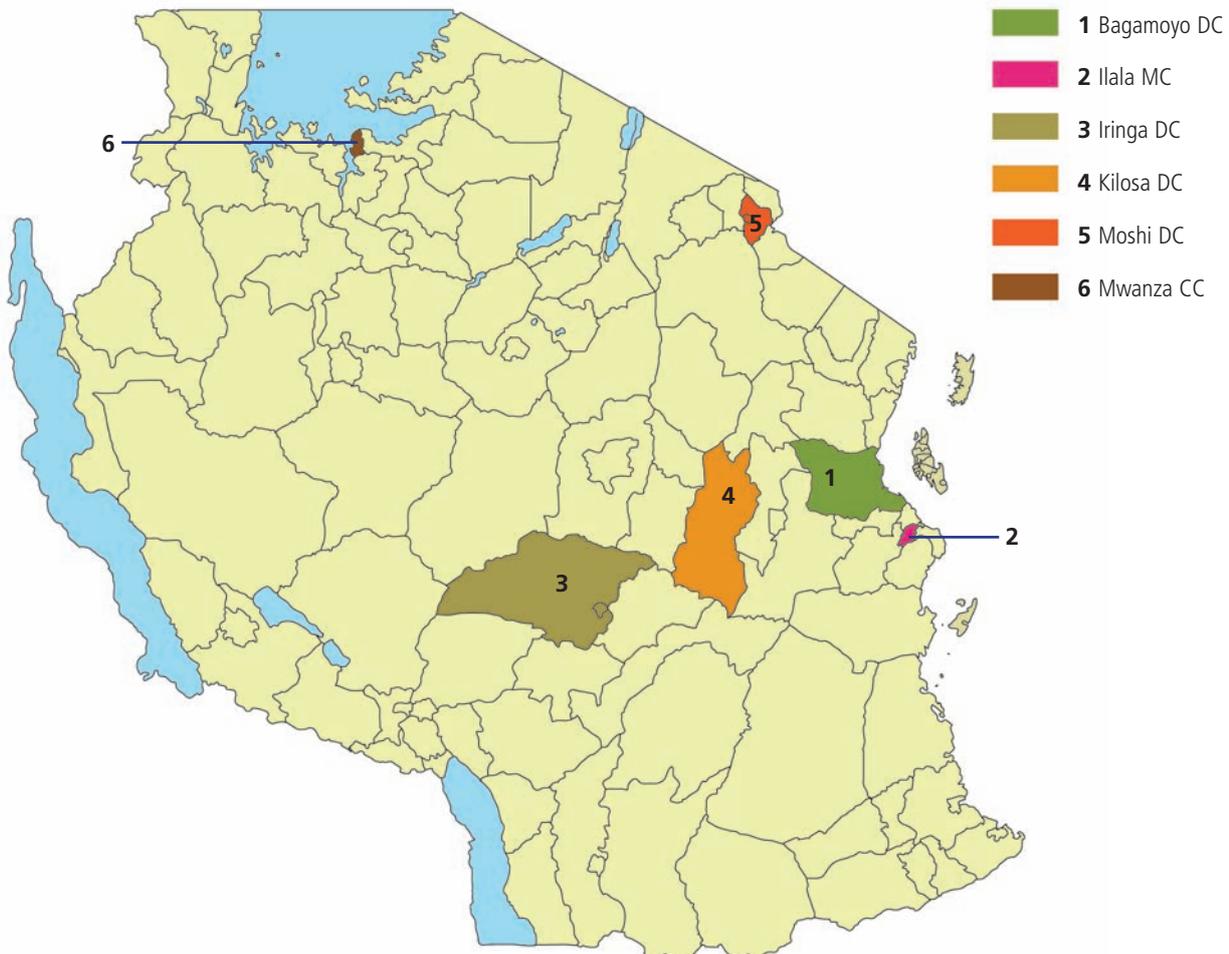
found that the majority of Tanzanians were of the opinion that there was widespread corruption. In spite of this, they held a high level of trust in public institutions.

### **Local Government Finances and Financial Management: Lessons for Accountability and Local Revenue Mobilisation**

Fiscal decentralisation has the highest priority of the systemic reforms because it affects the local government authorities' autonomy and many other areas. **The fiscal autonomy of rural councils is limited both in terms of revenue and expenditure.** The four district councils in our sample generated less than 17% of their total revenues from their own sources during 2002. For Moshi DC, the percentage was less than 10%. The rationalisation of many local revenue sources in 2003 and 2004 reduced their already limited fiscal autonomy even further. Thus, in 2005 local government revenue sources generated on average around 5% of the total revenues in rural councils. In contrast, the two urban councils, Ilala MC and Mwanza CC, were less dependent on central government grants than the rural councils. In 2002, Ilala MC generated about 64% of its revenue through its own sources and Mwanza CC almost 48%. However, the abolishment of many local revenue sources, especially business licenses in 2004, made urban councils increasingly dependent on central government grants. For instance, in 2005 Mwanza CC raised only about 20% of the total revenues from its own sources. A similar picture of limited local autonomy applied with respect to expenditure, since the grants from the central government were conditional and in general earmarked for specific activities.

**Gaps between budgets and accounts provide an indication of the quality and realism of budgeting in the councils.** In Ilala MC and Bagamoyo DC, the annual revenue estimates in the period 2000-2002 were within a 10% range of the figures reported in the accounts. For the four other councils, the gaps between accounts and budgets were between 13% (Kilosa) and 35% (Iringa). No trend can be derived

## The Six Case Councils in Tanzania



### ■ Bagamoyo District Council

The council includes Bagamoyo town, which is one of the oldest towns in the country, located in the Coastal Region by the Zanzibar Channel, 80 km North of Dar es Salaam. The total area of the district is 9,842 km<sup>2</sup>. Its population in 2002, according to the census, was 230,000 predominantly agriculturalists. The council's own revenue base is poor and it was not included in phase 1 of the LGRP.

### ■ Ilala Municipal Council

Ilala is one of the three municipal councils within Dar es Salaam City Council. The main economic activities include manufacturing industries, services, trade and agriculture. The total area of the municipality is 210 km<sup>2</sup>, of which 20% is rural with agricultural production. Its population in 2002 was 638,000. The council has a healthy own

revenue base and was part of phase 1 of the LGRP.

### ■ Iringa District Council

Iringa lies 1,600 m above sea level in the Southern Highlands, along the main highway between Morogoro and Mbeya. It has experienced a substantial growth in agricultural production in recent years. The majority (95%) of the population base their livelihood on agriculture. Iringa Town is a separate municipal council, while the surrounding area is organised in Iringa District Council. The total area of the district (before it was split into two districts in 2004) was 28,457 km<sup>2</sup>. The population size in 2002 was 246,000 people. This council has a long history of donor support/area based programmes and was part of phase 1 of the LGRP.

### ■ Kilosa District Council

Kilosa lies in the Morogoro region, 220 km west of Dar es Salaam. It was a centre for Tanzania's sisal industry until this industry collapsed in the 1970s. Central parts of Kilosa DC are economically depressed due to the collapse in the sisal industry and more recently of the sugar industry. However, areas located near the main roads to Dodoma and Iringa experience increasing economic activity. In 2002, the population was estimated to 490,000 people. It was not among the first phase reform councils, however it has a long history of donor support.

### ■ Moshi District Council

Moshi is located at about 800 m above sea level and lies at the foot of Mount Kilimanjaro in the northern part of the country. The area is the centre of one of Tanzania's major coffee-growing areas. However, there has been a sharp decline in the revenues from coffee exports in recent years due to falling international prices. Moshi Town has its separate municipal council, while the surrounding area is organised in Moshi District Council. The area of the district council is 1,713km<sup>2</sup>, and its population in 2002 was 402,000. The majority of councillors were from opposition parties and the council was not among the phase 1 reform councils.

### ■ Mwanza City Council

Mwanza is Tanzania's second largest city, located 1,100 m above sea level at Lake Victoria. It has fishing and other industries, but agriculture remains the most important economic activity. The total area of the city council is 1,342 km<sup>2</sup> of which 900km<sup>2</sup> is water. Its population in 2002 was 266,000. The council has a moderate own resource base and was included in phase 1 of the LGRP.

from the data, as the gaps between accounts figures and estimates varied from year to year for the six councils. For some councils, in particular Moshi DC, the annual fluctuations were substantial.

### Local government authorities face numerous reporting requirements from the central government.

For instance, the ministry responsible for LGAs, the Ministry of Finance and other central government stakeholders often have competing data reporting requirements, as well as different required reporting formats. Many **LGAs are severely constrained in the production of reliable fiscal data**. The staff were often overwhelmed by the reporting requirements and did not have the capacity to put the reports together. Consequently, there were often substantial variations between the budget figures presented to the local council, the budget book presented to the Parliament, information on expenditure compiled by the LGRP, and what was contained in the audited final accounts. For instance, own revenues for Mwanza City Council for 2002 reported in the *Local Government Fiscal Review 2004* was almost three times larger than the corresponding figure reported by the President's Office Regional Administration and Local Government. Although substantial resources have been provided to computerise financial management and planning, the actual use and impacts of these systems on local financial management are uncertain. During 2005, budgeting and accounting were still carried out manually in all the six case councils. Only Kilosa DC used an Epicor-based *Integrated Financial Management System (IFMS)* in combination with a manual system. It has proved difficult to implement the new financial management systems within the lower levels of the councils.

In addition to limited technical infrastructure such as computers, the case councils did not have sufficient qualified staff trained to collect, process, and manage fiscal data. In the absence of reliable and consistent data, quantitative analyses aiming to guide policy making are questionable. **There is an urgent need to simplify the fiscal reporting requirements for LGAs, and to build a reliable, consistent and updated local database on finances and expenditures**. The potential benefit of establishing and maintaining such a database is substantial. At the local government levels, staff are required who are capable of building and working with fiscal databases, as well as to process adequate information for relevant

stakeholders. At the central level, there is a need to improve the capacity to analyse local government fiscal data. Improved coordination between the various stakeholders at the central levels is also required to avoid duplication and inconsistencies.

The Internal Auditor's (IA) role is to audit all council transactions, including village and ward bank accounts, dispensaries and health centres, schools, agriculture and water projects, Tanzania Social Action Fund (TASAF), etc. These may add up to several hundred bank accounts to be reviewed for each council, which is an unrealistic task for one auditor. Hence, the internal auditor often adopted a highly selective risk based auditing strategy. The presence of multiple accounts increased the potential for financial abuse, and complicated local budgeting and financial management. **Measures are required to simplify the bank account systems of councils.** Cash management is much simpler when relying on one or a few bank accounts. In addition, **the Internal Auditor's offices in the case councils were either understaffed or not staffed at all.** A common problem observed was that the internal auditors after having gained some experience in the local authorities moved to the private sector where they were offered substantially higher salaries. Vacancies in both urban and rural councils were difficult to fill. Lack of response by the council's Treasury Department (or other departments) on internal audit queries and recommendations also discouraged auditors to stay at the councils. **Special incentives should be provided to encourage internal auditors to work for and remain with local government authorities.** Considering the short supply of qualified accountants and auditors, **adjoining district councils, possibly coordinated by the regional level, could consider jointly recruiting such personnel and sharing their services.**

**A recent report (June 2005) from the Controller and Auditor General (CAG) shows that more councils than before have received a 'clean' statement on their accounts.** This is a very positive development; however, there are reasons for concern about the quality of the CAG's reports. The recent Public Expenditure and Financial Accountability

Review (PEFAR) 2006 also raises similar concerns from selected local government authorities. **One challenge is how to link the IA's reports with the CAG's report, given that some councils did/do not submit their reports to the CAG. This means that useful background information which provides a context for the CAG is not available to the CAG. However, as noted, some councils did not have IAs, so the report could not be prepared.** Our research also found that for some councils the IA's reports were neither acted upon by the council management nor tabled before the finance committee and/or full council. **This situation undermines the credibility of the auditing process, and underlines the importance of strengthening the internal auditor's office, as well as the need for improved coordination between the Internal Auditor and the Controller and Auditor General.**

**Transparency with respect to budgets and accounts is at the heart of local government accountability.** Improved information to the public on budgets and accounts may improve the opportunities for citizens to voice their opinions and hold local authorities accountable. Local authorities publish information on revenues collected and allocations of funds, as obliged under the Local Authority Financial Memorandum 1997. However, the research found that much of this information did not reach or was not understood by the general public. Public notices gazetted in newspapers or posted on notice boards at the council headquarters were often presented in a quite complicated and technical way that was hard to understand for ordinary citizens. **A main challenge is to present information on fiscal issues in ways which are easily understandable and which reach a greater proportion of the general public.** The successful dissemination of information on HIV/AIDS prevention may provide useful lessons for how to design and disseminate information on budgets and accounts to the communities. **Written and oral methods of dissemination should be combined, with information posted at service outlets such as schools and dispensaries, and at village and ward offices.** Active use of the Village Executive Officers and *mtaa* leaders to communicate such information

to citizens may be very successful, as the experiences from Kilosa and Iringa indicate.

It is important to stress that encouraging citizens and the civil society to engage in fiscal and financial monitoring at the local level does not imply that such measures should replace formal auditing and accounting mechanisms. Nor does it imply that such measures will weaken the formal accountability mechanisms. On the contrary, it can strengthen the legitimacy and standing of local authorities in the communities by contributing with complementary measures to improve the control of revenue collection and expenditures.

### Service Delivery and Poverty Alleviation: Citizens' Satisfaction and Priorities

The principal objective of the Local Government Reform Programme is to restructure local government authorities so that they can respond more effectively and efficiently to identified local priorities of service delivery in a sustainable manner. This includes specific objectives, such as 'improve quality, access and equitable delivery of public services, particularly to the

poor'. It should be acknowledged that the LGRP is only one among several determinants for eventual improvements in service delivery performance. The sector programmes based on donor funded basket programmes in combination with central government resources released through the Highly Indebted Poor Country (HIPC) debt relief scheme are also important. We see this particularly in the Primary Education Development Plan (PEDP) and for health services.

**The majority (54%) of the respondents of the Citizens' Survey have seen an improvement in local government service delivery over the past two years,** although there are differences between the councils. There are also substantial differences in citizens' satisfaction rating of various key services (Table 1).

### Education

**Primary education stands out as the service rated as satisfactory and improving by the majority of the citizens interviewed from the six councils.** There was an immense growth in the school enrolment from the year 2000 to 2003. Enrolment was close to 100% in all the six case councils. This

**Table 1: Citizens' Satisfaction Rating of Key Service (% of Respondents by Council and Total)**

	Ilala MC	Bagamoyo DC	Kilosa DC	Iringa DC	Moshi DC	Mwanza CC	Total
Primary School	68.6	61.4	83.3	73.3	66.7	67.1	70.1
Dispensary	45.7	36.7	34.8	36.7	35.2	38.1	37.9
Secondary School	19.0	21.0	29.0	34.3	16.2	21.4	23.5
Water Supply	18.1	10.0	21.0	35.2	18.6	30.0	22.1
Road Maintenance	25.7	27.1	13.3	27.6	13.8	24.8	22.1
Sanitation	23.8	16.7	20.5	26.2	21.0	18.6	21.1
Electricity	23.8	10.0	20.0	15.2	27.6	19.0	19.3
Law and Order	21.9	12.4	24.8	27.6	9.5	15.2	18.6
Health Clinic	25.2	23.8	5.2	15.7	9.5	13.3	15.5
Marketplace	19.0	11.9	3.8	4.8	24.8	14.8	13.2
Agricultural Extension Services	1.9	8.1	12.4	5.7	10.0	9.0	7.9
Garbage Collection	19.0	5.7	1.0	-	7.1	10.0	7.1
<b>Number of Respondents</b>	210	210	210	210	210	210	1,260

Source: Citizens' Survey (FPRP 2003)

success can be attributed to the abolition of school fees in 2001 and the launch of the Primary Education Development Plan (PEDP) in 2002. By channelling resources from the donor community, PEDP financed a 'basket fund' to nearly every village. It also mobilised communities to contribute with money and labour to construct new classrooms. In addition to improving affordability and accessibility, PEDP may also have improved the quality of primary education. The pass-rate increased for all the case councils, although a majority of the grade 7 pupils still failed to pass in 2003. Some of the case councils reported progress in the quality of education, measured by indicators such as pupils per classroom, pupils per desk, and pupils per textbook. However, the main quality indicators of pupils per teacher and share of qualified teachers, showed rather mixed development. Four of the six case councils reported a worsened pupil/teacher ratio, although this is to some extent compensated by a higher share of qualified ('IIIA') teachers. **The scarcity of teachers threatens the sustainability of the education reform and tends to widen the gap between 'advanced' councils and those lagging behind.** In spite of these shortcomings in quality, there was a relatively high satisfaction with primary education in all the councils. People also seemed confident that improvements will continue for primary education.

### Health Services

**There has been significant improvement in the health condition of the population for all the case councils.** According to the councils' own data, the infant mortality rate has reduced, and the immunisation rate had risen to well above 80%. Waterborne diseases were on the decrease for most of the case councils, though the number of waterborne diseases reported showed alarmingly high levels for Mwanza CC in particular, but also for Moshi, Iringa and Kilosa District Councils.

The main problems identified were linked to the health facilities of dispensaries and clinics. Although there has been progress in accessibility since year 2000, around one third of the population of Iringa, Kilosa and Bagamoyo District Councils still did not have access to health centres in 2003. The satisfaction

rating on dispensaries and health clinics was relatively low. On average, only 38% of the respondents were satisfied with the dispensary in their area, and the corresponding figure for clinics was 16% (Table 1). However, there are substantial differences between the case councils, with only 5% of the respondents from Kilosa DC satisfied with health clinics, compared to 25% from Ilala MC. These responses probably reflect the small number of clinics in rural Kilosa DC, while clinics are more abundant in urban Ilala. **While there was an improvement in the number of health workers (nurses) and average waiting time for patients at the dispensaries, the problem of affordability made the majority of the people interviewed dissatisfied** - more so with the clinics than with the dispensaries. Most health facilities require a user fee for every consultation and treatment, or fees on an annual basis for membership in a Community Health Fund. In addition, the patients usually have to pay for the drugs and medicines.

### Water Supply

Only 22% of the respondents of the Citizens' Survey were satisfied with the quality of water supply. As few as 20% reported that there had been some improvements. **The widespread view held by citizens was that improved water supply was the most urgent need, seems to be well founded.** Official data provides good reasons why many citizens were dissatisfied with the water supply. With the exception of Mwanza CC, which had benefited from a huge donor supported water and sanitation programme, no significant progress was reported from the councils on improved accessibility. **In three of the councils (Ilala MC, Kilosa DC and Moshi DC), about half of the population was not covered by adequate water supply services.** Unfortunately, it is also likely that the official data overestimates 'coverage'. Some councils, for instance, include installed but non-functioning water schemes, or water sources that could only be used during the rainy or dry seasons.

### Conclusion

Effective, responsive and responsible local government is important not only for the local communities, but also for the entire nation to enhance democratic and developmental public institutions. Citizen

participation and accountability are issues that are now addressed by an increasing number of politicians, professionals, and civil society leaders in Tanzania. Moreover, the public in general have become more aware of their rights and responsibilities. There is a need for even deeper commitment by the political, administrative and civic leaders in order to attain the objectives of the local government reform programme.

Perhaps the most easily overlooked lesson about the local government reform in Tanzania is that devolution takes a long time to achieve. The experiences of Western countries illustrate this well; it took centuries for today's industrialised countries to develop reasonably effective local government authorities. It is therefore not surprising that Tanzania's record to date is yet to meet expectations. Sustainable change demands sustained effort, commitment and leadership over a long time. Mistakes and setbacks are normal and inevitable components of the process. The big challenge is to use failures as learning opportunities, rather than as excuses for abolishing reforms.

The Formative Process Research Programme is funded by the Royal Norwegian Embassy, Tanzania, and started in 2002. The first phase of the research was managed by REPOA and ran for the four year period 2002-2005. Two Norwegian research institutions: Chr. Michelsen Institute (CMI) and the Norwegian Institute for Urban and Regional Research (NIBR) were involved in this programme. Phase 2 (2006-2009) is also managed by REPOA in co-operation with CMI.

### Publications

**There are other publications relating to this research programme available from REPOA and on REPOA's website: [www.repoa.or.tz](http://www.repoa.or.tz)**

The most recent publications from REPOA relating to local government are:

### Briefs

Brief 3 *Participatory Approaches to Local Government Planning in Tanzania, the Limits to Local Participation*

Brief 2 *Improving Transparency of Financial Affairs at the Local Government Level in Tanzania*

### Special Papers

06.18 *To Pay or Not to Pay? Citizens' Views on Taxation by Local Authorities in Tanzania.*  
Odd-Helge Fjeldstad

17 *When Bottom-Up Meets Top-Down: The Limits of Local Participation in Local Government Planning in Tanzania.*  
Brian Cooksey and Idris Kikula

16 *Local Government Finances and Financial Management in Tanzania: Observations from Six Councils 2002 – 2003.*  
Odd-Helge Fjeldstad, Florida Henjewe, Geoffrey Mwambe, Erasto Ngalewa & Knut Nygaard

**Briefing papers from the Afrobarometer Survey are also available.**

REPOA has a library specialised in poverty and development issues. This library is free and open to all members of the public. Search our online catalogue at: [www.repoa.or.tz](http://www.repoa.or.tz).

REPOA's briefs are available in electronic and printed format. Please contact REPOA if you would like to be added to REPOA's mailing list to receive REPOA's briefs as they are published.

### Research on Poverty Alleviation (REPOA)

P.O. Box 33223, Dar es Salaam, Tanzania.

157 Mgombani Street, Regent Estate

Tel: +255 (0) (22) 2700083 / 2772556

Fax: +255 (0) (22) 2775738

Email: [repoa@repoa.or.tz](mailto:repoa@repoa.or.tz)

[www.repoa.or.tz](http://www.repoa.or.tz)

