



Special Paper 10/1

The Impact of Local Government Reforms in Tanzania

1998-2008

By Per Tidemand
and Jamal Msami

RESEARCH ON POVERTY
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Abbreviations

BEST	-	Basic Education Statistics in Tanzania
CAG	-	Controller and Auditor General
CBG	-	Capacity Building Grant
CCM	-	Chama Cha Mapinduzi
CDG	-	Capital Development Grant
CMC	-	Community Management Committee
CMT	-	Council Management Team
CSO	-	Civil Society Organisation
CUF	-	Civic United Front
DED	-	District Executive Director
ESDP	-	Education Sector Development Programme
FY	-	Financial Year
JICA	-	Japan International Development Agency
LGA	-	Local Government Authorities
LGCDG	-	Local Government Capital Development Grant
LGRP	-	Local Government Reform Programme
MTEF	-	Medium Term Expenditure Framework
OC	-	Other Charges
PE	-	Personal Emoluments
PEDP	-	Primary Education Development Plan
PO-PSM	-	President's Office, Public Service Management
PO-RALG	-	President's Office, Regional Administration and Local Government
PMO-RALG	-	Prime Minister's Office, Regional Administration and Local Government
PSLE	-	Primary School Leaving Exam
PSRP	-	Public Services Reform Programme
PFRP	-	Public Finances Reform Programme
RWSS	-	Rural Water Supply and Sanitation
RAS	-	Regional Administrative Secretary
REPOA	-	Research on Poverty Alleviation
SEDP	-	Secondary Education Development Plan
TASAF	-	Tanzania Social Action Fund
TDHS	-	Tanzanian Demographic and Health Survey
UDEM	-	Urban Development and Environmental Management

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Executive Summary

Overview

In recent decades, Tanzania has undergone enormous political, social and economic changes. It has moved from being a centrally-planned, one-party socialist state to a modern, multi-party democracy with an open, liberal economy.

From the 1990s, the Government embarked on an ambitious reform agenda intended to improve and strengthen governance in the country. Tanzania's Local Government Reform Programme (LGRP) began in 1998 with the aim of transferring resources from central to local government, and devolving and decentralising power to create more autonomous Local Government Authorities (LGAs).

Reforms are primarily intended to improve local governance and service delivery, both of which are seen as critical to achieving Tanzania's poverty reduction targets. This report explores progress towards these objectives during the first decade of the LGRP (1998-2008).

Sources and Methodology

The report draws upon research carried out since the millennium. Specifically, it draws upon the results of Tanzania's two Citizens Surveys, which were carried out in 2003 and 2006 by the Research on Poverty Alleviation (REPOA). These surveys amalgamate the views of well over 1200 Tanzanians, and provide an important guide to citizens' changing perceptions of the state of governance and service delivery in their country. These are complemented by other research, such as evaluations of the Local Government Reform Programme, national sectoral reviews, and the Afrobarometer Surveys which compare corruption and governance indicators across the continent.

Impact of Reforms on Governance

The data analysed in this report suggest that some governance indicators have significantly improved since 2000. For example, there is evidence of increased electoral and civic participation, access to information, trust in local government, and reduced corruption. The financial accountability of LGAs also appears to have improved, as does the participation of women and young people.

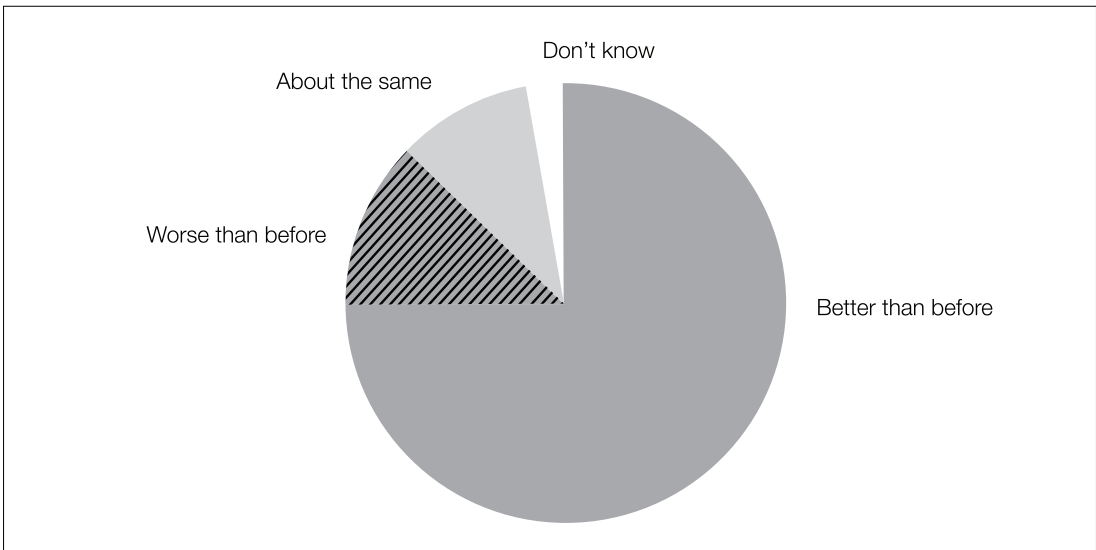
There are a few worrying challenges, however. Corruption – though improved – is still perceived to be an extremely serious problem by the majority. Men are still more active in local government leadership than women, and elders than youth; the majority of people think that local council staff do not take local people's concerns seriously; and only a tiny portion of people report seeing Local Government financial data. In addition, the dominance of the ruling party in grassroots elections – CCM currently holds 97% of these seats – does not appear to tally with the overall national strength of the party, perhaps reflecting that state and party have not yet fully separated at the local government level.

Impact of Reforms on Service Delivery

Overall, more than three quarters of citizens (78%) interviewed in 2006 agreed "that local government reforms are helping to improve service delivery" (from 58% in 2003): a very encouraging result.

Tanzanians appear to be increasingly satisfied with services. In 2006, over 75% thought that services had improved in the last two years (compared to only 54% in 2003). Urban dwellers were more likely to note improvements than rural dwellers.

Figure 1: Satisfaction with local government services in Tanzania, 2006



Tanzanians were more satisfied with all key sectoral services in 2006, but were particularly pleased with progress in education (91% thought that primary schools had improved in the past two years and 67% thought secondary schools had). Over half of respondents also thought that dispensaries and district hospitals were getting better. However, less than a quarter of citizens are happy with the state of their roads, markets, health clinics, water, electricity supply, and agricultural extension services. Law and order is felt to be improving (by 44%) but only 35% declare themselves 'generally satisfied' with it. Despite this very positive progress, overall satisfaction is still relatively low: except in education, less than half of respondents said they were satisfied with services in any sector.

Assessment of Local Government Reform Outcomes

The Local Government Reform Programme has brought notable improvements, not least of which have been increased financial resources at the local level. LGA budgets, for example, more than doubled between 2003 and 2007, primarily as a result of increased fiscal transfers from central government. (The proportion of money allocated to local governments – as a share of the country's total public expenditure – however, remained relatively stable at around 18%.) In addition, of the 211 billion shillings allocated to LGAs in 2008/9, almost a third was in the form of discretionary grants intended to support and facilitate autonomous Local Government spending.

There have also been improvements in human resource allocations and capacity. For example, the proportion of public sector staff employed directly by LGAs has steadily increased (from 59% in 1999 to 67% in 2006). In addition, capacity building efforts have had some measurable impact on planning, budgeting, and financial management.

Despite these positive results, LGA control over local staff is limited as a result of a dual level of authority which allowed central government to overrule local government in terms of staff allocation and management should it chose to do so. In additions, laws governing LGAs and defining their roles and responsibilities are spread over several – occasionally contradictory – pieces of legislation, which assign the same roles to different levels of government, and allocate some key decision making roles which affect LGAs to central government.

Fiscal autonomy is also challenged by a dependence on central government financing, and by central dictates which increasingly direct the spending of supposedly discretionary funding such as the Local Government Capital Development Grant. Other goals of local government reform, such as the transparent, formula-based fiscal allocation of resources, have also only been partially implemented and achieved, thus allowing regional inequities – such as teacher-pupil ratio disparities – to continue. The even deployment of government staff across the country remains an ongoing and well recognised problem, with remote, rural or marginalised districts particularly disadvantaged in terms of core staff.

Overall, evaluations suggest that local government authorities are not significantly more powerful than they were in 2000.

Recommendations, Conclusions and Way Forward

Despite many significant improvements, the reform programme has not so far fulfilled many of its core objectives. For example, in 2008 the proportion of the national budget flowing directly into local government bank accounts did not increase at all (a key target), and there has been limited progress in harmonising funding channels and simplifying budgets. As a result of these and other factors, the local government reform programme was deemed ‘unsatisfactory’ by the annual General Budget Support review team in both 2008 and 2009.

Overall, the study team concludes that the LGRP’s core vision of promoting more autonomous local governments was not achieved in the first decade of reform. Although there have been important improvements in terms of governance and service delivery, several aspects of reform need to be deepened, extended and more effectively implemented if there is to be more substantial progress. Specifically, it is recommended that:

- **LGAs need more autonomy:** in order to hold their staff accountable, as well as plan, implement and expend according to local priorities.
- **Decentralisation needs to be deepened** and extended below district level: this would require a clarification of village/*mitaa* and committee roles, and a fresh look at grass root electoral procedures. (For example, although legislation protects the rights of independent candidates to stand in local government elections, in practise they are unable to do so.)

- **Access to information needs to be improved:** Only a minority of Tanzanians have accessed basic local government fiscal information. Fewer still are able to make sense of it.
- **Legislation should be reviewed and amended:** laws governing LGAs are spread over several pieces of legislation. At times, these are confusing, and overlap or conflict with sector legislation.
- **Formula-based recurrent grants need to be effectively implemented** in order to overcome regional disparities and ensure the more equitable allocation of resources.
- **Sector-specific interventions need to be implemented** (such as motivating personnel through pay reform initiatives and increasing essential health and education staff).
- **Further research is needed** to understand the impact of specific aspects of reform, to bring information up to date, and to understand cultural and societal obstacles and opportunities for expediting reform.

Many studies have attempted to document the relationship between decentralisation and improved governance and service delivery. This study, concentrating on Tanzania, aims to make a useful contribution to both the national and international discussions on decentralisation by devolution.

Introduction

Tanzania's Local Government Reform Programme (LGRP) began in 1998 with the aim of transferring resources from central to local government, and devolving and decentralising power to create more autonomous LGAs. The programme has two broad objectives: to improve local governance and to improve service delivery. This report was commissioned to explore the extent to which these objectives have been met.

Many studies have attempted to document the relationship between decentralisation and improved governance and service delivery. Typically, these are either (1) case studies of reform which emanate from a single country and define decentralisation very broadly; or (2) large scale quantitative studies comparing a number of different countries and using precise indicators to measure decentralisation and service delivery impact.

A 2001 study funded by the World Bank, for example, which took the latter approach, compared fiscal decentralisation – specifically the share of public expenditure managed by sub-national governments – with child mortality statistics in all the countries of the world, and found that the former was consistently associated with lower mortality.¹ A similar study conducted in 2002 found that fiscal decentralisation was correlated with reduced levels of government corruption.² Another study, funded again by the World Bank and based on countries in central and Eastern Europe, found that fiscal decentralisation – if coupled fully with local autonomy to raise revenues through taxes – could help reduce public sector expenditure and increase per capita growth.³

Country-specific studies have, on the other hand, been much more sceptical of the impact of decentralisation. The authors of a meta study on decentralisation experiences in Africa stated that “although decentralisation has been a popular development strategy in the region during much of the post-independence period, there is little evidence to suggest that it has had a positive impact on service delivery.”⁴ Other researchers have drawn similar conclusions,⁵ though often with the added caveat that “decentralisation has not really had a fair trial because few countries have actually decentralised significant powers to local governments”.⁶ Ghana, for example, often included as a case study for decentralisation, has devolved hardly any key functions or resources, and even basic elements of political devolution – such as the popular election of councillors – hasn't yet progressed.⁷

Both types of studies acknowledge that decentralisation is hard to measure, and that meaningful correlations between reforms and impacts are thus hard to gauge. Studies also acknowledge that fiscal decentralisation will not in itself lead to improved service delivery without other key elements being in place. The five essential pillars⁸ commonly identified in international literature to be preconditions for effective decentralisation are:

1. A **legal framework** that clearly stipulates the roles of different levels of governments, and assigns specific responsibilities to local government according to its capacity.

¹ Robalino et al (2001). See bibliography for full details of this and all other references.

² Fisman & Gatti (2002).

³ Ebel and Yilmaz (2002).

⁴ Conyers (2007).

⁵ Robinson (Ed.2007).

⁶ Conyers et.al (2006).

⁷ See Decentralisation Policy Review of Ghana by DEGE Consult and NCG (2007).

⁸ See framework developed by Steffensen & Tidemand (2004), and later refined and adopted in the Decentralisation Policy Review of Ghana (Op Cit). See also the PREM working papers, briefs and notes.

2. **Fiscal autonomy** and adequate **financial resources** at a local level;
3. **Adequate human resources** at a local level with sufficient autonomy to properly manage and supervise staff;
4. **Effective mechanisms for local accountability** including – at the most basic level – the election of local government councillors; transparent and public access to information; and effective political oversight of planning, financing and human resources.
5. Strong **central institutional arrangements** with clear political, administrative and coordinating leadership (for example, a strong Ministry of Local Government, reform secretariat, Local Government Finance Commission etc.).

This report explores in part the extent to which these five pillars of decentralisation have been established in Tanzania.

Sources and Methodology

The authors of this report have drawn upon the rich resources contained within the Citizen Surveys conducted in 2003 and 2006 by the Research on Poverty Alleviation (REPOA), which summarise the views of 1,260 respondents living in six LGAs in Tanzania (two urban and four rural).⁹ Key analytical work such as Local Government Reform Programme reviews and evaluations are also examined. These are supplemented by a range of additional documents including, for example, REPOA's *Views of the People Report (2007)*; REPOA special papers, and the Afrobarometer Surveys. Sectoral reviews, decentralisation studies, and semi-structured interviews by REPOA field researchers are also drawn upon. For a full list of sources used in the report, please see annex 1.

REPOA: Researching, documenting, disseminating

Since 2002, REPOA has been implementing a research programme on local government reform with the objective of documenting and disseminating its processes and results. REPOA's research focuses on three key themes:

- **Service delivery** at a local level;
- **Governance** at the central and local government levels; and
- **Local finances and financial management.**

This report has analysed the first two research themes; a study of the third theme will shortly be published. These are intended to complement the three special papers produced by REPOA following the 2003 Citizen Survey.

REPOA aims to promote informed dialogue, to ensure that policymaking is a consultative process, and to build capacity for local government research within Tanzania.

⁹ The four rural districts were Bagamoyo, Iringa, Moshi and Kilosa; the two urban councils were Ilala Municipality and Mwanza City Council. Districts were chosen to represent a cross-section of the country in terms of a rural/urban mix, as well as to take into account variations in terms of resources, donor presence, composition of political parties, and the degree of inclusion in the Local Government Reform Programme.

Local Government reform in Tanzania 1998-2008

This chapter examines local government reforms over a ten year period (1998-2008). It is based on substantial reviews of the reform programme carried out in 2001, 2004 and 2007, as well as other analytic work.¹⁰ The first section provides the general background to reform, including its intended objectives, whilst the second section analyses the key achievements and challenges to date.

Context of Reform

In recent years, Tanzania has undergone enormous political, social and economic changes. It has moved from being a centrally-planned, one-party socialist state to being a modern, multi-party democracy with an open economy.

Measures to bring about political and economic liberalization began in the 1980s, and from the 1990s the Government of Tanzania began an ambitious reform agenda intended to improve and strengthen governance in the country. The reform agenda includes a comprehensive anti-corruption and legal sector reform programme (LSRP), as well as a programme to reform public services (PSRP), public finances (PFRP) and local government (LGRP).

The reforms take a holistic and multisectoral approach and together are intended to combat corruption; strengthen the legal and judicial systems; enhance financial accountability; and devolve powers to sub-national levels in order to improve service delivery, participation and accountability.

This report looks specifically at the reforms which have taken place at a local government level.

Local Government Reform

In 1996, the Government of Tanzania set out its vision for decentralization by devolution. The vision is being actualized by the Local Government Reform Programme which is intended to allow LGAs to:

- Become more autonomous;
- Have a strong financial and human resource base;
- Operate in a transparent and accountable manner; and
- Derive their legitimacy from service delivery to the people.

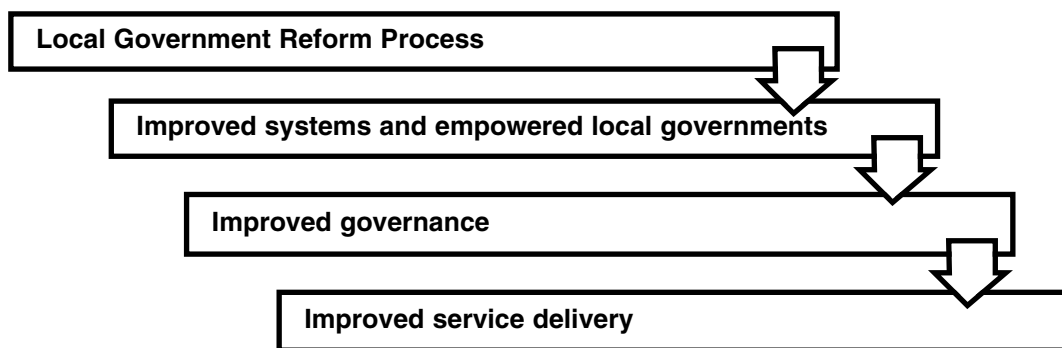
The overall objective of the LGRP is to improve public services at a local level by strengthening governance and empowering LGAs (see diagram below). Specifically, reform is intended to:

- Strengthen the capacity and autonomy of democratically elected local governments;

¹⁰ In particular, the two Citizen Surveys (2003 & 2006); the annual LG Fiscal Reviews issued by PMO-RALG; and reports by Steffensen et al (2004), and Tidemand et al (2007).

- Create an environment that enables improved service delivery;
- Increase the accountability of LGAs to their communities;
- Give users a greater say in how basic services are managed and delivered; and
- Develop more effective service delivery partnerships between CSOs and the public and private sectors.

The Intended Impact of Local Government Reform



Although designed primarily as an administrative and political reform, the fact that responsibility for service provision is shared between local councils and sectoral ministries means that the integration of LGR with sectoral reforms is critical to achieving service delivery goals. Initiatives to reform key service delivery sectors, therefore, such as education, health, and agriculture are also well underway (they began in the late 1980s).

Four Levels of Devolution

The Government's 1998 Policy on Local Government Reform outlined Tanzania's vision for a reformed public service. Specifically, it envisaged decentralisation in four key areas:

1. **Political devolution:** to devolve power to local government, and create holistic, effective local government systems – councils, committees, and chair people – that could take over previously centralised roles, and whose responsibilities would be defined and enshrined in national legislation.
2. **Fiscal decentralisation:** to ensure local councils would receive adequate funding¹¹ and be granted financial discretion to pass budgets reflecting their own priorities. (Some mandatory expenditure was still envisaged to attain national objectives.)
3. **Administrative decentralisation:** to allow local governments to hire, fire, pay and oversee their own staff. This was intended to make personnel accountable to local councils rather than centralised ministries.

¹¹ Both through levying taxes at a local level, and through un-earmarked grants and transfers from central government.

4. **Altered central-local relations:** which, whilst still granting central government overriding powers within the framework of the constitution, would reduce the authority of line ministries at a local level, and very precisely define their roles and responsibilities. The latter were to be limited to policy development, capacity building, supervising, monitoring and managing the regulatory frameworks which would guide LGAs. The Ministry responsible for local government (first PO-RALG, later PMO-RALG) was tasked with coordinating relations between the central and local level on all issues, including sectoral matters.

While parts of the reform vision were very precisely defined – for example, that LGAs should be able to hire and fire their own staff – other parts of the policy are stated in much more general terms. For instance, in relation to local government finance, the broad objectives of ‘adequacy’ and ‘autonomy’ are outlined, but without quantifying exactly what that might mean.

A short history of Local Government Reform in Tanzania

The colonial powers introduced local government authorities on the mainland shortly before Independence in 1961. By the early 1970s, however, these had been abolished by a newly independent government concerned that the political, economical and geographical disparities between the poorer and richer councils would not help build a nation.¹² Instead, the new Government built capacity at a regional level, deploying staff and resources to regional administrations, chaired by presidentially-appointed commissioners who were tasked with overseeing decentralised public service delivery.

Local governments were reintroduced in Tanzania in 1982 but did not initially play a substantial role in local service delivery which still remained primarily in the hands of regional administrations. By the 1990s, however, Tanzania had embarked on wide ranging reforms intended to bring about political and economic liberalization. These included the constitutional amendments which introduced multi-party democracy in 1994.¹³

Implementation Procedures as defined in the 1998 Policy

It was envisaged that reform should take place in three phases, with each phase ‘restructuring’ roughly a third of the country’s LGAs.¹⁴ Key elements of the reform strategy were set out in the 1998 policy. Specifically:

- The President’s Office (PO-RALG), and later the Prime Minister’s Office (PMO-RALG) were mandated to become the supervising ministry and to oversee and support local authorities;
- Line ministries were tasked with policy development, monitoring and managing the regulatory frameworks which would guide LGAs.

¹² See Steffensen & Tidemand, Op Cit; Mawhood (1983); and Max (1991).

¹³ In 1994 the first multi-party local government elections were held. The following year, the first multi-party Parliamentary and Presidential elections took place.

¹⁴ This was a rather contentious decision. Donors, in general, favoured a phased approach, whereas Government representatives would have preferred a national programme.

- A semi-autonomous local government reform team was tasked with managing the reform and reporting directly to the supervising ministry.
- Programme funding was to be channelled into a basket and managed by the LGRP team based at the supervising ministry. Funding came entirely from development partners, primarily the bilateral agencies.
- Work plans and budgets were to be approved by a Basket Fund Steering Committee (chaired by the Permanent Secretary of the supervising ministry, and attended by all development partners).
- The LGRP team was to establish six zonal reform teams to support capacity building at an LGA level.
- A manager was assigned to supervise each component of the reform, and to report through the LGRP Manager to the Permanent Secretary.

Overall the reform strategy aimed to improve the existing system rather than radically overhaul it (as has taken place elsewhere in the region, for example, in Uganda). The following section analyses the extent to which the key components of the strategy – including the legal, human resource, fiscal, governance and restructuring reforms – have been affected by the five preconditions for effective decentralisation outlined earlier.

Legal Reforms

Some significant legal reforms – which have impacted on local government – predate the launch of the LGRP. The Civil Service Reform Programme, for example, began in 1996 and redefined the roles of the regions so that they were no longer required to directly deliver services or implement projects, but were instead tasked with guiding and supporting LGAs to do so. To enable this, substantive retrenchments were undertaken and a considerable number of staff were transferred to local government authorities. These changes are reflected in the 1997 Regional Act.

Following the initiation of the LGRP, other legal changes took place. In 1999, for example, legislation was amended to provide an enabling framework for decentralisation reforms. The amendments made the Ministry responsible for local government “bound...to promote decentralisation and devolution”.¹⁵ Two important sets of regulations – the Local Government Service Act and the Local Government Finances Act both of 1982 – were also subsequently amended to enable greater fiscal and human resource autonomy for the first batch of 38 reforming councils.

The LGRP has sought to harmonise constitutional and sector laws with local government legislation, a process which culminated with the enactment of the Local Government Laws (Miscellaneous amendments) act of 2006.

However, it may be argued that some of the amendments and laws made since the millennium have in fact weakened the LGR process. For instance, the 2002 Public Service Act (discussed in the following section) strengthened the role of central government in local

¹⁵ Section 4(3) of the Local Government Laws (Miscellaneous Amendments) Act of 1999, no 6.

government affairs, by making a centrally appointed Council Director responsible for appointing staff at a local level. Furthermore, the 2006 Local Government Laws Amendments Act allowed central government to appoint three councillors in each LGA and required LGAs to consult with District Commissioners. Lobbying by the LGRP team has helped to bring these matters to the Government's attention and avoided further erosion of legislative harmonisation.

Human Resource Reforms¹⁶

Before 1998, staff at a local government level were overseen by different authorities, including line ministries, and district and urban authorities. The Local Government Reform Policy sought to amend this fragmented approach by granting councils full responsibility for "planning, recruiting, rewarding, promoting, disciplining, development and firing all their personnel". The Local Government Service Regulations of 2000 set out this vision in practical terms and largely devolved the recruitment, appointment and management of staff to local councils (with the exception of Council Directors, who were to be appointed by central Government or the local service commission during the initial stage of reform).¹⁷

Legislation passed in the following years, however, muddied the waters of decentralisation. For example, the 2003 Public Service Regulations (which still guide HR management in LGAs, though in an amended form) stipulated that Council Directors, who were being appointed by central government, should be the primary appointing authority at an LGA level. And the 2002 Public Service Act gave the task of overseeing human resource management at an LGA level to the President's Office, Public Service Management (PO-PSM), rather than the Ministry intended to be in charge of decentralised reforms – PMO-RALG. It also tasked the regions, as well as the two permanent secretaries with managing staff in addition to the LGAs.

More serious still, the 2003 regulations maintained the powers of central government to transfer staff across ministries, regions and LGAs, if they considered it "in the public interest" to do so. In short, a layered system of authority was again brought into existence which allowed central government to overrule local government in terms of staff allocation and management, should it choose to do so.

From the beginning of the LGRP, education and health staff have been exempted from decentralised recruitment procedures and have largely been centrally deployed to LGAs. Subsequently, other staff have been also been exempted from decentralised recruitment procedures (such as heads of department exempted as 'superlative staff' by PO-PSM since 2006). In short, it can be seen that the principles of open, meritocratic, decentralised recruitment has been eroded since it was introduced in 2000.

Worryingly, these developments look set to continue, given that the processes of reviewing the Public Service Management and Employment Policy, the Public Service Act and related regulations – begun by PO-PSM in 2007 – have been undertaken without the involvement of the Local Government Reform programme.

¹⁶ See Tidemand & Ndunguru (2007).

¹⁷ See PMO-RALG's 2007 Policy Paper on Local Government Reform. The new regulations only applied to the 38 councils selected for the first stage of reform; the non-reforming LGAs continued to operate under the old system.

Other aspects of local employment have been even less affected by reform. For example:

- Staff salaries are still almost entirely paid by central government transfers. These are made to filled posts rather than being formula-based as intended (meaning that fiscal allocations follow staff rather than the other way around).
- Decisions on staff budgets and staff numbers are still made at a central level, by PO-PSM. LGAs are no more autonomous on these issues than they were at the start of the reform process.
- Although career management has been partially devolved, the professional progress of senior staff still depends on central government ministries.
- Pay scales and policies are still centralised. Although LGAs are allowed to establish local incentive schemes, in practice most cannot afford to do so.

This complicated mix of local staff management and centralised transfers and postings have created dual allegiances whereby LGA staff are caught between satisfying local government and central ministries. Senior staff are particularly conflicted given that their career prospects depend almost entirely on satisfying the latter.

The practise of centralised transfers also demotivates LGAS. Field interviews by the research team found that LGAS that had invested in building the capacity of local staff were extremely frustrated to see them deployed elsewhere, with little consultation and with slow replacement.

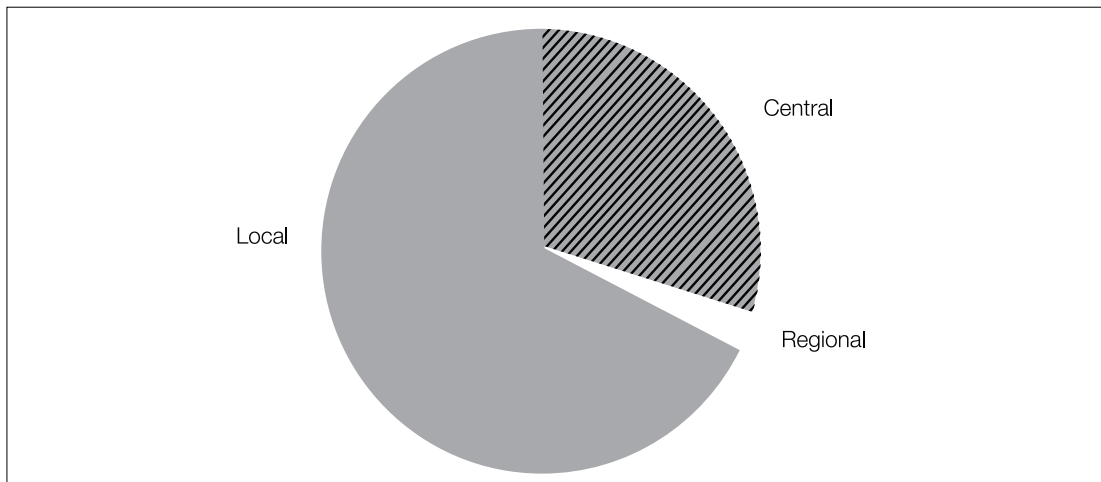
Existing data does not allow comparisons to be made between the efficacy and loyalty of centrally deployed and locally recruited staff. However, field interviews with regional and district officials suggest that teachers who were locally recruited were far more likely to remain in their post than those deployed to particular districts by central Government.

Restructuring of LGAs and Staff Deployment

Since the LGRP began in 1998, the proportion of public sector staff employed directly by local government authorities has steadily increased. For example, in 2006 some 67% of all public servants (326,829) were employed by local government authorities, compared to just 59% in 1999. Central government absorbs 30% of public sector employees, and the remaining 3% work at a regional level (see pie chart below). The vast majority of local government staff (70%) in 2006 were teachers.¹⁸

¹⁸ PO-PSM payroll database

Figure 2: Public Sector Employees: % working at a central, regional and local level in 2006



The quality of staff also appears to have improved since the start of the reform, as identified by LGA staff audits, Zonal Reform Team reports and restructuring progress reports (no quantitative data exists, for example, on the number of staff employed but without the required formal qualifications for their post).

The even deployment of government staff across the country remains an ongoing and well recognised problem. Wealthier, urban areas tend to attract and retain staff – even agricultural staff¹⁹ – more easily than remote, rural or marginalised districts. There is also a lot of clustering of personnel around district head quarters. These inequities suggest that staff allocations are not yet truly transparent or needs-based.²⁰

The LGRP has tried to rectify these issues. For example, the formula-based recurrent grant system introduced in 2004 has tried to make fiscal allocations more transparent and equitable and the 2006 PMO-RALG Budget Guidelines tried to address the disproportionate number of agricultural staff allocated to urban areas. Despite these efforts, the impact of restructuring has been limited by centralised government procedures that still allow fiscal resources to follow staff, rather than the other way around. In short, personnel are still deployed unevenly across the country; and poorer and marginalised LGAs continue to be so.

Fiscal Reforms

An important aim of the local government reform process has been fiscal decentralization – the devolution of taxing and spending powers to lower levels of Government. Fiscal reforms have aimed to ensure that LGAs have adequate funding, can make autonomous budget decisions, and are able to use financial resources prudently.

¹⁹ See Tidemand et al (2007).

²⁰ See Valentine et al's 2005 report for PMO-RALG/LGRP.

The reform programme aims to strengthen financial systems in three main ways:

1. By reforming the way money is channelled from central to local government by introducing formula-based fiscal transfers (see later);
2. By increasing revenue collection at a local government level by reforming the tax system;
3. By improving financial management within local government authorities.

The following section will analyse the extent to which these reforms have transformed local government finances.²¹

An overview of funding streams and modalities, 2010

Currently, funds from the local government reform basket are held in the Ministry of Finance and Economic Affairs before being transferred to local government authorities. Transfers are made in three separate streams: one is for personal emoluments (PE), that is, primarily salaries; the second is for Other Changes (OC), primarily for running costs, maintenance, and infrastructure repairs. The third is for development funding, such as that used to support the running of hospitals and schools.

Transferring Funds to a Local Level

Prior to 2000, fiscal spending at a local government level was guided by national regulations, and transfers from the Ministry of Finance were generally earmarked for particular uses.

Fiscal reforms however, were introduced with the intention of:

- Sharing fiscal resources more transparently and according to a needs-based formula;
- Enhancing LGAs autonomy in terms of budgetary allocations and expenditure.

From 2004, progress on the above began to be made when it was agreed to introduce:

- Formula-based transfers for recurrent expenditure;
- Local Government Capital Development Grants (LGCDC).

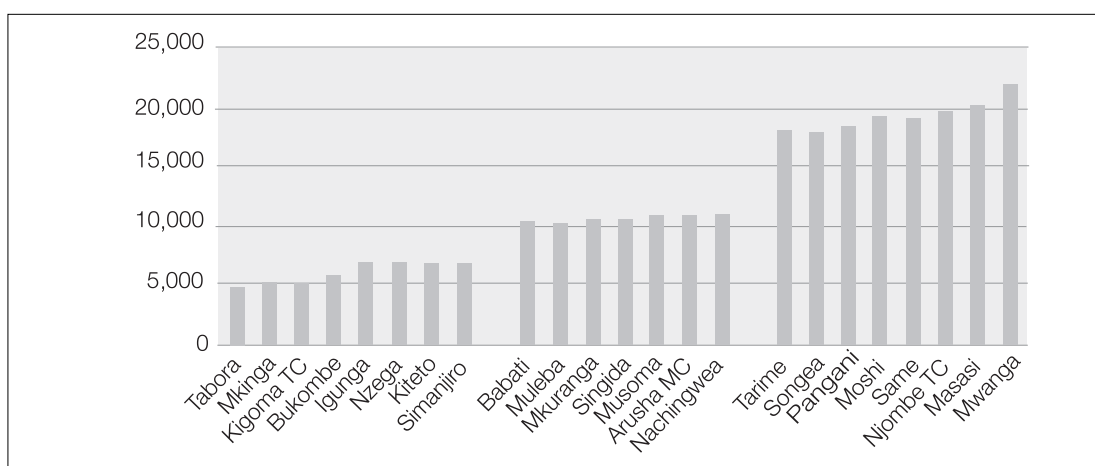
Formula Based Transfers

Formula-based transfers were intended to correct disparities in LGA allocations. As discussed above, LGAs in wealthy urban areas tend to attract more staff, and therefore – since fiscal allocations followed staff rather than the other way around – received disproportionately greater funding. Formula-based transfers were meant to correct this inadequacy and introduce greater fiscal equity. The amount allocated to each LGA was to be based on certain agreed formula (e.g. population size; key development indicators such as child mortality), with each of the six fiscal transfer sectors (education, health, roads, agriculture, water and administration) having their own formula for allocations.

²¹ Key sectors, such as education and health, have also increased and transformed financing at a local level.

Although formula-based allocations were agreed and endorsed by cabinet in 2004, in practice they have not been applied.²² As a consequence, transfers to LGAs have continued to be opaque and unequal. The graph below gives an illustrative example from the education section of these inequities, showing how some districts have only received a quarter of the allocation they should be entitled to under the formula-based system. In short, results emanating from the formula-based reforms have been modest.

Figure 3: Unequal Allocation of Resources – an Example from the Education Sector
Per capita budget allocations for education PE from the financial year 2007/8



Analysis by Dr Jamie Boex based on LOGIN data – see www.logintanzania.net.

Development Grants and Transfers

Reforms have been more successful at transforming development funding. Prior to 2004, LGAs received development funding from a variety of sources including discrete donor-funded projects, area-based programmes, sector-reform programmes, and relatively small non-formula based development grants.²³

In 2004, the Government and its development partners established and began allocating Local Government Capital Development Grants (LGCDG). These discretionary grants were awarded to those councils able to demonstrate that they had met basic standards in terms of the quality of their development plans, procurement systems, financial management, and transparency.²⁴ Some 50 billion or so Tanzanian shillings have been available (equivalent to around \$1.50 per capita) under the LDCDG system which the Government has declared to be its “preferred modality for transfer of development funds to LGAs.” Other sectors have also now started to transfer funds utilising the basic principles of the LGCDG system (see pie chart below), and these have had a substantial impact in terms of facilitating autonomous and discretionary LG spending.

For example, of the 211 billion shillings allocated to local councils in 2008.9, almost a third of this 85 billion was in the form of discretionary grants.²⁵

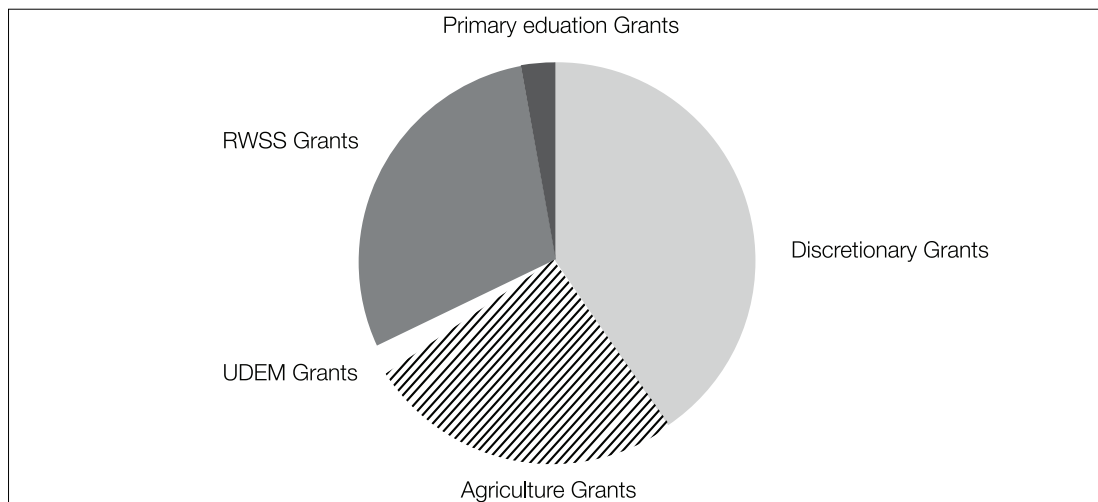
²² See, for example, conclusions of the 2007 LGRP Evaluation and recent fiscal reviews by PMO-RALG.

²³ Such as the 5 billion Tshs PO-RALG Development Grant. See analysis in PricewaterhouseCoopers’s 2004 report.

²⁴ For details see the LGCDG Assessment Manual available at www.logintanzania.net.

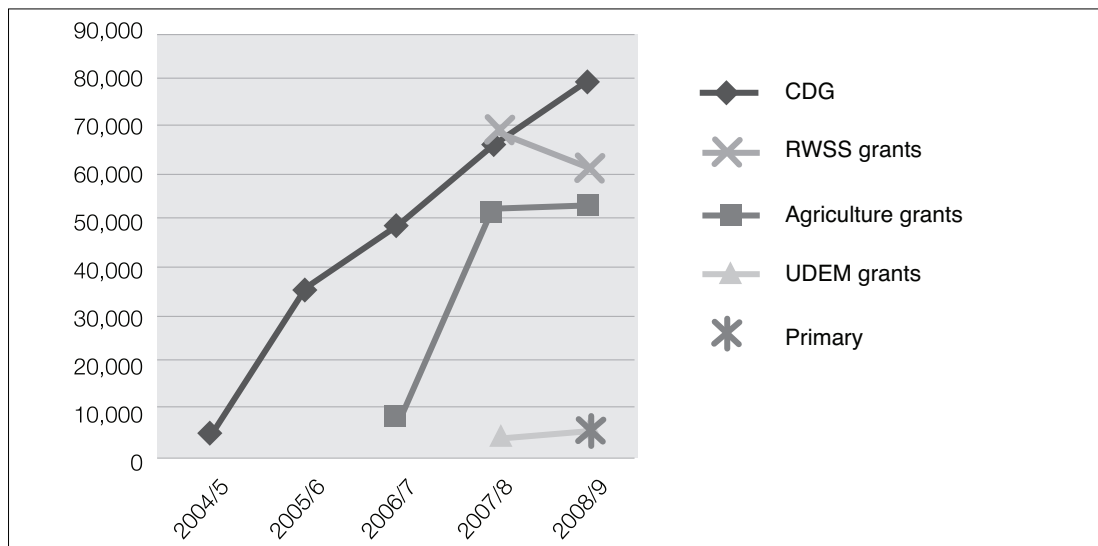
²⁵ The bulk of these were capital development grants (>79 billion); Capacity building grants made up the remainder.

Figure 4: Grant allocation to LGAs in 2008/9, as a proportion of the 211 billion budgeted



Capital Development Grants (CDG) have been contributing an increasingly substantial amount to LGA budgets since they first began to be dispersed in 2004/5

Figure 5: Grant allocations to LGAs between 2004 and 2009, measured in million shillings²⁶



Source: PMO-RALG LGSP Midterm Review 2008, and PMO-RALG Annual Budget Guidelines 2008.

In addition to these formula-based fiscal transfers, LGAs have continued to receive substantial amounts from project-level financing (e.g. through bilateral transfers, funds from TASAF, and sector-specific funding etc). Multiple funding streams have made it hard to establish exactly how much is being transferred or spent a local government authority level. However, some attempt to analyse budgets and expenditure is made below.

²⁶ Based on actual figures between 2004/5 and 2006/7 and budgeted figures for the following two years.

LGA's Share of Total Public Expenditure and Spending Patterns

Between 2001 and 2006, the proportion of money allocated to local governments – as a share of the country's total public expenditure remained relatively stable, at around 18% (see table). In 2006/7, the amount increased substantially (to 24%) largely as a result of an increase in teachers and their salaries.²⁷

Table 1: The LGA Share of the Government's Total Recurrent Expenditure Budget

Fiscal Year	Total Recurrent Expenditure (Tshs billion)	LG share
2001/2	1,253.1	18.7%
2002/3	1,527.8	19.0%
2003/4	1,834.1	17.7%
2004/5	2,252.3	17.0%
2005/6	2,875.6	18.6%
2006/7	3,142.3	24.3%

The majority of expenditure (>78%) at a local level is classified as recurrent spending, with well over half of the latter (>56%) spent on personal emoluments. Spending tends to cluster around two main sectors, with primary education and basic health services receiving two thirds of total local expenditure (see annex 2 for more details).

Local government expenditure still appears to be largely driven by central government which limits how and where LGAs can spend their money. For example, the Government defines the proportions allocated to different sectors, and to different spending channels (personal emoluments, other charges or development).

The Local Government Capital Development Grant was intended to provide much needed discretionary funding to LGAs. However, central government appears to be frequently and increasingly directing the use of that money. For example, LGAs have been instructed to increase the amount of the grant used to construct secondary school classrooms, even though secondary education is not part of LGA's legal mandate.²⁸

Revenue Collection at a Local Government Authority Level

In the 2006/7 fiscal year, local government authorities across the country collected some 60 billion Tanzanian shillings in the form of local taxes. This represented only 7% of total LGA expenditure for the same year, indicating a high reliance on fiscal transfers from central government (see annex 2 for more details of these).

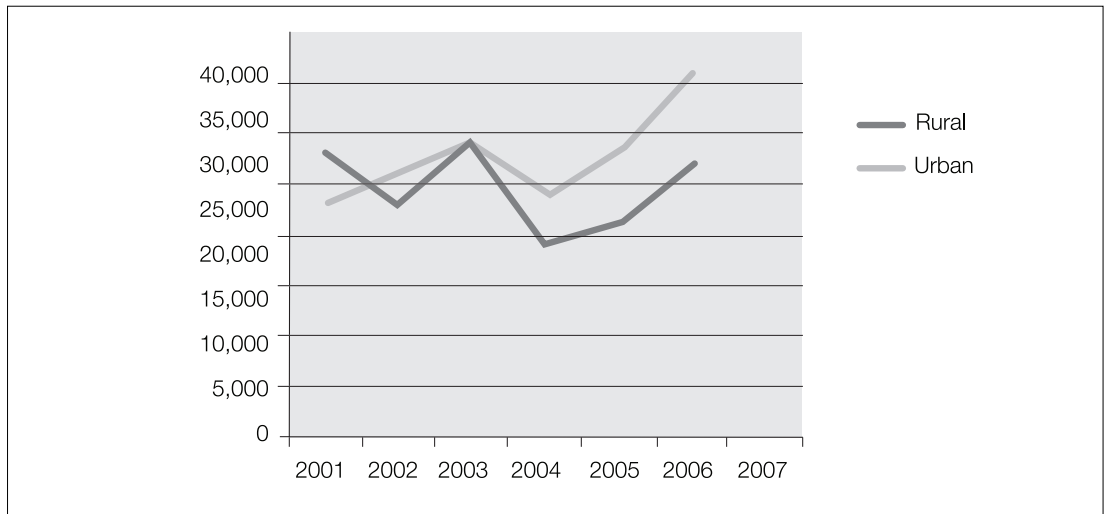
Although the amount of revenue collected in urban LGAs increased between 2000 and 2007 by some 36%, rural revenues actually declined by 4% during the same period (see chart below). Declines in revenues can be attributed to the abolition of 'nuisance taxes' in 2004, inappropriate tax designs and poor collection systems.²⁹

²⁷ This is significantly less than LGAs share of the total development budget – estimated at 17% in 2007.

²⁸ See, for example, PMO-RALG's 2007 *Local Government Support Programme Mid Term Review*.

²⁹ For detailed discussions, see REPOA's report on LGA finance (2006). Nuisance taxes are those which cost more to enforce than they yield in terms of revenue, such as the bicycle registration fee, the entertainment levy, the cattle trekking fee, etc.

Figure 6: Revenue collection at a Local Government Authority level between 2000 and 2007, measured as per million shillings.³⁰



³⁰ Data from PMO-RALG. Data from subsequent years are available at www.logintanzania.net.

Summary of Local Government Reform Outcomes:

The Local Government Reform Programme has brought notable improvements, not least of which have been significant increases of financial resources to the local level. LGA budgets, for example, more than doubled between 2003 and 2007, primarily as a result of increased fiscal transfers from central government. (The proportion of money allocated to local governments – as a share of the country's total public expenditure – however, remained relatively stable at around 18%). In addition, of the 211 billion shillings allocated to LGAs in 2008/9, almost a third was in the form of discretionary grants intended to support and facilitate autonomous Local Government spending.

There have also been improvements in human resource allocations and capacity. For example, the proportion of public sector staff employed directly by LGAs has steadily increased (from 59% in 1999 to 67% in 2006). In addition, capacity building efforts have had some measurable impact on planning, budgeting, and financial management.

Despite these positive results, LGA control over local staff is limited as a result of a dual level of authority which allowed central government to overrule local government in terms of staff allocation and management should it chose to do so. In additions, laws governing LGAs and defining their roles and responsibilities are spread over several – occasionally contradictory – pieces of legislation, which assign the same roles to different stratas of government, and allocate some key decision making roles which affect LGAs to central government.

Fiscal autonomy is also challenged by a dependence on central government financing, and by central dictates which increasingly direct the spending of supposedly discretionary funding (such as the Local Government Capital Development Grant). Other goals of local government reform, such as the transparent, formula-based fiscal allocation of resources, have also only been partially implemented and achieved, thus allowing regional inequities (such as teacher-pupil ratio disparities) to continue. The even deployment of government staff across the country remains an ongoing and well recognised problem, with remote, rural or marginalised districts particularly disadvantaged in terms of core staff.

Overall, evaluations suggest that local government authorities are not significantly more powerful than they were in 2000.

The Impact of Reforms on Governance

This chapter will explore the impact of local government reforms on selected aspects of governance, and especially those aspects analysed in Tanzania's 2003 and 2006 Citizen Surveys (participation, trust, transparency, accountability and corruption). Wherever data exists, the participation of women and young people is also analysed.

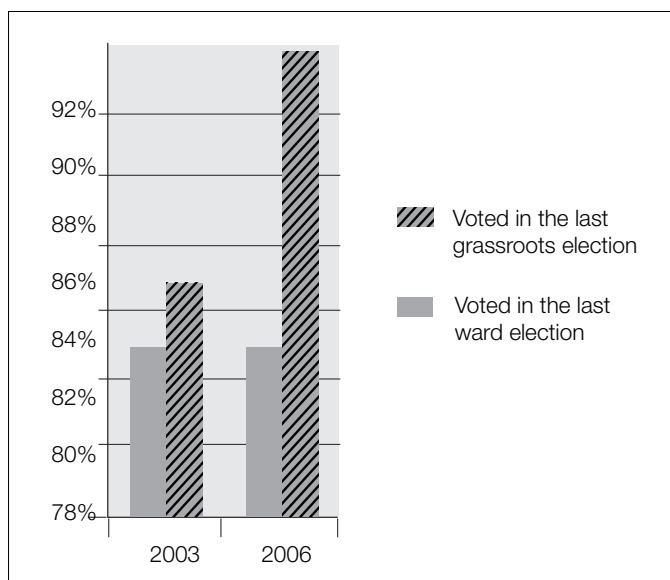
Electoral Participation

Tanzania has had three elections since multi party democracy was established in 1994, and is due to go to the polls again this year (2010). The National Electoral Commission oversees national and district voting, and elections at both levels (for President and parliament, as well as district, municipal and city councillors) take place at the same time.

Elections for village councils take place a year or so before national and district voting, and are overseen by District Council Directors and managed by the Ministry responsible for local government (currently PMO-RALG). The last of these so-called 'grassroots elections' took place in 2004 and installed over half a million village council members, and *vitongoji/mitaa* chairpeople.

Data from the Citizen Surveys indicate that there has been significant improvement in participation at the grassroots level, with over 91% of those surveyed in 2006 saying they had voted in the last election, compared to 83% in 2003.

Figure 7: Participation in Local Government Election

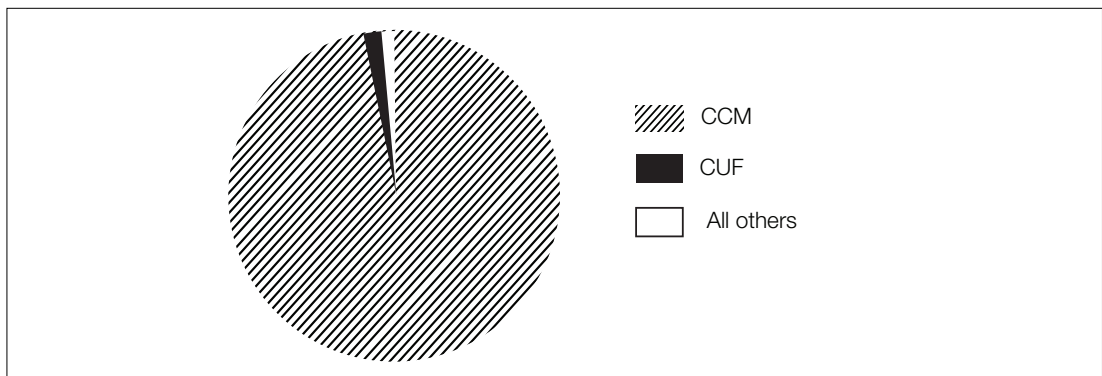


These figures are not, however, supported by other surveys. For example, a REDET study indicated that voter turnout in the 2004 election was just 70% in the ten councils examined, and that overall data on grassroots elections was so poor that it was "difficult to ascertain how many people registered and voted."³¹

³¹ Chaligha, Amon/REDET (2008): The 2004 Neighborhood, Hamlet and Village Council Elections in Tanzania.

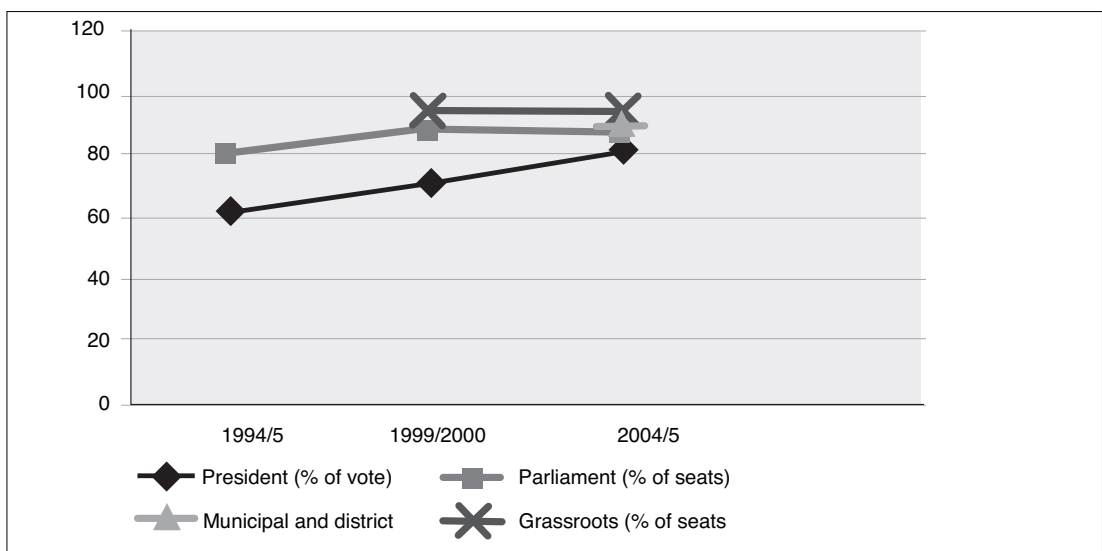
PMO-RALG data indicates that the ruling party, Chama cha Mapinduzi or CCM, increasingly dominates the grassroots elections. In 2004 it won >97% of the seats, up from almost 95% in 1999. The main opposition party – the Civic United Front or CUF – on the other hand won only 1.5% of the seats in 2004 (down from 1.7% in 1999), leaving the remaining 14 parties with a negligible share of the country’s half a million or so grassroots seats.

Figure 8: Seats won by political parties in the 2004 village council elections³²



Available data indicates that the ruling party dominates grassroots elections to a greater degree than it does district or national elections. For example, whilst CCM won over 97% of grassroots seats in 2004, it won less than 93% of municipal and district seats, less than 89% of parliamentary seats, and less than 81% of presidential votes. Dominance by the ruling party at all levels has increased during every election since 1994 (see graph below).

Figure 9: % of votes won by the ruling party, CCM in national, district and local elections³³



³² PO-RALG (2005): *An Overview of the Grassroots Elections in the Tanzanian Mainland in 2004*.

³³ Data from the National Electoral Committee, and Chaligha (2008). Calculations of 2005 local council data by Therkildsen and Geeland (see www.diiis.dk).

Direct Participation

Citizen participation in community structures, committees and organisations appears to have increased between 2003 and 2006 – see table below. Worth noting are significant increases in sectoral committees (water, schools etc), attendance at council meetings, and involvement in preparing village and ward plans (almost a third of respondents reporting having been involved in the latter). Overall, almost a quarter of all survey respondents (23%) reported some involvement in local leadership in 2003 compared to 17% in 2003. Rural dwellers were more likely to be involved than urban dwellers.

Table 2: Indicators of Community Participation, as measured by REPOA’s 2003 and 2006 Citizen Surveys.

Percentage of respondents who report that they or a member of their household member is involved locally in:	Total % in 2003	Total % in 2006	Rural % in 2006	Urban % in 2006
Village/ward leadership	17	23	26	16
Council meetings	24	28	31	23
School Committees	28	36	39	31
Water Management Committees	13	23	26	19
Preparation of village/ward plans	20	35	35	34
TASAF-Project Committees	1.9	14	12	17
Public Works Committees	9	19	20	18
Primary Cooperatives Societies or Farmers’ Association	9	12	16	4.5
Agricultural or Livestock Extension Groups	2.9	6	8	3.6

Source: REPOA Citizen Surveys 2003 & 2006

Increased community involvement seems to be attributable in particular to the increased participation of women and young people. For example, the percentage of women reporting that they were involved in some way with village, ward or council leadership almost doubled between 2003 and 2006 (from 9.6% to 18.6%), and the number of young people claiming the same increased from a tiny 1.2% in 2003 to a substantial 9.1% in 2006. Over the same period, men’s participation increased only slightly (from 24.2% to 29.6%), while that of village elders decreased slightly (from 32.9% to 32.6%). Despite these encouraging developments, men are still more active in local government leadership than women (27% were involved in 2006 compared to 19% of women), and elders than youth (33% compared to 9%).

The 2006 survey asked some additional questions on citizens’ participation in village and *mitaa* assemblies. Only half of respondents (53%) said that the assemblies had met in the last three months, despite being required by law to meet every quarter. 44% of all respondents said they had attended the last meeting. Despite relatively robust attendance rates, less than half attendees (20% in total) could remember any of the topics discussed at the meeting, and only 18% said anything during the meeting. On a more positive note, citizens seem to feel overall that the assemblies are democratic fora (77% agreed they were). The table below summarises these findings.

Table 3: Participation in Village or Mitaa Assemblies

% of respondents who said the village/ <i>mtaa</i> assembly had met in the last 3 months	53%
% of respondents who said they had attended a meeting within the last 3 months	44%
% of women who said they had attended a meeting within the last 3 months	42%
% of young people who said they attended a meeting within the last 3 months	33%
% of respondents who could remember what topics were discussed at the last meeting	20%
% of respondents who spoke at the last meeting	18%
% of respondents who agree that the assemblies are “a democratic forum” and that “people have a say in the meetings”.	77%

Source: REPOA Citizen Surveys 2003 & 2006

Citizen Trust in Local Government Institutions

The Citizen Surveys asked people their views about local government reform. As summarised in the table below, respondents expressed a far more positive view of reform in 2006 than they had in 2003. For example, over three quarters of respondents (78%) agreed that reforms were helping to improve service delivery in 2006, compared to just 58% in 2003. They also had more positive expectations that reforms would increase community participation in planning processes. Despite these positive developments, it is worth noting that the majority of respondents do not think that the council administration takes local people’s concerns seriously.

Table 4: Respondents’ Views on Local Government and LG Reforms

	agreeing in 2003	agreeing in 2006
“Local Government Reforms are helping to improve service delivery.”	58%	78%
“I have influence and my views can be heard in the new planning system.”	45%	63%
“LG reforms will increase community participation in planning processes.”	70%	82%
“The council administration takes people’s concerns seriously.”	34%	44%

Source: REPOA Citizen Surveys 2003 & 2006

People’s trust in central government also appears to have increased between 2003 and 2006, with well over three quarters of respondents in 2006 thinking it was doing its best to fight poverty and improve service delivery. Improved trust – both in relation to central and local government – may in part be due to hope generated by President Kikwete’s landslide victory in 2006.

Table 5: Respondents’ Views on Central Government

	agreeing in 2003	agreeing in 2006
“The Government is doing its best to improve public service delivery.”	66%	80%
“The Government is doing its best to fight poverty.”	58%	77%

Source: REPOA Citizen Surveys 2003 & 2006

Satisfaction with leaders at a devolved level was less positive. Although members of parliament and village chairpersons were generally thought to be “working as well as they can”, less than a third of respondents thought council staff were working well. The table below summarises these mixed responses.

Table 6: Citizens’ Satisfaction with Different Leaders

% of respondents who thought that the following leaders “work as well as they can”.	2003	2006
Village Executive Officer	55%	61%
Ward Executive officer	65%	56%
Council Staff	55%	31%
Ward Counsellor	62%	67%
Village Chairperson / mtaa leader	77%	77%
Members of Parliament	56%	62%

Source: REPOA Citizen Surveys 2003 & 2006

Transparency

Data from the Citizen Surveys indicate that public access to financial information at a local government level increased between 2003 and 2006. For example, the number of people who had seen the local government budget posted in a public place increased over the 3 years (in 2006, 13% of women said they had seen it in the previous two years, compared to just 4% in 2003). There were also increases in other key financial transparency indicators – see table below – perhaps as a result of PMO-RALG’s efforts to enhance citizens’ access to data, particularly local government financial data. (For instance, the announcement of local government budget information in all wards is now a requirement under the Local Government Capital Development Grant system.) Despite these improvement, exposure to public financial information is still relatively low, and it only a minority of respondents who had seen local government financial data. For example, only 5% of women and 6% of men had seen audited council accounts in 2006.³⁴

Table 7: Public Access to Financial Information

	2003		2006	
	Male	Female	Male	Female
% of respondents who have seen the local government budget posted in a public place in the last 2 years.	7%	4%	14%	13%
% of respondents who have seen tax and fees collected in their area posted in a public place in the last 2 years.	3.5%	1.5%	13%	11%
% of respondents who have seen audited statements of council expenditure posted in a public place in the last 2 years	3.5%	1.5%	6%	5%
% of respondents who have seen financial allocations to key sectors posted in a public place in the last 2 years	5%	4%	9%	7%

Source: REPOA Citizen Surveys 2003 & 2006

³⁴ Qualitative interviews by the report team as well as other REPOA researchers indicated that citizens had difficulties in making sense of publically available financial data.

It is worth noting that women's access to information appears to have increased to a greater extent than men's, though they are still less likely to have seen public financial information than men. Local government reform initiatives did not specifically target women – so women's increasing involvement may be attributed to broader social changes.

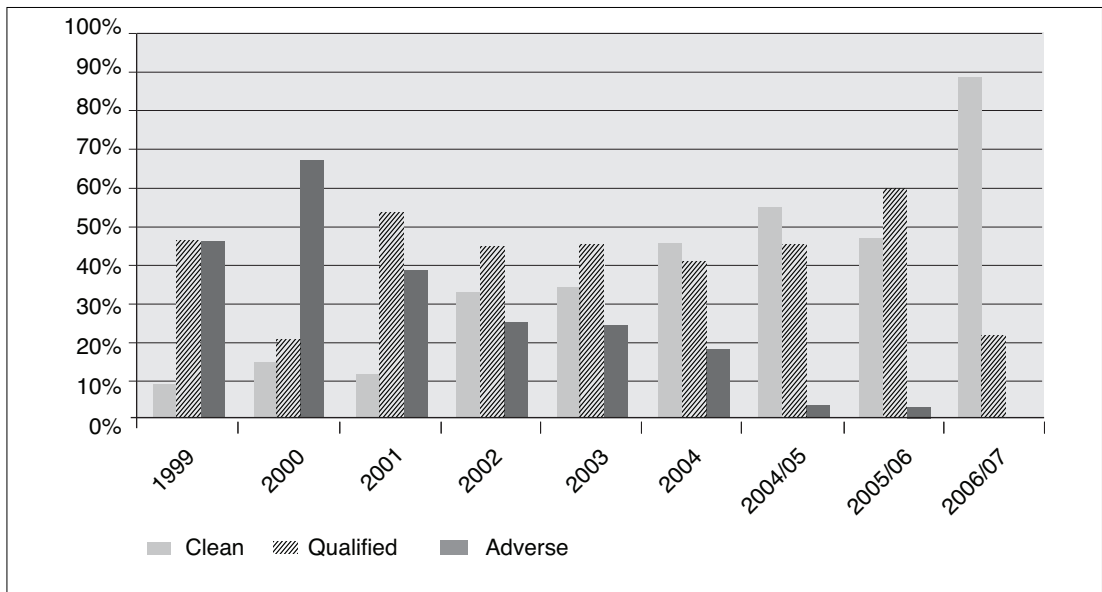
Accountability

At the local level there is evidence of improved financial accountability (see box below). Annual reports released by the Controller and Auditor General (CAG) and the National Audit Office show a substantial increase in the number of 'clean' audit reports awarded at a local government level, and a substantial decrease in adverse reports. Indeed, in the 2006/7 financial year:

- No local councils received an adverse audit (>65% did in 2000);
- 81% of councils were awarded a clean audit (<15% did in 2000).

These figures indicate that there has been a significant improvement in the financial accountability of local government authorities.

Figure 10: Summary of CAG Reports for LGAs



Source: CAG reports, summarized by the LGRP.

Corruption

International studies, including the Afrobarometer Surveys, indicate that Tanzania has improved its control over corruption in the last decade.³⁵ Respondents to the Citizen Surveys also appeared to feel that corruption has declined. For example, the number of people who say that they or a member of their household have witnessed a corrupt act declined from 50% to 30% between 2003 and 2006.

³⁵ See also REPOA Brief no 11 (2008).

Despite this, survey data suggests that corruption in local government is still perceived to be a serious problem (58% of respondents said it was in 2006). And although almost a third of people (30%) say they have witnessed corruption and know how to report a corrupt act, only a tenth of those (3.5%) have actually done so. Fear of negative repercussions or lack of motivation may play their part in failure to take action.

Table 8: Citizens' Views on Corruption

Percentage of respondents who agree on the statement	2003	2006
Have you, or a member of your household, ever observed an act of corruption by a public official?	50%	30%
Have you, or a member of your household, reported a corrupt act by a public official in the last 2 yrs?	7%	3.5%
% of respondents who say they know how to report an act of corruption by a public official	22%	30%
% of respondents who believe that "corruption is a serious problem in this council".	59%	58%
% of respondents who believe that "there is less corruption than 2 years ago".	27%	51%

Source: REPOA Citizen Surveys 2003 & 2006

Summary of Governance Trends

Although the picture is quite complex, it is possible to draw some broad conclusions regarding general 'governance' trends as perceived by the citizens of Tanzania. These are summarised in the boxed section below.

Summary of Governance Trends between 2003 and 2006

Positive:

Data from the Citizen Surveys indicate that there have been significant improvements in:

- **Electoral Participation:** > 91% of those surveyed in 2006 said they voted in the last grassroots election, compared to 83% in 2003.
- **Citizen Participation:** Almost a quarter of respondents reported some involvement in local leadership in 2006, and almost a third had been involved in preparing ward or village plans. The involvement of young people and women has increased particularly.
- **Trust:** > 78% of agreed that reforms were helping to improve service delivery in 2006, compared to just 58% in 2003.
- **Transparency:** Public access to financial information has increased (e.g. in 2006, 13% of women said they had seen the LG budget posted in a public place compared to just 4% in 2003).
- **Accountability:** the number of 'clean' LGA audit reports has increased (from <15% in 2000 to 81% in 2006/7), and there were no adverse reports in 2006/7.

- **Corruption:** In 2003, 50% of Tanzanians said that they or a member of their household had witnessed a corrupt act. In 2006, only 30% had.

Negative:

- **Electoral Dominance:** Dominance by the ruling party has increased at all levels and at every election since 1994. Dominance at a grassroots level is particularly strong, with CCM winning >97% of seats in 2004.
- **Civic Participation:** Men are still more active in local government leadership than women (27% were involved in 2006 compared to 19% of women), and elders than youth (33% compared to 9%). Half of the respondents said that village/*mtaa* assemblies had not met in the last three months, despite being required by law to do so.
- **Trust:** Well under half of respondents (44%) thought that the council administration took local people's concerns seriously, and less than a third of respondents thought council staff were working well.
- **Transparency:** only a minority of respondents have seen local government financial data (e.g. only 5% of women and 6% of men saw audited council accounts in 2006).
- **Corruption:** Over half of all respondents (58%) thought that corruption in their local government was still a serious problem in 2006. 30% of people say they have witnessed corruption and know how to report a corrupt act, but only a tenth of those (3.5%) have actually done so.

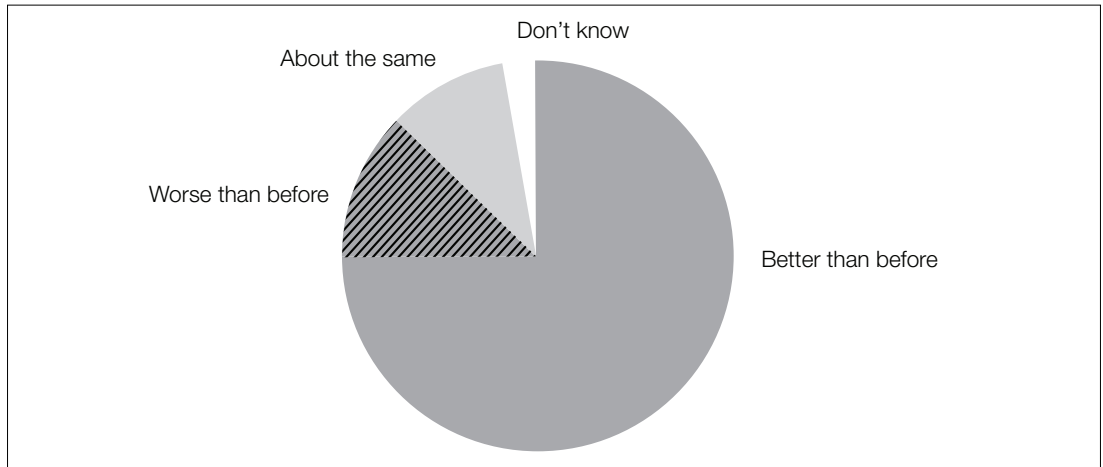
The Impact of Reforms on Service Delivery

This chapter summarises trends in service delivery as perceived by respondents to the Citizen Surveys. It also looks at how reforms have affected service delivery outcomes. It takes as an example for detailed analysis, the sector which has perhaps seen the greatest improvement since reforms began – that is, education.

The Views of Citizens

The 2003 and 2006 Citizen Surveys asked people how satisfied they were with service delivery at a local government level. In 2006, over 75% thought that services were “better than before” (compared to 54% who said that in 2003). 10% thought they were “about the same” and 12% thought they were worse. The remainder did not know. Urban dwellers were more likely to say services were improving than rural dwellers (79% compared to 73%).

Figure 11: Satisfaction with local government services in Tanzania, 2006



Tanzanians were more satisfied with all key services in 2006, but were particularly pleased with progress in education (91% thought that primary schools had improved in the past two years and 67% thought secondary schools had). Over half of respondents also thought that dispensaries and district hospitals were getting better (56% and 53% respectively). However, less than a quarter of citizens are happy with the state of their roads, markets, health clinics, water, electricity supply, and agricultural extension services. Law and order is felt to be improving (by 44%) but only 35% declare themselves ‘generally satisfied’ with it. Overall, satisfaction is still relatively low: except in education, less than half of respondents said they were satisfied with services in any sector.

Table 9: Satisfaction with Local Government Service Delivery, 2003 to 2006

	2003 satisfaction	2006 satisfaction	Change 2003-06	Improvements in the last 2 years? 2003	Improvements in the last 2 years? 2006
LG Services in general	-	-	-	54%	75%
Primary Schools	70%	79%	12%	85%	91%
Secondary Schools	24%	56%	138%	18%	67%
Dispensaries	38%	45%	18%	37%	56%
Health Clinics	16%	19%	25%	10%	23%
District Hospitals				N/A	53%
Water Supply	22%	23%	6%	20%	28%
Market Places	13%	19%	47%	N/A	9%
Road Maintenance	22%	25%	11%	26%	29%
Agricultural Extension Services	8%	14%	78%	3.5%	16%
Electricity Supply	19%	20%	2%	16%	22%
Law and order	19%	35%	85%	16%	44%

Source: REPOA Citizen Surveys 2003 & 2006

A comparison of urban/rural satisfaction levels reveals that urban dwellers were less likely to be satisfied with their water supply, and rural dwellers with their health clinics, electricity supply, and law and order. Asked whether they had seen improvements in specific services during the past two years, there was a broadly comparable response between urban and rural populations (within 10%). Rural citizens, however, were more satisfied with primary education than urban citizens, and urban populations appear to have noticed a much more dramatic improvement in health clinics, dispensaries and law and order.³⁶

Table 10: Comparing urban and rural satisfaction in local government service delivery, 2006

	Rural satisfaction	Urban satisfaction	Improvements in last 2 years? Rural	Improvements in last 2 years? Urban
Primary schools	79	78	93	88
Secondary schools	56	55	67	66
Dispensaries	43	49	50	69
Health clinics	16	26	19	32
District Hospital s	44	45	50	59
Water Supply	26	19	29	27
Market places	19	21	20	23
Road maintenance	23	28	27	33
Agricultural extension	17	9	19	11
Electricity supply	17	25	20	27
Law and order	32	41	39	54

Source: REPOA Citizen Surveys 2003 & 2006

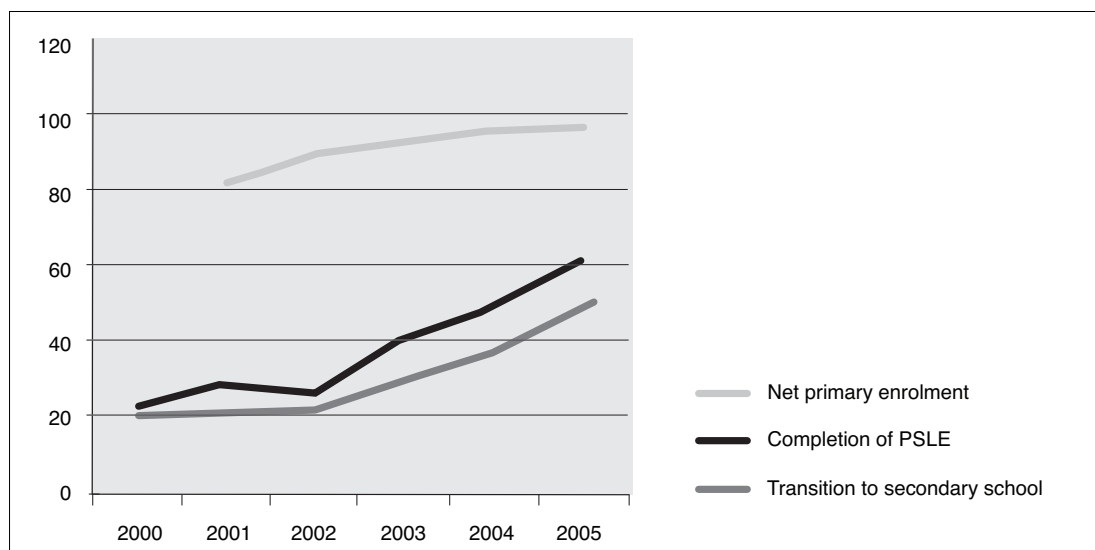
³⁶ The latter may be explained by the merging of community policing schemes in the urban LGAs in this period.

Basic Education Trends – A Case History³⁷

The abolition of school fees in 2001, and the launch of the Primary Education Development Programme (PEDP) which aimed to deliver education for all, led to a dramatic increase in primary school enrolments, and by 2009, net enrolment had reached 96% with near gender parity. Despite these very encouraging results, net attendance rates have remained much lower, indicating a clear need to improve quality and ensure retention. Primary teacher/pupil ratios still fall short of targets; pupil/text book ratios are still not yet one to one (though they did increase from 4: 1 in 2001 to 3: 1 in 2007/8); and classroom infrastructure is often still of poor quality despite there being many tens of thousands of new schools. In addition, although pass rates for the primary school leaving exam rose – from 22% in 2000 to 71% in 2006, they fell to 54% in 2007 with girls still performing significantly less well than boys. Equity of access is also a concern with rural, poor and disabled children least likely to fulfill their rights to education. The proportion of primary teachers with higher qualifications³⁸ has increased significantly (from 58% in 2000 to 90% in 2009) and in 2009 there were 157,185 primary school teachers registered on the public payroll.

The Secondary Education Development Plan (SEDP) began in 2004 with the aim of increasing net enrolment from 10% to 50%. Transition to secondary education has increased since then (from 36% in 2004 to 51 % in 2008), through wide gender inequities exist at this level, with girls dropping out due to pregnancy, early marriage, poverty or prevailing social norms.

Figure 12: Improvements in key education indicators between 2000 and 2005, as identified by BEST



³⁷ This section is primarily based on data from BEST (2002-6); REPOA/UNICEF's Vulnerability of Children in Tanzania report (2005); the Poverty and Human Development Report (2007); the TDHS (2004/5); and situational analyses, reviews and evaluations – including PERs - of the PEDP and the Education Sector Development Plan (ESDP).

³⁸ I.e. with diplomas, degrees and Grade A teaching certificates.

Education faces a number of key challenges as identified in sectoral studies and reviews (see, for example, Haki Elimu's work listed in the bibliography). These include the challenges of:

- Improving the quality of primary education in the face of massive quantitative expansion;
- Ensuring that education reaches all children, especially the most vulnerable;
- Expanding access to secondary education through SEDP;
- Ensuring the even deployment of teachers across regions and across the urban/rural divide;
- Improving teacher training, support and supervision.

The rest of this chapter will examine in more detail some of the key features of educational reform, including service delivery mechanisms, financing trends and sector outcomes.

Institutional Arrangements at a Primary and Secondary Level

Since 1999, district councils have been responsible for providing primary education to local children. Primary school teachers are in principle employed by and report to local government authorities,³⁹ though in practice – and especially in recent years – central government has taken a more direct role in recruiting and deploying primary teaching staff.

The provision of secondary education is mandated to central government, although over the reform period discussed in this report, LGAs have been assigned some secondary school responsibilities, such as the construction of classrooms.

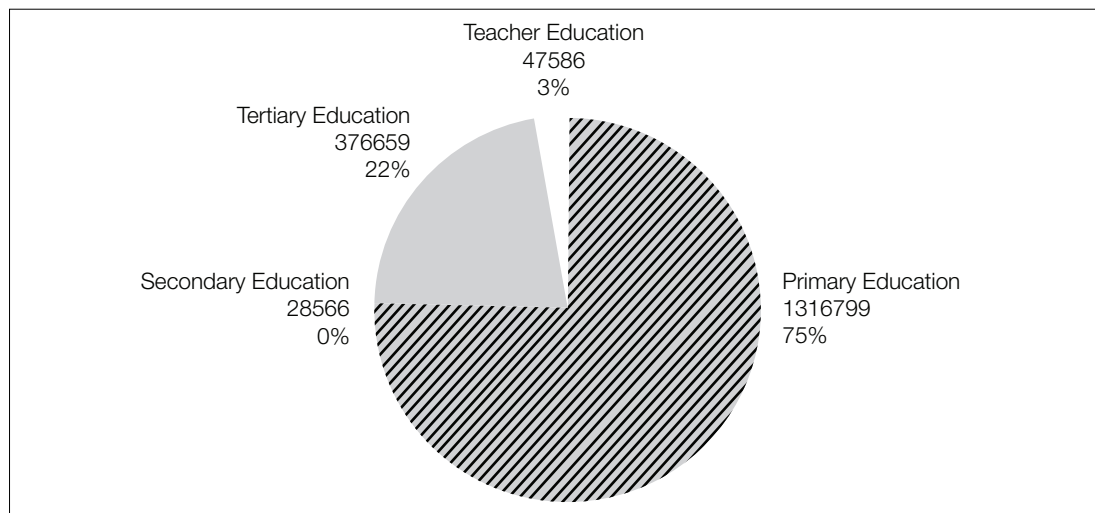
Several institutional reforms were undertaken to support the implementation of PEDP. For example, the roles and responsibilities of school management committees were revised to allow them to supervise aspects of the rapid classroom construction programme and manage (at a school level) the new capitation grants.

Financing Trends in Education

In the 2009/10 financial year, 1,743 billion shillings were spent on education in Tanzania, with the lion's share of that (76%) going to primary education, and a substantial portion (21%) going to tertiary education. Secondary education received a token 0.2 % of the total budget, and teacher education less than 3% (see pie chart below).

³⁹ They report through the District Education Office to the District Executive Director, who in turn reports to LGAs.

Figure 13: Financial allocations to education for the financial year 2009/10 (In Millions of TSh)



In the decade between 1994/5 and 2004/5, the budget allocated to education increased more than six fold. Proportional allocations also changed over the decade with primary education receiving a proportionally larger share in 2004/5 (from 62% in 1994), secondary education a substantial larger share (from 10% in 1994) and tertiary education a reduced share (from 20% in 1994).

Approximately 45% of all education sector expenditure has been channelled through local government authorities since the start of the LGRP. Most recurrent expenditure is for personal emoluments, and only a small proportion is used for OC expenditure.

Overall, allocations to education accounted for about 18% of the total government budget in 2009/10 according to BEST.

Citizen Satisfaction with Education Services

Overall, Tanzanians appear to be very satisfied with the recent improvements in education in all areas (see tables below).

Table 11: General Satisfaction with Education Services

	2003	2006
Are satisfied with the quality and capacity of local primary schools	70%	79%
Are satisfied with the quality and capacity of local secondary schools	24%	56%
Agree that primary education services have improved in the last two years	83%	91%
Agree that secondary education services have improved in the last two years	18%	67%

Source: REPOA Citizen Surveys 2003 & 2006

Table 12: Perceptions of Recent Changes in Primary Education

Agree that in the last 2 years:	2003	2006
The quality of primary school buildings has improved	86%	92%
The performance of primary school teachers has improved	47%	75%
The number of teachers has increased	42%	63%
More textbooks are available	27%	55%
The cost of schooling has improved	80%	73%
More desks are available	54%	71%

Source: REPOA Citizen Surveys 2003 & 2006

Can Local Government Reform Explain Changes in Service Delivery?

Changes in service delivery may be attributed to a range of factors including decentralisation, public sector and local government reform, funding increases, sector policies and strategies, as well as to broader socio-economic developments. The public, however, when asked which factors had improved local services, were most likely to identify local government reforms and grants from central government as key influences. Funding modalities and grants (such as the LGCDG and TASAF) were much less likely to be identified. More than three quarters of citizens (78%) interviewed in 2006 agreed “that local government reforms are helping to improve service delivery” (from 58% in 2003): a very encouraging result.

Table 13: Citizen Views on relevance of LG reforms

Which factors can explain improved service delivery?	2003	2006
Grants and support from central government	32%	51%
Local Government reforms	16%	40%
Local Government Capital Development Grants	N/A	22%
Donors	14%	10%
TASAF	5%	5%

Source: REPOA Citizen Surveys 2003 & 2006

Main Conclusions

This chapter summarises the main conclusions of previous chapters, and assesses how local government reforms have affected governance and service delivery.

Assessment of Local Government Reform Outcomes

The Local Government Reform Programme has brought notable improvements, not least of which have been significant increases in human and financial resources. LGA budgets, for example, more than doubled between 2003 and 2007, primarily as a result of increased fiscal transfers from central government.⁴⁰ Capacity building efforts have also allowed key staff to fulfil their roles more competently, and training has had some measurable impact on planning, budgeting, and financial management.

Despite these positive results, evaluations suggest that local government authorities are not significantly more powerful than they were in 2000. LGA control over local staff is limited, and fiscal transfers from central government are increasingly earmarked for specific purposes. The Local Government Capital Development Grant, for example, was intended to provide non-earmarked development funding, yet in practice, LGAs are often directed by central government how to spend the grant. Other goals of local government reform, such as the transparent, formula-based fiscal allocation of resources, have also only been partially implemented and achieved.

Overall, therefore, it can be concluded and that the reform's core objective of promoting more autonomous local governments has not been achieved.

Impact of Local Government Reform on Governance

The data analysed in this report suggest that some governance indicators have significantly improved since 2000. For example, there is evidence of increased civic participation, availability of information, trust in local government, and reduced corruption. The financial accountability of LGAs also appears to have improved.

Overall increased civic participation has primarily been characterised by the establishment and involvement in user committees (e.g. for water or schools) rather than increasing participation in LGA matters. The increasing participation of women and young people is a promising trend, but one that is likely to be the result of broader societal changes since the LGRP did not specifically seek to target these groups.

There are a few worrying challenges in terms of governance. First, many village/*mitaa* assemblies, do not appear to be meeting every quarter, despite being required to do so by law. In addition, the dominance of the ruling party in grassroots elections – CCM currently holds 97% of these seats – does not appear to tally with the overall national strength of the party. This may reflect that state and party have not yet fully separated at a local government level.

⁴⁰ The related transformation of the regional administration, which began in 1997, has also played its part.

In conclusion, it appears that although reform has had some direct impact on governance (especially in terms of improved financial management and citizen participation in local government planning), improved governance is more likely to reflect broader changes in society and the country's development.

Impact of Local Government Reform on Service Delivery

The survey data indicates that Tanzanians were more satisfied with local services in 2006 than in 2003, and were especially pleased with the improved state of schools and health dispensaries. Significant progress also appears to have been made in terms of law and order. Despite this, satisfaction is still relatively low: except in education, less than half of respondents said they were satisfied with services in any sector.

Over three quarters of Tanzanians in 2006 thought that local government reform was "helping to improve service delivery" (from 58% in 2003). Although the Local Government Capital Development Grants was seen as having played its part, fiscal support from central government was seen as the most influential factor in improving service delivery. Better planning and financial management as a result of capacity building are also likely to have played their part in improving local services.

Regional disparities continue to be obvious in key areas, such as teacher-pupil ratios. Formula-based recurrent grants are still not being correctly or effectively implemented and will need to be so if Tanzania is to ensure the more equitable distribution of financial and human resources.

Contribution to International Literature

The impact of Tanzania's reforms have been assessed in part by the two Citizen Surveys carried out in 2003 and 2006, which showed evidence of some positive trends in terms of improved governance and service delivery. Despite this, it is felt that more detailed analysis of the links between elements of reform and their outcomes is needed (see chapter 7). To date, local government reforms in Tanzania have been implemented only partially, and positive outcomes in governance and service delivery are likely to be influenced by a broader range of factors that reform alone. The World Bank estimates that more than sixty developing and transitional economies are currently implementing decentralisation reforms, and it is hoped that this report, as well as future studies, can help contribute to international discussions on these issues.



Policy Level Implications

Local government reforms were initiated to achieve two broad objectives: improved governance and improved service delivery. To achieve these objectives, several aspects of reform need to be deepened, extended and more effectively implemented. Specifically, it is recommended that:

- **LGAs need more autonomy:** in order to hold their staff accountable, as well as plan, implement and expend according to local priorities.
 - **Decentralisation needs to be deepened** and extended below district level: this would require a clarification of village/*mitaa* and committee roles, and a fresh look at grass root electoral procedures. (For example, although legislation protects the rights of independent candidates to stand in local government elections, in practise they are unable to do so.)
 - **Access to information needs to be improved:** Only a minority of Tanzanians have accessed basic local government fiscal information. Fewer still are able to make sense of it.
 - **Legislation should be reviewed and amended:** laws governing LGAs are spread over several pieces of legislation. At times, these are confusing, and overlap or conflict with sector legislation.
 - **Formula-based recurrent grants need to be effectively implemented** in order to overcome regional disparities and ensure the more equitable allocation of resources.
- Sector-specific interventions need to be implemented** (such as motivating personnel through pay reform initiatives and increasing essential health and education staff).



Further Research

The achievements of Tanzania's poverty reduction targets hinge upon effective local governance and service delivery. It is therefore critical that we understand trends in the latter. Although much analysis has taken place at a sector level, it would be extremely useful to undertake a broad cross-sector analysis. The following are identified as important areas for future research:

Detailed Thematic Research

The impact of Local government reform can only be fully understood if reform initiatives are clearly linked to concrete outcomes and results. Research indicates that there have been improvements in local financial management, and these may in part explain improvements in local service delivery. However, many other aspects of the LGR – including those outlined below – are much less studied, and would benefit from further analysis.

Human Resource Management

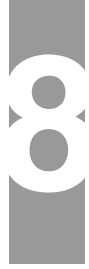
To date there has been little analysis of how staff are managed and motivated at a local level. For example, the relative importance of fiscal and non-fiscal incentives (e.g. salary compared to training) has not been properly assessed. Other basic elements of human resource management in the country are also poorly studied and documented and would benefit from focused attention. These include the effectiveness of local recruitment compared to central deployment in terms of numbers recruited and retained, loyalty, capacity and effectiveness. A lack of baseline data and analytical work may in part explain the slow progress of decentralising human resource management.

Village Level Politics

Much of the analysis of 'decentralisation', 'community management', and 'participation' is essentially apolitical, and fails to take on board that core local institutions – such as village governments – are intrinsically linked to party politics. In order to understand the obstacles and challenges to decentralisation, it would be useful to further explore the nature of local politics, including how local political parties link as well as conflict with wider political structures, patrons, interest groups and sector specific institutions (such as farmers' groups and school committees).

Follow up Citizen Survey

REPOA's Citizen Surveys of 2003 and 2006 provided critical information for assessing trends in governance and service delivery in Tanzania. A further survey would usefully bring this information up to date. Some revisions to the existing survey are suggested, including reducing superfluous information about respondents (for example, question 3 to 11); adding useful respondent information (e.g. about socio-economic status); and ensuring that participation questions pertained only to the respondent not to his or her larger household so as to allow improved gender analysis).



Summary and way Forward

The Local Government Reform Programme aims to transfer resources from central to local government, and to devolve and decentralise power to create more autonomous LGAs. Significant challenges exist, however, in terms of effectively implementing the decentralisation policy and building the capacity of the lead Ministry – PMO-RALG’s – capacity to drive and coordinate the reform. Despite many significant improvements, the reform programme has not so far fulfilled many of its core objectives. For example, in 2008 the proportion of the national budget flowing directly into local government bank accounts did not increase at all (a key target), and there has been limited progress in harmonising funding channels and simplifying budgets. As a result of these and other factors, the local government reform programme was deemed ‘unsatisfactory’ by the annual General Budget Support review team in both 2008 and 2009.⁴¹

In 2008, the Local Government Reform Secretariat – which had coordinated reforms for a decade – was finally closed down in order to allow co-ordination to be fully mainstreamed into government systems. Its closure, however, placed an additional pressure on PMO-RALG, and delayed the next phase of decentralisation. Following an intensive transitional period of capacity building, the new phase began in mid 2009. Consensus has now been reached on the future direction of local development funding and an MOU, signed in early 2009, sets out a vision of making the Local Government Development Grant the primary funding modality for LGAs by 2013. A review of the successes and challenges of the LGDCD is planned for 2011.

Further research, documentation and disseminating of results is also planned by REPOA (see boxed section).

⁴¹ Thanks to Irish Aid for the succinct overview in section 7.

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 - Reviews and evaluation of the Education and Training Sector Development Programme;
 - Basic Education Statistics in Tanzania, 2002-2006.

Appendix 1:

Basic Financial Data from Local Government

Table 1: Summary of local government expenditures, FY 2006/07 (Figures in Tshs Millions).

	Personal Emoluments	Other Charges	Recurrent Expend.	Development Expend.	Total
Education	329,276.4	72,952.5	402,228.9	51,966.4	454,195.2
Health	70,605.0	28,780.8	99,385.8	17,399.2	116,785.0
Agriculture	10,401.4	4,277.6	14,679.0	19,340.4	34,019.5
Roads	4,965.7	4,301.5	9,267.1	9,307.8	18,574.9
Water	4,095.4	9,723.1	13,818.5	15,206.7	29,025.2
Concurrent functions	419,343.9	120,035.4	539,379.3	113,220.5	652,599.9
Local Admin	46,870.9	47,869.3	94,740.2	14,335.9	109,076.1
Other Spending	19,962.9	19,643.8	39,606.7	57,017.9	96,624.6
Exclusive local func.	66,833.8	67,513.1	134,346.9	71,353.8	205,700.7
Total	486,177.7	187,548.5	673,726.2	184,574.3	858,300.6
Percent of local government expenditures					
Education	38.36	8.50	46.86	6.05	52.92
Health	8.23	3.35	11.58	2.03	13.61
Agriculture	1.21	0.50	1.71	2.25	3.96
Roads	0.58	0.50	1.08	1.08	2.16
Water	0.48	1.13	1.61	1.77	3.38
Concurrent functions	48.86	13.99	62.84	13.19	76.03
Local Admin	5.46	5.58	11.04	1.67	12.71
Other Spending	2.33	2.29	4.61	6.64	11.26
Exclusive local func.	7.79	7.87	15.65	8.31	23.97
Total	56.64	21.85	78.50	21.50	100.00

Source: PMO-RALG, LGA Finance Statistics, FY 2006/07 (LOGIN)

Table 2: Local government recurrent financial resources FY 2002/03 – 2006/07 (Tshs. Millions).

	2002/03	2003/04	2004/05	2005/06	2006/07
Local Grants (incl. GPG)	247,027.3	313,872.7	386,767.8	452,831.2	600,270.6
Own Source Revenues	57,740.2	48,343.6	42,871.4	49,291.0	61,411.3
Local Borrowing	225.0	442.5	549.3	1,495.9	100.0
Total	304,992.5	362,658.8	430,188.5	503,618.1	661,781.8
Percent of local government resources					
Local Grants (incl. GPG)	81.0	86.5	89.9	90.4	90.7
Own Source Revenues	18.9	13.3	10.0	9.3	9.3
Local Borrowing	0.1	0.1	0.1	0.3	0.0
Total	100.0	100.0	100.0	100.0	100.0

Notes: Starting 2005/06, data reflect actual amounts as reported by LGAs. See LGFR 2006 (Table 1.1) for data sources for earlier years.

Source: PMO-RALG, LGA Finance Statistics, FY 2006/07 (LOGIN).

Table 3: Total Local Government Revenue Collections, FY 2006/07 (Tshs. million)

	Annual budget plan	Actual outcome	Actual (as % of total)	Perform. Ratio (%)
I. Local Rates				
A. Local rates on immovable property and land				
Local property rates	8,195.2	5,476.3	8.9	66.8
Land rent	2,062.4	1,332.7	2.2	64.6
B. Local rates on income, business, or activity				
Service Levy	13,180.8	15,138.8	24.7	114.9
Produce Cess	12,154.3	13,118.5	21.4	107.9
Guest House Levy	1,323.7	1,127.9	1.8	85.2
Subtotal	36,916.4	36,194.3	58.9	98.0
Local Licenses/ Permits	1,817.4	1,470.5	2.4	80.9
Local Fees and Charges	15,901.1	14,631.3	23.8	92.0
Other Revenue Sources	8,750.2	9,115.2	14.8	104.2
Total Own Revenues	63,385.2	61,411.3	100.0	96.9

Source: PMO-RALG, LGA Finance Statistics, FY 2006/07 (LOGIN).

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REPOA's research agenda is concerned with poverty and its alleviation. Our objectives are to:

- develop the research capacity in Tanzania;
- enhance stakeholders' knowledge of poverty issues and empower them to act;
- contribute to policy dialogue;
- support the monitoring of the implementation of poverty related policy;
- strengthen national and international poverty research networks, and forge linkages between research(ers) and users.

It is our conviction that research provides the means for the acquisition of knowledge necessary for improving the quality of welfare in Tanzanian society.

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