

# REPOA *Brief*

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RESEARCH ON POVERTY ALLEVIATION

## IMPROVING TRANSPARENCY OF FINANCIAL AFFAIRS AT THE LOCAL GOVERNMENT LEVEL IN TANZANIA

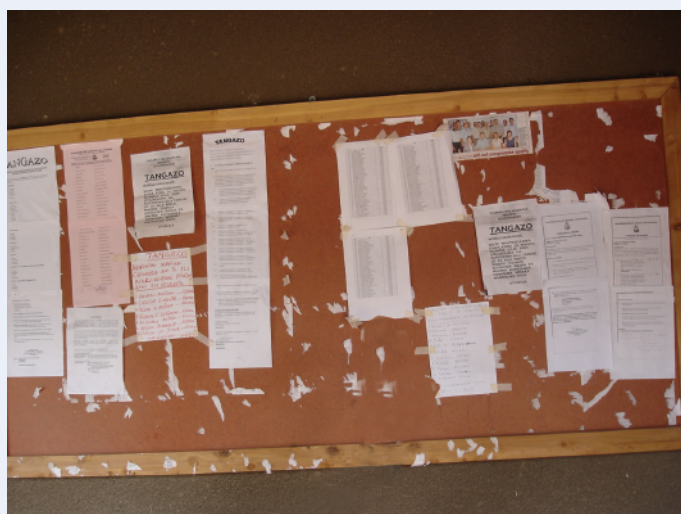
BRIEF 2

OCTOBER

2005

A recent assessment conducted in two districts has revealed that the financial information presented by the district councils is in a format that is not fully understood by most stakeholders. This means that the citizens are poorly equipped to monitor the performance of their councils and to ensure accountability. There is a need to improve the way information is presented in order to stimulate the demand and use of financial information at the district and sub-district levels.

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*Simanjiro District Council noticeboard, June 2005*

The study and this brief are part of REPOA's Tanzania Governance Noticeboard programme, which seeks to strengthen accountability and transparency by making information on public affairs readily available to the public, and by assisting to build capacity to use the information.

### The Assessment

An assessment was conducted in order to gauge the level of transparency of public finance matters at the district and

sub-district level. The study took place in June and July 2005, and covered two districts, Simanjiro and Dodoma rural. Two researchers met with councillors, council staff, and other stakeholders, including NGO representatives, business people and members of the general public. The researchers also visited a village in each district and held discussions with officials, politicians and the general public. The findings were presented at a workshop attended by various stakeholders, including local government and council staff. Participants agreed that these findings reflected the reality of the situation.

### The Legal and Policy Context

Tanzania has been implementing a Local Government Reform Programme since 2000. The main thrust of the reform is decentralisation by devolution, through fiscal, political and administrative decentralisation. The Local Government Reform Programme is arguably the cornerstone in the development framework that has been set up to achieve the objectives spelt out under the National Strategy of Growth and Reduction of Poverty (NSGRP, or MKUKUTA by its better known Swahili acronym). This view is reflected in President Mkapa's introduction to the Reform Programme's new Medium Term Plan.



*The Village Chairman and Executive Officer outside their Lendanai village office*

**“ We clearly cannot improve quality of life and social well-being without strong, well governed, effective and accountable local government authorities. ”**

President Benjamin W. Mkapa

For local authorities to be ‘strong, well-governed, effective and accountable’ they need the support and backing from an involved and well-informed public. In order to achieve this, the Government has put in place a system to ensure that the public is informed of their local council’s finances and that there are opportunities for the public to engage in planning and oversight. This includes requirements for councils to publicly display information on budgets, receipts of funds and audits, as well as allowing the public to attend the full council meetings.

The Local Government Finances Act of 1982 (as amended in 2000) and the Local Authority Financial Memorandum of 1997 set out the framework for transparency in financial management at the local level. Local authorities are required to advertise in the media and/or post information on the council notice boards key information, including:

receipts of funds from the Government, expenditure, statements, budgets and signed audited accounts.

The legal and policy framework also provide for participation from the public in planning and budgeting of council activities. Council plans are supposed to be a consolidation of village and *mtaa* (“street”, the lowest level of local government in urban councils) plans. The district council development plans and budgets are discussed and adopted by the full council. The regulations state that the council meetings are open to the public, which is another built in guarantee for inclusion and transparency at the local level.

### **The Findings**

Councils are by and large conducting their affairs in accordance with regulations. As far as the reviewers could ascertain, most of the information that was supposed to be posted at the local level was there. One exception was the signed audit statements from the Auditor General, which were missing at both councils.

However, the information displayed was in a format that made it difficult for stakeholders, even informed ones, to understand. For example, financial amounts were highly aggregated (i.e. given as lump sums), it was often not indicated what budget period they related to, and they were not linked to specific outputs or activities.

An example of this can be seen in the announcement depicted below, of a notice of transfer of Other Charges (cash funds to be used for non-salary items) in Simanjiro. The notice itemises the transfer in lump sums by sector: education (*elimu*), health (*afya*), the road fund (*mfuko wa barabara*), agriculture (*kilimo*), works (*ujenzi*) and water (*maji*). It is not specified what budget year it is for, nor is there any reference to what the funds will be used for within each sector. There is no way of linking the receipts with statements of expenditure. In other words, it is not possible for stakeholders to ascertain what the money is to be used for, let alone whether this is according to the budget.

It was found that council staff and councillors had a poor understanding of the budget and the budgeting process. Senior officials had problems explaining their budget to the

TANGAZO \*\*\* TANGAZO \*\*\* TANGAZO

TAREHE 20/5/2005.

**MKURUGENZI MTENDAJI (W) ANAWATANGAZIA WANANCHI WOTE KUWA HALMASHAURI YA WILAYA IMEPOKEA FEDHA KUTOKA HAZINA KWA AJILI YA "MATUMIZI YA KAWAIDA (OC) KWA IDARA ZIFUATAZO.**

		<u>TSHS.</u>
<b>ELIMU</b>	-	<b>82,476,400.00</b>
<b>AFYA</b>	-	<b>32,410,200.00</b>
<b>MFUKO WA BARABARA</b>	-	<b>14,451,961.33</b>
<b>KILIMO</b>	-	<b>3,661,200.00</b>
<b>SPECIAL(UJENZI)</b>	-	<b>4,101,700.00</b>
<b>MAJI</b>	-	<b>30,214,500.00</b>
		<b><u>JUMLA 167,315,961.33</u></b>

MKURUGENZI MTENDAJI (W)  
SIMANJIRO.

*An Announcement of the Transfers of Funds from the Treasury to Simanjiro District Council*

researchers. Perhaps this explains the lack of detailed discussions in council meetings regarding budgetary matters.

Although the policy framework vests considerable responsibility in the councillors to communicate to their constituents the decisions and deliberations of the councils, it was found that little information sharing took place. Many of the citizens consulted said that they mistrusted the councillors and the staff of the council and felt that leaders and officials were withholding or distorting important information.

### The Situation in the Villages

The problems experienced at the district level were multiplied in the villages. The villages visited had poor systems of record keeping. Records were incomplete, and notices with financial information that were displayed, were displayed inside the village's office, thus not easily accessible to most villagers.

Official notices, such as statements of transfer to villages for specified purposes, were only transmitted to the village in one printed copy. As there were no facilities for photocopying in villages, this posed the dilemma of what to do with that one copy: post it on a noticeboard (inside or outside?) or put it in the files? Much of the information sent

to villages, and also that posted at the district level, was in English, which is not the predominant language of the residents.

### The Problem of Mindset

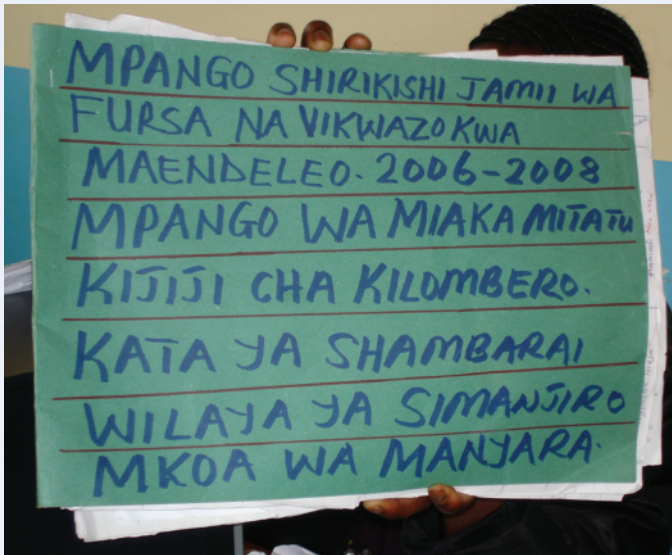
A common issue noted was a reluctance of officials to share information with the public. It was clear that there was no operational concept of the councillors having a duty to share information, particularly not on finances. And there was likewise, no strong feeling of entitlement among citizens that they had an enforceable right of access to information on the council or village finances.

The reluctance among officials and politicians at district and village level to share written information was often justified by a notion that "people don't read" and that they are not interested in issues such as planning and budgeting. This notion was not supported by the interviews with other stakeholders. On the contrary, they expressed a strong demand for information and a suspicion that the reluctance to share information by officials was due to them having something to hide.

### The Challenge: Stimulating the Demand and Use of Information

This assessment has revealed that significant challenges





*A Simanjiro council official shows a village plan submitted to the district council*

remain at the district and village level in achieving improved access to information and accountability. While progress has been made in terms of putting in place directives to ensure that financial affairs at the local level are conducted in a transparent manner, more needs to be done to ensure that the directives can be followed and, most importantly, whether the directives in fact translate into improved accountability.

- The information must be presented to the district and sub-district levels in a manner that is relevant and meaningful to them.
- Practical guidelines should accompany the existing regulations to ensure the dissemination of information is

carried out in a manner appropriate to the environment at the district and sub-district level. (For example: in Swahili and multiple copies)

- Council staff, councillors and the public need to be trained in the interpretation of this information.
- It would be beneficial if these measures were undertaken in conjunction with Civil Society Organisations who have worked in the area of accountability.

The combination of these efforts should result in the increased involvement of all stakeholders in the monitoring of public expenditure at the local level and improved accountability.

### **Other Briefs Relating to the Activities of the Tanzania Governance Noticeboard:**

What is the Tanzania Governance Noticeboard?

“The project’s overall objective is to collect, process and present information relevant to the strengthening of accountability, transparency and integrity in Tanzania...”

Governance Indicators on the TGN Website

“The interactive database of the Tanzania Governance Noticeboard (TGN) is a new resource on the Internet with key data relevant to central and local government financial management and governance in Tanzania...”

ALL PHOTOS BY RICHARD MUSHI



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