

Transparency in Local Finances in Tanzania, 2003 - 2009

By Jamal Msami

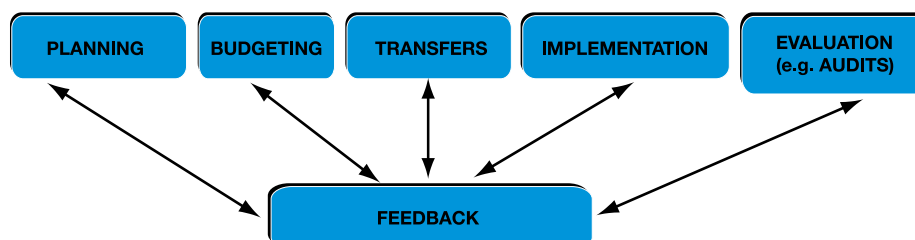
Good governance relies on three interdependent characteristics – transparency, accountability and integrity – and at the centre of this three-way relationship is the need for timely and accurate information, which, recursively, requires a willingness to share information, i.e. openness or transparency. This policy brief explores citizens' perceptions on the financial information provided by six local government authorities (LGAs) from three opinion surveys conducted by REPOA in 2003, 2006 and 2009.

Introduction

Increasingly, as part of the local government reform agenda in Tanzania, local government authorities are tasked with providing essential services in key sectors, notably education, health, water and roads, and are entrusted with large sums of money to fulfil these commitments. As their fiscal responsibilities and autonomy have expanded, the need to share timely and accurate information with the general public has intensified. Transparency is a pillar of the relationship between those in power and their constituents, and is listed as one of the basic tenets of ethics for public leadership in the Tanzanian Constitution.

In assessing the degree of financial transparency in local authorities, one has to assess the level of transparency at all points of the fiscal cycle from planning and budgeting to the execution of budgets. The extent to which citizens are urged to participate in planning and budgeting and the vigour with which feedback on budgets is conveyed to them are crucial in demonstrating not only the degree of participation but also the openness of the local reform agenda. Figure 1 depicts a simplified fiscal transparency cycle in local authorities that is used as the framework for analysing the data from three rounds of a citizen survey conducted in six local councils¹ in 2003, 2006 and 2009.

Figure 1: Simplified fiscal transparency cycle in local authorities



¹ The six councils – Bagamoyo District Council (DC), Ilala Municipal Council (MC), Iringa DC, Kilosa DC, Moshi DC and Mwanza City Council (CC) were selected in consultation with the Prime Minister's Office – Regional Administration and Local Government (PMO-RALG) on the basis of variations in resource bases, location (rural-urban), degree of inclusion in the Local Government Reform Programme (LGRP), degree of donor presence, and representation of political parties on councils. The selection was done in 2002 when the implementation of local government reforms commenced and REPOA has been tracking reform progress in these councils ever since.

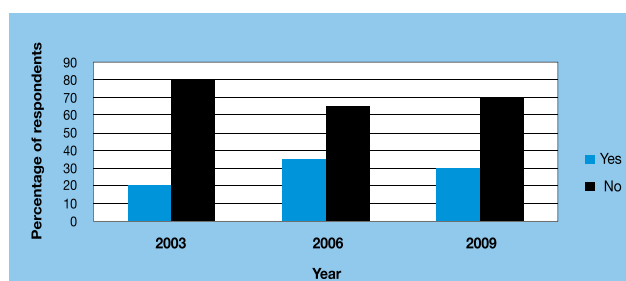
Current modes of information sharing in councils

From interviews with key informants in the case councils conducted in September 2010, the most common approach for dissemination of fiscal information was via meetings at council, ward and/or village level. Three councils (Ilala, Moshi and Mwanza) also reported using notice boards, and three councils (Ilala, Kilosa and Mwanza) used newspapers to share fiscal information.

Openness in planning

The Opportunities and Obstacles to Development (O&OD) methodology is a national planning and budgeting system that informs local plans and budgets from grassroots to council level. It aims to increase the involvement of the citizenry in public affairs, and to bridge the gap between the sometimes obscure centrally-driven development agenda and local needs. For effective implementation of O&OD, information has to be shared between citizens and their local authorities right from the outset.

Figure 2: Citizens' involvement in local planning



Source: REPOA's 2003, 2006 and 2009 Citizens' Surveys

Despite improvement over time, citizens' involvement in participatory planning in the six councils remains limited; only 20, 35, and 30 percent of respondents in the 2003, 2006 and 2009 surveys, respectively, reported participating in the preparation of their village or wards annual and mid-term plans (Figure 2). This poses the threat of a disconnect between what citizens want and/or need and what they get from their local authorities. Low levels of involvement have also been documented repeatedly in discourses on local finances and governance, most notably by the 2006 Public Expenditure and Financial Accountability Review.

Openness in budgeting

LGA revenue, expenditure and intergovernmental transfers (table 1 and 2) have increased significantly both in nominal and absolute terms over the last five years, as service delivery has been increasingly devolved to the local level. With increased budgets comes the added responsibility to improve financial management and communication to ensure that citizens may rest with greater ease as far as how their taxes are spent.

Table 1: Local government revenues in millions of nominal shillings

Year	Own Source Revenues	Inter-governmental Transfers	Local Borrowing	Total Revenues
2005/06	53,593.60	715,515.70	912	770,021.20
2006/07	63,385.20	1,100,870.60	126.1	1,164,381.90
2007/08	80,136.60	1,305,927.00	895.8	1,386,959.40
2008/09	107,628.20	1,418,371.90	12,889.90	1,538,889.90
2009/10	130,887.30	2,238,656.30	24,349.90	2,393,893.50

Source: PMO-RALG, LGA Finance Statistics, LOGIN-Tanzania

Table 2. Local government expenditure in millions of nominal shillings

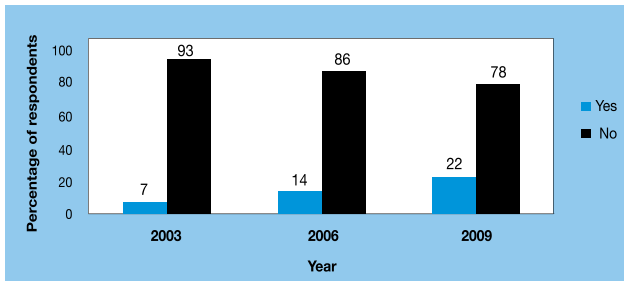
Recurrent Expend.	Develop. Expend.	Total Expenditure
534,441.70	175,961.70	710,403.40
765,067.80	353,940.90	1,119,008.70
892,397.40	458,614.90	1,351,012.30
1,047,021.30	498,573.40	1,545,594.70
1,617,270.70	656,887.00	2,274,157.80

Source: PMO-RALG, LGA Finance Statistics, LOGIN-Tanzania

Data from the case councils indicate a steady increase in the proportion of citizens receiving information on LGA budgets over public radio and television broadcasts, in newspaper columns and on notice boards at administrative centres (from 7 to 14 and 22 percent in 2003, 2006 and 2009, respectively), but over three-quarters of citizens in the six case councils still reported no access to information on local budgets (Figure 3). With respect to revenue, the proportion of respondents who reported receiving information on taxes and fees collected locally steadily increased from 6 percent in 2003 to 18 percent in 2009. But this

still means that 82 percent of citizens are still not receiving information on the taxes and fees they pay.

Figure 3: Proportion of respondents accessing information on LGA budgets in public places



Source: REPOA's 2003, 2006 and 2009 Citizens' Surveys

Openness in fiscal transfers

From an already low level of less than 8 percent in 2005/06, locally collected revenues accounted for a little over 5 percent of LGAs' total revenues in 2009/10. With such meagre resource bases, local authorities have had to rely on intergovernmental transfers for their existence. Survey findings indicate that the proportion of citizens receiving information on sectoral allocations at the local level steadily increased; 15 percent of all respondents reported receiving such information in 2009 compared to 4 percent in 2003 and 8 percent in 2006.

At the lower levels of government and at service facilities, a greater increase in public awareness was recorded; 19 percent of survey respondents intimated that they had been informed of their village or ward allocations of capital developments grants and 17 percent had been informed of their primary school allocations in 2009 compared with 8 and 10 percent respectively in 2006. Although commendable progress has been made an overwhelmingly large proportions of citizens remain in the dark over how much money had been allocated and transferred to their local villages, wards, schools and health facilities.

Openness in evaluation

Assessments of local government finances and projects are essential to build taxpayers' trust

and confidence in governance. Taxpayers need to be able to clearly see that the taxes they pay translate into the benefits of better services in their local area. However, both the Controller and Auditor General (CAG) and the parliamentary Local Authorities' Account Committee (LAAC) have been unimpressed by the degree of laxity and general waste of resources in LGAs. To put things in context, the CAG's local governments' audit report for the financial year 2008/09 observed noticeable delays in the completion of project works in 33 local authorities with a total budget of TShs 2,760 million.

It is the responsibility of local authorities to publish results of their audited accounts, but most citizens are still not receiving this information. Although a one hundred percent improvement every three years in the proportions of respondents receiving information on LGAs' audited accounts was recorded (from 3 percent in 2003 to 6 percent in 2003 and then 12 percent in 2009), an overwhelming majority (88%) did not receive this information in 2009.

Public demand for openness

Information sharing is a two-way process with underlying demand and supply dynamics. In complex bureaucratic systems, citizens should not expect to be given information without asking for it, even when it is their lawful entitlement and/or a stipulation on the part of the issuing agent. Frequent contact between administrative officials and concerned citizens is vital not only in making fiscal cycles transparent but also in demonstrating good financial governance.

The thirst for more dialogue and information between local authorities and their constituents still hasn't been quenched. The vast majority of citizens still clamour for more information to be divulged by local authorities. Indeed, in 2009 over 92% wanted more information on revenues collected (compared with 74% in 2003) and 93% on how revenues are used (compared with 78% in 2003). These results may further indicate a growing awareness among Tanzanians of local governments' responsibility to provide fiscal information and their right to access this information.

Conclusion

With citizens becoming more aware of the responsibilities of administrative structures (a reflection of the success of an active media) gone are the days of behind-the-door planning, budgeting, and execution of projects. However, the task of keeping the citizenry informed should not just be left to the national media, for there are plenty of local issues that are best addressed locally.

An information vacuum still exists between local authorities and their constituents. REPOA's three citizen surveys have revealed modest increases in the extent to which LGAs share information but they have also highlighted the huge proportions of citizens who are not informed on local government activities and finances. This poses serious problems with respect to accountability, ownership, management and governance at the local level. The premise behind unveiling key financial information should be to promote an informed, consultative relationship between citizens and their local governments. The **local** in local government has to stand out so as to distinguish itself from central government which is often seen as rigid, distant, and unaware of and unresponsive to local needs. It can be argued that extensive and timely dissemination of information (i.e., more openness) on the part of local authorities may turn out to be more beneficial to them, especially in times of crisis. It will show a proactive, participatory approach to identifying problems and seeking local consensual solutions.

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Research on Poverty Alleviation, REPOA

P.O.Box 33223, Dar es Salaam, Tanzania
Plot 157 Migombani Street, Regent Estate
Tel: + 255 (0) (22) 270 00 83 • Fax: + 255 (0) (22) 270 57 38
Email: repoa@repoa.or.tz