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**PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL
GOVERNMENT**

**FORMATIVE PROCESS RESEARCH ON THE LOCAL
GOVERNMENT REFORM PROGRAMME IN
TANZANIA**

Fieldwork - February 2003.

Methodological challenges and summary of findings.

Dar es Salaam, 8 March 2003

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Introduction

This note discusses methodological challenges facing the formative process research and provides a brief summary of findings from the fieldwork carried out in February 2003. The fieldwork was conducted in Bagamoyo DC, Ilala MC, Iringa DC and Mwanza CC. The note derives from the joint researchers' workshop held at REPOA on 1st and 3rd March 2003, and involved the following researchers: Odd-Helge Fjeldstad (CMI, project and team leader); Amon Chaligha (UDSM, team leader); Einar Braathen (NIBR); Siri Lange (CMI); Deo Mushi (ERB/REPOA); and Erasto Ngalewa (co-ordinator). On 1 March three research assistants, all recruited from the UDSM, participated; i.e., Florida Henjewe, Ambrose Kessey and Nicas Yabu.

The workshop aimed to establish baseline data from the case councils on the three main research themes:

- Governance and citizens' participation;
- Finances and financial management;
- Service delivery and poverty alleviation.

Moreover, the workshop aimed to identify commonalities and differences between the case councils visited with respect to the main themes, and to develop tractable and relevant issues for the briefings to be submitted to the stakeholders, as well as issues for further research. Discussions with and suggestions from the Reference Group on 4 March

contributed to a further elaboration of these issues, particularly with respect to policy relevance.

The findings were presented for the Local Government Reform Team (LGRT) and representatives from the donor community at meetings on 4 March 2003. The Research Group acknowledges the open discussions and constructive comments received at these meetings.

Objectives and methodological challenges

The overall objective of the research project is to document the processes of change and impacts of the LGRP, and to provide managers and key stakeholders with operationally relevant data and analyses of lessons learned during implementation. The researchers are connected by a common focus on the reform process as a whole, and on the overarching cross-sector rather than compartmentalised effects of the reform. This approach implies major methodological challenges, partly because of the many ongoing reforms (at present, 17 reforms related to decentralisation are being implemented), which have direct and/or indirect impacts on governance, finances and service delivery in local authorities. Thus, the causal linkages between the LGRP and the three main themes are not obvious. Improvements in service deliver, e.g., in education and health services may not be directly linked to the LGRP, but are more likely due to the increased allocation of financial resources from the central government. Thus, a challenge for the research group is establish indicators of change that directly and/or indirectly can be linked to the LGRP.

We must also acknowledge that reform processes take time. This is particularly true for local government reforms which involve many political and bureaucratic institutions at all levels, as well as political parties, NGOs, CBOs and different foreign donors. Moreover, successful devolution also implies changing peoples' mindsets on governance, the role of the state, the roles and sharing of responsibilities between councillors and the bureaucracy, citizens' involvement and awareness of their rights and obligations, etc.. It is unlikely to observe measurable changes in some of these factors during the project period of 3-4 years. In depth case studies may, however, illuminate some of the issues at

stake, and provide insights on opportunities and obstacles, as well as indications of change.

Furthermore, the causal linkages between the three main themes are not easy to trace. Do improvements in finances and governance lead to improved services, or does causality go both ways? For instance, improvements in service delivery may have positive impacts on tax compliance which, thus, generates more resources for service provision, which again impacts positively on tax compliance, etc.. It is not likely that the research will be capable to trace the relative importance of the various factors that cause changes, and on that basis provide scientifically plausible causal explanations (see the discussion note on methodologies developed by Einar Braathen & Tor Halvorsen, 13 November 2002).

The Steering Committee (SC) has suggested that we might also consider adding *social capital* as a third explanatory factor to improvements in basic public services (see note from the SC, 30 October 2002). The Research Group agrees that the dimension of civil society is highly relevant in the context of the LGRP, but is sceptical to add this as a new major theme for the research. Firstly, the theoretical literature on social capital points in many directions, and much of the more recent literature is quite critical to the approaches that were established during the 1990s. Moreover, it has proved to be very difficult in recent empirical research to isolate the explanatory power of 'social capital'. Thirdly, the problems of causality discussed above still apply. Fourthly, citizens' participation and the role of civil society, including the role of CBOs, can easily be integrated in the governance theme as suggested by the Research Group in the Inception Report (30 October 2002). And finally, given the financial and time constraints of the research project, we need to narrow down and make the research themes more focused compared to the original project document, instead of expanding it.

As noted above, the primary aim of *formative* process oriented research is to provide data/input for organisational learning, i.e. processes with an intention to improve the organisation's mode of operation, its operational approaches and procedures as well as its performance (see Braathen & Halvorsen, 13 November 2002). The aim is to gain better

understanding of the often complex and intricate processes of organisational behaviour, in order to establish knowledge and insight needed to strengthen the organisation while in operation. This means that the main focus, integrating the researchers and research themes, is on the *reform process* as a whole, and on the overarching cross-sector rather than compartmentalised effects of the reform. In the selected case councils, the LGRP represents a series of interventions from outside /above that:

(i) establishes new social roles and relationships between ‘reformers’ and ‘reformed’ – itself a social change process, and

(ii) brings about changes into existing relationships (of power and of division of labour), for instance,

- between central and local government,
- between sector ministries at the central level,
- between sector ministries and the Treasury,
- between sector ministries and the local authorities,
- between regional officials and local authorities,
- between the Zonal Reform Teams and local authorities,
- between district council and other government authorities locally,
- between council staff and councillors,
- between various departments of the council,
- between the council and the ward and village-based authorities,
- between the local authorities all together and the communities/citizens within the territorial boundaries of the council,
- between NGOs/CBOs/donors present in the council and the local authorities, and
- between NGOs/CBOs/donors present in the councils and citizens.

The fieldwork in February 2003, focused on stakeholders and processes at the council and sub-council levels. The time constraint did not allow for any substantial research at the central level, including policy processes and the relations between sector ministries, various donor initiatives, etc.. The planned fieldwork in August 2003 will put more

emphasis on the national level. Moreover, a citizens' survey, based on structured questionnaires, will be piloted in March 2003 in the six case councils.

The following sections summarise some of the findings from the recent fieldwork. The presentation is organised according to the three main themes of the research, though they should be seen as interlinked issues.

I. Governance and citizens' participation

1. In general there seems to be high *awareness* of the purpose of reform among elected councillors and the staff at the council headquarters, ward and village levels in the case councils which were part of the LGRP phase 1. Substantial resources have been invested in capacity building through workshops and training seminars focusing on the purpose of the LGR, including good governance and participatory planning for stakeholders at these levels (e.g., extension officers, local government staff and councillors). However, the research provides no certain answer on the awareness among sub-village leaders and ordinary citizens. Some of the vitongoji leaders interviewed claimed that they had not heard about the reform. This issue will be further explored in the citizens' survey to be carried out later this year.
2. Ownership of the reform appears to be problematic in some of the case councils, with some councillors and council officials viewing the reform as 'just another donor funded project'. The way the reform is implemented, i.e., programmatic (to some extent mechanical) and, until recently, stepwise according to CG guidelines, provides a structured and output-oriented way of implementing the LGRP. However, the approach is not demand driven, and may, thus, be contradictory to the intentions of the LGRP to strengthening local autonomy with respect to community based priority making, which most likely differ substantially between local authorities.
3. Senior officials in Ilala MC expressed, however, ownership of the reform. How to explain these differences between the case councils? They might be due to differences in the financial situation of the LAs. In contrast to most other councils, Ilala MC generates a substantial share of their total revenues from own sources (>50%). Thus, Ilala has more degree of freedom for own priority making in contrast to the rural case

councils which receive 80% or more of total revenues in the form of Central Government conditional grants. A major challenge for the decentralisation process is therefore to provide financial incentives for local authorities so that they more actively take the responsibility for their own development. The Capital Development Fund, which is to be integrated in the planned Local Government Support Programme (LGSP), combined with performance indicators and specified targets, aims to provide councils with such incentives.

4. Participatory (bottom-up) planning is practiced in the case councils which were part of phase 1 (Ilala MC, Iringa DC and Mwanza CC). But, the participatory approach faces several constraints: (1) The plans developed by the village governments are often unrealistic due to poor skills in budgeting and planning and due to the financial constraints. Some senior officials describe the village and ward plans as 'shopping lists'. (2) There is a general concern that frequent introductions of new planning procedures from Community Development Approaches, PRA, O&OD etc., demanded by different donors, NGOs and sector ministries, confuse both the targeted communities as well as the bureaucrats. (3) The ward level seems to some extent to have been 'left out' of the reform. The links between village and ward levels are uncertain and responsibilities not clear. In the following up, we will explore in further details to what extent and how the village plans are reflected in the ward plans, and, further, how ward plans are reflected in council plans. (4) Cash budgeting is practiced in many councils. This implies that the DED, DT and a few heads of departments meet every day for their 'morning prayer' to discuss issues such as the disbursement of whatever money is available (not salaries). Thus, the MT often has huge influence on the final priority making, although the Finance Committee and the full council are involved in the discussions.

5. The degree of devolution of the sector ministries varies. The Ministry of Health seems to have come furthest in devolution, and priorities and staffing seem to be fairly well integrated in the LGs. In contrast, the Education and Agriculture sectors are lagging behind; priority making and staffing are still carried out by the line ministries, and the staff reports to the Regional and Central government authorities. Given the importance of the Education and Agriculture sectors for community

development and economic progress, there are reasons to raise concern for the slow progress in devolving these sectors. The slow process of devolving priority sectors to the LGs, combined with numerous NGO and donor initiatives, have led councillors and MT in some of the case councils to question the 'ownership' of the LGRP (see paragraphs 2 and 3 above).

6. Why these differences between the priority sectors with respect to the degree of devolution? In the following up we aim to explore this issue. Preliminary observations indicate, however, that the Ministry of Health is stronger than other line ministries with respect to staffing, finances and priority making. Thus, a possible working hypothesis may be that successful devolution requires strong – and confident - central government institutions.

7. The relationship between elected Councillors and the Management Team in the case councils is tense and characterised by suspicion and lack of trust. This may be partly due to the historic legacy of a highly centralised government system in Tanzania since independence, and partly due to the institutional reforms carried out during the last decade. There are many indications that these reforms, which to a large extent are designed and funded by the donors, have strengthened the bureaucracy at the expense of elected councillors. The donor approach is often technocratic and output oriented, but does only to a limited degree address policy processes and citizens' involvement. In the short term, this approach may prove productive due to the sometimes very visible improvements in, for instance, certain services, physical infrastructure, etc.. The experiences over the last 40-years indicate, however, that the sustainability of many donor programmes is dubious.

8. The experiences of the Dar es Salaam City Commission (1996-2000) support these arguments: The CG dissolved the elected Dar es Salaam City Council and put in place a technocratic City Commission with a wide mandate to erase mismanagement and to improve service delivery. This led to substantial improvements in service delivery, and the City Commission became very popular among the Dar population. In Ilala, the experiences of the City Commission, certainly have impacts on the present relations between councillors and the Management Team.

9. The output oriented MT (technocratic)-approach conflicts with the process oriented councillors. Added to this, is the fact that councillors, in general, have limited experiences on their roles and responsibilities. In their own words, they often feel helpless when interacting with a relatively strong and self-confident MT. But while there seems to be a growing feeling of empowerment of the councillors in one urban council, possibly due to a learning process supported by the LGRP, the situation in the other case councils is still that the MT team 'runs the show'. From a service delivery perspective this may be efficient – things are done to some extent (ref. to the experiences of the City Commission), but from a democratic and participatory approach it conflicts with the intentions of the reform.

10. To increase accountability and transparency in the councils there is a need to empower councillors. In the first instance, by providing relevant and basic training on their responsibilities and demarcations of duties between elected leaders and the bureaucracy. Some of the acts and regulations guidelining the relations between councillors and the council management team also restrain councillors in fulfilling their obligations. In particular, the time factor is critical for the councillors' ability to monitor and supervise council performance. The reduction of council Standing Committees from six to three has bundled together many activities and added to the councillors' workload compared to the situation before the reforms.

11. There seems, in particular, to be a democratic deficit at the ward level. The Ward Councillors can not, they argue, intervene directly when there are problems or when things go wrong. They can only address their concern in committee meetings and send a note to the executive director. Moreover, councillors cannot complain directly to the Head of the respective department. For instance, in cases where people are harassed by ward officials (e.g., on taxation), the ward councillor must forward the issue in the sub-committees. Thus, it may take substantial time before such a problem is brought forward through the committee. Some councillors interviewed do, however, admit that they have been 'lenient' and not followed up their responsibilities, but claim that this is due to lack of experience and because the MT acts as both policy makers and implementers. In the following up research we will also focus on how the Ward Development Committees (WDCs) work. Why do

councillors seem to be more concerned about their role involvement in the council's standing committees, and less so with respect to the WDC, which they chair? Are there any differences between local authorities in this respect, for instance according to the urban-rural divide? And why?

12. One may consider measures to availing the councillors with funds for constituency (allowances and honorarium), as suggested by some councillors. However, the historical experiences with council committees in Tanzania and their financial implications in the form of an extensive and non-transparent allowance system show that one must be very cautious about introducing such measures. For instance, in Iringa DC, 20-25% of the council's own revenues were spent on allowances for councillors and council staff in 2002. The bulk of the remaining own revenues were spent on salaries. For cash strapped local authorities, increased allowances and honorarium to councillors will imply less resources to salaries and other operational measures. Generous allowances may also create pervert incentives by eroding the distinction between the private and public interests of councillors, as well as creating an increasing gap between councillors and their electorates.

II. Finances and financial management

13. One aim of the LGR is to improve the financial autonomy of local authorities. An aspect of this is to empower councils to impose their own taxes, rates etc.. However, local authorities, in general, depend largely on CG-grants. Exceptions are Ilala MC and Mwanza CC, which generate approximately 50% and 40%, respectively, of total revenues from own sources. In contrast, most rural councils generate only 15-20% of their total revenues from own sources. Thus, financial autonomy is to a large extent linked to the central government grants and the conditions linked to these.

14. Local governments, in general, impose a huge number of various taxes, fees, charges and licences. In Ilala MC, for instance, almost 70 different own revenue bases are in place. Iringa DC has more than 40 different revenue bases, compared to more than 60 for Kilosa DC. Many of these revenue bases are considered as nuisance taxes. These include bicycle tax, some of the market and street vending fees, etc.. However, the lion's share of the councils' own revenues comes from 2-5 revenue sources. In

district councils these are: (1) development levy (approximately 50% of own revenues in Iringa DC), and (2) some crop cesses. In urban councils the most revenue productive sources are: (1) citizen service levy (approximately 30% of own revenues in Ilala DC), (2) business licences, (3) property tax, and (4) billboard fees. The complicated and non-transparent local government tax system is costly to administrate and it facilitates corruption and mismanagement. Thus, the Central Government recently (end 2002/early 2003) issued a directive to all local authorities that they within April 2003, should provide proposals for the rationalisation of own revenue sources. Based on further elaborations and discussions, the proposals will be revised and are expected to be included in the Budget Speech for FY 2003/2004 to be implemented from July 2003.

15. Another CG-directive on tax enforcement was issued in 2002 (announced in the Budget Speech for FY 2002/2003). This directive instructed local authorities not to use roadblocks and the local militia as instruments for tax collection. The background for issuing this directive was due to extensive complaints from taxpayers and councillors on harassment and violent tax collection methods. Recent research on local government finances has also documented that such measures have contributed to undermining trustworthy state-citizens' relations.

16. The examples referred to above are two of several cases where the CG has imposed directives on LGs, which are founded on sound economic and administrative principles. However, at the same time such directives conflict with the reform objective of increased LG financial autonomy. The heads of the finance departments and the executive directors interviewed were not opposed to the intentions of these directives, which most likely will contribute to improved financial management and to reducing the tensions between collectors and taxpayers. But, since the directives were issued without any consultation with the local authorities in beforehand, and since the deadline for implementing the directives was short and usually came in the mid of the financial year, they will most likely have (short term) negative impacts on revenue generation. According to one district treasurer interviewed, the revenue shortfall in 2002 was mainly due to the banning of roadblocks which previously was used to collect crop cess from lorries. However, to reduce the expected revenue

shortfalls some councils still apply these instruments of tax collection. Roadblocks are, therefore, still applied as tax collection instruments in some of the case councils, and in one urban council the militia is used by ward officers to collect the daily levy from street vendors.

17. The argument used by some local treasurers and collectors to maintain coercive measures, is that taxpayers in general resist paying taxes. People may take to the extreme to evade paying, including hiding in the bush when the collectors approach the village. In particular, development levy and agricultural cesses are difficult to collect. Thus, without the use of some force, including the militia and roadblocks, the local tax administrators argue that it will be very difficult to make people pay. Taxpayers' rights seem to be an issue not taken into consideration.

18. The role of councillors in mobilising and sensitising people for tax payment is important to address. It has been an issue for many years and it is surprising that the involvement of councillors in revenue mobilisation has not been properly addressed in the LGRP. According to council staff interviewed at ward and council headquarter levels, local politicians often obstruct tax collection by not mobilising taxpayers and, in some cases, also actively discourage taxpayers to pay.

19. Due to the problems of collecting own revenues, the case councils have experimented with different approaches to tax collection. Iringa DC, for instance, has tried to outsource collection to village agents, who then retain a certain percentage (6%) of revenues collected. However, it has proved to be difficult to recruit these village agents, since no one has been willing to provide the required references and guarantees for the agents when they apply for the position. Thus, after a period where revenue collection was paralysed at the village level, the DMT decided to request the VEOs to continue as collectors. This took place in spite of a CG directive which says that neither the VEOs nor the WEOs shall be tax collectors since their main tasks are law and order and to supervise development activities in their communities. In Mwanza, however, outsourcing of fish market fees seems to work, while the outsourcing of property taxes did not work and has been abolished. In the further research we aim to explore why outsourcing seems to work in some council and not in others, and why some revenue bases are more suitable for outsourcing than others.

20. The quality of financial management differs between the case councils. But general problems observed are lack of qualified and experienced accountants, lack of databases on revenue bases and taxpayers. Accounting and budgeting are carried out manually in most councils. Computerisation is limited. Internal auditing is also weak or not existent in some of the case councils. To the extent that auditing takes place, this is carried out by the Controller and Auditor General's (CAG) office. According to informers within and outside the council administrations, corruption is a problem in tendering, procurement and revenue collection. In Iringa and Ilala several WEOs have been retrenched due to corruption. Recently, 8 staff members of the Finance Department in Ilala were suspended, and in Bagamoyo the previous DED has been transferred due to financial mismanagement. It is positive to observe that some mechanisms are in place in the case councils which manage to disclose fiscal corruption. The most recent report from the CAG also shows that more councils than before have got a 'clean' statement on their accounts. But it is too early to state whether this is a trend or only accidental. Moreover, to our knowledge no research has been carried out on the quality of the CAG's reports on local authorities. Thus, one should be cautious to drawing any conclusions on this background. Preliminary observations from the case councils, which need to be substantiated by further research, indicate, however, that no significant improvements have taken place in recent years to curb corruption in local authorities. Furthermore, with respect to the quality of financial management our research could not, at this stage, identify any differences between the case councils that were part of the LGRP phase 1 and those which were not.

III. Service delivery

21. There are major differences between the main sectors in their performance along the following dimensions:

- General user satisfaction
- Finances
- Management
- Integration in the LGRP process.

22. *General user satisfaction.* Most of our informants express satisfaction with recent improvements in services provided by the health and education sectors. In particular, the progress of the Primary Education Development Plan (PEDP) and the improved coverage of primary schools were emphasised. However, the coverage of health services and the quality of primary education can be questioned in most councils. There are, of course, local variations, sometimes along the urban-rural divide. In Bagamoyo the coverage of these services leave a lot to be desired in the rural areas, but the TASAF programme provides a significant contribution. This is true for Iringa as well. Other sectors, particularly agriculture, livestock, water and roads, did not display any similar signs of improvement. This may raise some concern as to the priority of social vs economic service provision at the local level at the moment. Our preliminary observations will be tested by our citizen's survey later this year.

23. *Finances.* The cost sharing arrangements differ between sectors and councils. In health, there are direct monetary contributions from users in some councils. In education, although school fees have been abolished with very positive effects on the net enrolment, there is a strong dependence on self-help in the class room expansion projects. In Ilala, unlike in the other councils visited, the council has financial muscles to contribute to annual budgets of service sectors.

24. *Management.* In both the Education and Health sectors we see signs of financial empowerment of the elected management committees (the dispensary committees that retain user fees, and school committees that are supposed to enjoy the transfer of 'capitation funds' to cover recurrent expenses). However, some schools complain that they have not received capitation funds, and in one district council there were reports of mismanagement of funds by Head Teachers, with school committees having little scope for sanctions. Education is to a large extent run in the same centralistic-bureaucratic manner as before. Agriculture, roads, and water show similar persistence against change. Health, on the other hand, has to a larger degree allowed for popular participation and bottom-up planning adapted to the local situation.

25. *Integration in the LGRP process.* With the exception of the health sector, the integration into the council structures is at best formal, both in finance and

management of the key service sectors. In addition, there are still some legal obstacles to full integration, e.g. in the education sector. These factors tend to sideline the LGRP process and raise concerns for sustainable local management of these sectors.

26. The purpose of the LGRP is improved quality, access and equitable delivery of public services, - particularly to the poor, - provided through reformed, autonomous, local authorities (LGRT, 2002: 'Medium Term Plan and Budget, July 2002-June 2005', PO-RALG, p. 11). We have not managed to trace direct impacts on service delivery of the LGRP in the case councils. Because of the many ongoing reforms, e.g., in the education and health sectors, it is difficult to isolate the impacts of the LGRP on changes in service delivery. Moreover, improvements in service delivery are most likely not directly related to the LGRP, but are due to increased allocation of financial resources to the priority sectors by the Central Government.

27. Improved co-ordination of the various reforms is needed. At present, the various line ministries often operate with their own planning, budgeting and staffing procedures, which may differ substantially from those of the local authorities. The newly established *Technical Committee of Permanent Secretaries*, which will meet on a quarterly basis, indicates raising awareness at the central level for the need to improve co-ordination and integration of sector reforms. However, it is still not clear to what extent the various line ministries are prepared to decentralise their respective sectors. Another challenge is to clarify and substantiate the division of responsibilities between the central and local governments, and between the regional and local levels. In particular, the regional level is struggling to legitimise itself in the new intergovernmental structures. Clarifications of the roles and responsibilities of various levels of government may also require legal changes.