# Deepening Decentralisation and Local Economic Development in Tanzania

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Research Report 2025/07

Published by:

REPOA

157 Migombani/REPOA Streets, Regent Estate,

P.O. Box 33223

Dar es Salaam.

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*Copy-editing & initial layout: Vincent Nalwendela | REPOA*

Suggested citation:

Kessy, T. A (2025). Deepening Decentralization and Local Economic Development in Tanzania. REPOA, Dar es Salaam.

Research Report 2025/07

Suggested Keywords:

Decentralisation, Local Economic Development, Local Government Authorities, Fiscal Autonomy, Tanzania.

ISBN 978-9987-753-26-0

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# LIST OF ABBREVIATIONS

| | |
|---|---|
| D-by-D | Decentralisation by Devolution |
| DC | District Council |
| FGD | Focus Group Discussion |
| KII | Key Informant Interview |
| LED | Local Economic Development |
| LGA | Local Government Authority |
| MC | Municipal Council |
| NGO | Non-Governmental Organization |
| PO-RALG | President's Office - Regional Administration and Local Government |
| RAS | Regional Administrative Secretary |
| WDC | Ward Development Committee |

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# EXECUTIVE SUMMARY

This report provides an in-depth examination of the institutional framework for Local Economic Development (LED) in Tanzania, with a focus on the impact of decentralisation policies, the distribution and management of responsibilities across different levels of government, and the effectiveness of governance structures and partnerships in driving economic growth at the local level.

**Methodology**

The analysis in this report is based on a comprehensive review of documents, including a survey of 1,400 people, key informant interviews (280) and focus group discussions (28) from seven regions in Tanzania, which are Iringa, Dodoma, Mwanza, Kigoma, Kilimanjaro, Dar es Salaam and Mtwara. The study employs a mixed-methods approach, integrating both qualitative and quantitative data to provide a detailed understanding of the institutional landscape for LED. Fieldwork was conducted in August and September 2024. Key informant interviews and focus group discussions were used to gather in-depth insights from local government officials, community leaders, and other stakeholders involved in LED. This approach allowed for a comprehensive analysis of the challenges and opportunities in implementing LED through decentralised governance.

**Key Findings**

- **Impact of Decentralisation on LED and Structural Transformation:** The Decentralisation by Devolution (D-by-D) policy, introduced in the late 1990s, has played a pivotal role in empowering local governments by transferring decision-making powers, resources, and responsibilities from the central government to local authorities. This shift has enabled more localized economic planning and resource allocation, leading to improved community participation in development initiatives. However, the success of these initiatives has been uneven across the country, with challenges such as limited local capacity, insufficient resources, and central government interference hindering the full realization of LED's potential to drive economic structural transformation.
- **Institutional Landscape of Decentralisation and LED:** The report maps out how responsibilities for LED are distributed across national, regional, and local governments. At the national level, key ministries are responsible for policy formulation and oversight, while regional administration coordinates the implementation of these policies. Local councils are tasked with the direct execution of LED initiatives, but the effectiveness of these efforts is often hampered by a lack of coordination and clarity in role delineation, leading to inefficiencies in delivering economic development outcomes.
- **Governance Structures and Partnerships for LED:** Governance structures across the regions in Tanzania are designed to promote local autonomy and community participation. However, the effectiveness of these structures is frequently compromised by a lack of understanding

of LED concepts among local officials and the overriding influence of central government directives. Partnerships with NGOs and the private sector are essential in supplementing local government resources and expertise, but these lacks formalized and structured collaboration to enhance the impact of these partnerships.

**Implications for Policy and Practice**

The findings suggest that strengthening the autonomy of local governments is important for the effective implementation of LED initiatives. This includes ensuring that local governments have adequate resources and capacity to manage development projects independently. Furthermore, there is a need for better education and capacity building at the local level to improve the understanding and execution of LED strategies. Enhancing coordination between different levels of government and formalizing partnerships with NGOs and the private sector are also key to maximizing the impact of decentralisation on local economic development.

**Future Research Directions**

The report identifies several areas for further research, including evaluating the long-term impact of decentralisation on LED, exploring regional disparities in LED implementation, and investigating the role of technology in enhancing local economic development. By addressing these research gaps, deeper insights into optimizing decentralisation policies to support sustainable and inclusive economic growth in Tanzania will be unveiled.

In conclusion, while decentralisation has the potential to drive significant economic transformation at the local level, its success is contingent on addressing the challenges identified in this report. By refining policies, improving governance practices, and leveraging partnerships, Tanzania can strengthen its approach to local economic development and achieve meaningful and lasting impact of economic growth on household incomes and poverty reduction.

# CHAPTER ONE

# 1. INTRODUCTION

Local Economic Development (LED) is increasingly recognized as a critical component of sustainable development, particularly in developing countries like Tanzania, where local governments play a vital role in driving economic growth at the grassroots level. The concept of LED emphasizes the importance of local governments, communities, and the private sector working together to stimulate economic activity, create jobs, and improve the quality of life for local populations. In Tanzania, the implementation of LED is intricately linked to the country's broader decentralisation practice specifically the Decentralisation by Devolution (D-by-D) framework.

The D-by-D, which was introduced through a policy paper of 1998, marked a significant shift in governance, transferring decision-making powers, resources, and responsibilities from the central government to local authorities. This policy was designed to enhance local autonomy, promote democratic governance, and improve the efficiency and effectiveness of public service delivery. By empowering local governments to manage their own development agendas, D-by-D aims to ensure that economic initiatives are more responsive to the unique needs and opportunities within each region.

However, the effectiveness of decentralisation in fostering LED has been mixed, with significant variations across different regions and councils in Tanzania. While some local governments have successfully leveraged their newfound autonomy to drive economic growth, others have struggled due to limited capacity, insufficient resources, and ongoing central government interference. These challenges underscore the need for a thorough examination of the institutional framework for LED at both the national and local levels.

This study sought to explore the institutional landscape of decentralisation and LED in Tanzania, with a particular focus on how responsibilities are distributed and managed across various levels of government. It also examines the governance structures and partnerships that support LED initiatives, identifying best practices as well as areas that require strengthening. By analysing the impact of decentralisation policies on local economic development, this report aims to provide valuable insights into the successes and challenges of implementing LED in a decentralised governance context.

The findings presented in this report are based on a comprehensive review of documents, including regional reports, interviews, and focus group discussions from several regions across Tanzania. This mixed-methods approach enables a detailed understanding of the institutional framework for LED and provides a solid foundation for discussing the implications for policy and practice. Ultimately, this report seeks to contribute to the ongoing discourse on decentralisation and LED in Tanzania, offering recommendations for enhancing the effectiveness of these initiatives in promoting sustainable economic growth at the local level.

## 1.1. Background to the Study

The decentralisation in Tanzania has ostensibly led to improved service delivery and socio-economic developments (Kapologwe et al., 2019; Kigume & Maluka, 2019; Mhina, 2015). However, the evidence supporting these claims is uneven, particularly regarding LED (Rugeiyamu, 2021). While there have been marked improvements in various service delivery areas since the onset of local government reforms, detailed research documenting similar impacts on LED remains scarce. This gap is significant because the fifth government took notable steps to enhance social service delivery by transferring power to local government authorities, amending laws, abolishing school fees in primary and secondary education, and exempting older people, expectant mothers, and children from health cost-sharing (Lyon et al., 2018a; Mmari & Katera, 2018).

Improvements in local services, including roads, telecommunications, education, health, financial services, and water, are noteworthy (Kessy, 2023; R Rugeiyamu et al., 2021). However, a critical examination revealed a disproportionate emphasis on service delivery over LED in government policies. Local Government Authorities (LGAs) appear to prioritize immediate service delivery tasks while relegating their role in promoting and coordinating LED activities. For instance, trade officers are more focused on revenue collection than on fostering trade within LGAs, and sectors such as agriculture, livestock, and fisheries are not fully emphasized in D-by-D reform (Lyon et al., 2018; REPOA, 2018).

Traditionally, local governments are viewed primarily as service providers and political institutions rather than as agents of development (Rugeiyamu, 2021; Schoburgh et al., 2016). This limited perception hinders their capacity to effectively drive LED. The current context of LED has gained prominence, with government officials, business leaders, and citizens engaging in debates on how to best utilize public resources to create better jobs and wages. However, there is often disagreement regarding the optimal strategies to achieve these goals. Despite the intention to allocate more functions to LGAs, funding remains insufficient to support their expanded roles.

Proponents of local governance and LED argue that without greater incentives from central governments to LGAs, Civil Society Organizations (CSOs), the private sector, and other local stakeholders, LED initiatives will falter (Asian Development Bank, 2021; Medeiros, 2020; Rogers Rugeiyamu et al., 2021). Tailored policies and adequate funding for LGAs are essential to fostering industrial development and ensuring economic growth at the local level. The failure of some central governments to fulfil their promises regarding LED could have dire consequences for service quality and job opportunities for local populations (Lindblad, 2016). This underscores the urgent need to deepen decentralisation to strengthen LED.

## 1.2. Rationale for the Study

REPOA is implementing a five-year research programme titled *'Structural Transformation and Development Trajectory in Tanzania"*. The programme seeks to examine the process of structural transformation in Tanzania, and how the transformation affects the trajectory of development in the current and future periods. This is done by examining the drivers of structural transformation

from various theoretical angles in the Tanzanian context, constraints to productivity growth and competitiveness in the key productive sectors, and potential of non-traditional industrial sectors to accelerate structural transformation. One of the key focal areas of this programme is the political economy of structural change, which also includes the role of the state and institutional governance to facilitate productivity growth and the development of non-primary sectors.

Literature suggests that the success or failure of structural transformation, in terms of processes of production upgrading, necessarily depends on changes in the distribution and configuration of power among different organizations, that is, in the 'political settlement' (Khan, 2021). A given settlement depends on the distribution of power within countries and, for industrial development, whether the ruling coalition supports the design and implementation of policies with incentives for, and conditions on, firms to ensure high levels of investment and effort in learning and technological upgrading (Khan, 2021). One important political settlement is the decentralisation of LED.

LED refers to a constellation of activities aimed at enhancing the economic well-being of a locale. These activities are sometimes community-driven or funded by charitable foundations and the private sector, but predominantly, they are government-supported initiatives often in partnership with other funders (Beer et al., 2003). LED typically involves land and property initiatives, lobbying for increased government funding for infrastructure, regeneration, and other investment schemes, and providing direct business subsidies to attract or retain jobs in the area. It also includes technology transfer, innovation, and cluster programmes, labour market initiatives, and support for small firms. The development of cultural industries, flagship and 'icon' projects, and tourism promotion are also critical components. Moreover, LED strategies may involve community economic development, local purchasing initiatives, anti-poverty measures, and targeted interventions for specific groups such as indigenous and migrant communities, women, and youth (Beer et al., 2003).

Tanzania has practiced decentralisation in various forms and guises since pre-independence. While the current strategy of decentralising by devolving powers has ostensibly led to improved service delivery and socio-economic development (Kapologwe et al., 2019; Kigume & Maluka, 2019; Mhina, 2015), there is limited detailed research documenting similar impacts on LED. Further, much has been documented over the disproportionate emphasis on service delivery over LED in government policies.

It is against this background that REPOA embarked on a study to examine the impact of decentralisation policies on LED as a key component of economic structural transformation.

## 1.3. Overview of Decentralisation Policies and Legislative Instruments

Tanzania has been implementing Decentralisation-by-Devolution (D-by-D) since the late 1990s, aiming to enhance local governance and foster local economic development. D-by-D focuses on four main dimensions: political, financial, and administrative decentralisation, as well as changing central-local relations. However, while the intentions behind these reforms are commendable, their implementation has faced significant challenges and limitations.

**Administrative Decentralisation**

Administrative decentralisation aimed to delink local government authorities' (LGAs') staff from their respective ministries, granting them the ability to recruit their own staff and establish their own payroll according to local needs. This move was intended to make LGAs more autonomous and responsive to local conditions. In practice, however, many LGAs have struggled with inadequate capacity to manage these new responsibilities. The recruitment processes have often been hampered by a lack of skilled personnel and insufficient training, resulting in inefficiencies and, in some cases, corruption (Venugopal & Yilmaz, 2010). Furthermore, the transition from ministry-controlled payrolls to locally managed systems has been fraught with challenges, including delays in salary payments and inconsistencies in payroll management (United Republic of Tanzania, 1998).

**Financial Decentralisation**

Financial decentralisation aimed to provide district councils with enough discretionary powers to collect financial resources through local taxes and other revenue sources. It also sought to enable local governments to prepare budgets reflecting their priorities and to exercise expenditure from the revenue they earned. Despite these goals, the reality has been more complex. Many LGAs face significant revenue collection challenges due to limited economic activity in their jurisdictions and the lack of effective tax collection mechanisms (Therkildsen, 2000). As a result, local governments often depend heavily on intergovernmental transfers, which can be unpredictable and insufficient. This dependency undermines the intended financial autonomy and limits the ability of LGAs to plan and execute development projects effectively (Kessy & McCourt, 2010).

**Changed Central-Local Relations**

The intent behind changing central-local relations was to empower LGAs in decision-making, with line ministries focusing on policymaking, support, capacity building, monitoring, and quality assurance. However, in practice, the central government has been reluctant to fully relinquish control, leading to a persistent top-down approach in many areas. This reluctance has resulted in ongoing tensions between central and local authorities, where central ministries continue to exert significant influence over local decisions. This dynamic has often stifled local innovation and adaptability, as LGAs remain constrained by centrally imposed policies and directives (Venugopal & Yilmaz, 2010).

**Political Decentralisation**

Political decentralisation aimed to enhance local democracy by increasing community participation in governance and decision-making processes. While there have been some successes in increasing local involvement, the extent of meaningful participation remains limited. Local elections and participatory mechanisms are often undermined by political interference, inadequate transparency, and inadequate civic education. As a result, many citizens feel disconnected from local governance processes, reducing the effectiveness of political decentralisation efforts (Therkildsen, 2000).

Thus, the D-by-D policy framework in Tanzania presents a mixed picture of ambitious goals and

substantial obstacles. While the framework has theoretically devolved powers to local governments, the practical implementation has been marred by several issues. The capacity deficits in administrative and financial management, continued central government interference, and limited political participation collectively hinder the realization of the intended benefits of decentralisation. These challenges suggest that while decentralisation has the potential to enhance LED, significant reforms and capacity-building efforts are needed to address the existing shortcomings.

## 1.4. Overview of National Policies and their Impact on Local Economic Development (LED)

### 1.4.1. LED and Economic Growth

The discourse on LED has garnered significant international attention, driven by its presumed potential to mitigate localized economic and social challenges and foster local development (Nel & Rogerson, 2015). LED is perceived as a fundamental mandate of local governments, ostensibly balancing socio-economic redress and economic development. However, the practical implementation of LED, especially in Tanzania, has yielded only modest outcomes despite nearly two decades of robust support following the second wave of decentralisation reforms. The primary critique centres around an excessive emphasis on pro-poor LED strategies, often neglecting the necessity of engaging the private sector through pro-market interventions. This oversight is a critical barrier to the success of LED initiatives.

LED is frequently characterized as a constellation of activities aimed at enhancing the economic well-being of a locale. These activities are sometimes community-driven or funded by charitable foundations and the private sector, but predominantly, they are government-supported initiatives often in partnership with other funders (Beer et al., 2003). Beer et al. (2003) propose a comprehensive framework for LED, encompassing diverse activities that sometimes intersect. These activities include the formulation of LED strategies, whether shared among partners or implemented by a single agency; conducting research on the local economy and its broader context; and promoting the area through place marketing.

The distinction between economic growth and economic development is theoretically significant yet often overlooked in the politics of LED literature (Wolman & Spitzley, 1996a) delineate these terms distinctly: economic growth refers to an increase in output, whereas economic development encompasses not only increased output but also transformative changes in the technical and institutional frameworks of production and distribution.

This distinction is akin to focusing on physical growth metrics in humans, such as height or weight, versus the broader functional capacities such as coordination or learning ability, highlighting the economy's adaptability (Wolman & Spitzley, 1996a).

The complexity and multifaceted nature of LED necessitates a critical examination of its theoretical underpinnings and practical implementations. While the theoretical framework promises a balanced approach to economic and social development, the empirical results, particularly in regions like

Tanzania, suggest a need for recalibration. The current strategies' limited success underscores the importance of integrating private sector engagement and pro-market interventions to realize the full potential of LED.

### 1.4.2. Decentralisation and LED

Decentralisation plays an important role in promoting local economic development by empowering local governments, fostering community participation, enhancing capacity building, creating a conducive regulatory environment, providing incentives, and ensuring coordination between national and local levels (Carrasco et al., 2023; Nasser & Donsimoni, 2012; Rodríguez-Pose & Tijmstra, 2007). This relationship allows for tailored and effective strategies for economic growth, community involvement in decision-making processes, and the alignment of national policies with local development strategies (Nasser & Donsimoni, 2012; R Rugeiyamu et al., 2021).

However, some critics argue that this relationship between governance, economic growth, and community involvement may not always be straightforward, and can depend on various contextual factors such as cultural differences, historical legacies, and power imbalances. These factors can influence the effectiveness of governance structures and the ability of communities to participate in decision-making processes. Furthermore, there may be cases where national policies may not align well with local development strategies, leading to potential conflicts and inefficiencies in policy implementation. Therefore, it is important to recognize the complexities and nuances of this relationship and tailor governance strategies accordingly.

Decentralisation enables local authorities to have more responsibilities and freedom of action, leading to more efficient local development attempts (Faguet, 2021; Kessy, 2023). While decentralisation certainly offers local authorities increased autonomy, it may also lead to a lack of oversight and coordination among different levels of government, potentially hindering overall development efforts (Maharjan, 2017; Yerkes & Muasher, 2018). Decentralisation enhances local governance, reduces opposition and corruption, and increases cooperation between local actors, ultimately resulting in more effective economic development initiatives (Goel et al., 2017). Moreover, decentralisation empowers local communities to take charge of their own development initiatives, involves them in decision-making processes and development projects, and fosters ownership of development projects, contributing to local economic growth (Campbell, 2011; Nasser & Donsimoni, 2012).

Developmental local government has become a reality in many developing countries. The Local Government White Paper in South Africa, for example, emphasizes the importance of collaboration with local communities and civic groups to meet their socio-economic needs holistically through the development of sustainable human settlements (Schoburgh et al., 2016). The government of South Africa has brought the private sector to participate in key institutional processes for the initiation of LED. Throughout South Africa, the private sector has played an important facilitating role in the formation and resourcing of many local and regional forums on LED (Rogerson, 1996). Accordingly, scholars of urban law and policy tend to assume that local officials can exert some influence over

city well-being. More specifically, the literature assumes that government policies- either at the federal, state, or local level- can influence local economic growth. (Schragger, 2010). However, this connection between policy and LED outcomes implies that there is a clear functional relationship between the central government and local governments. An analogy for this relationship could be compared to a symphony orchestra, where the central government sets the overall tone and direction, while the local governments provide the necessary notes and rhythms to bring the composition to life. Just as a symphony requires the coordination of multiple instruments to create a harmonious performance, the effective implementation of LED policies necessitates collaboration and cooperation between the central and local government levels.

Some authors (Laffin, 2016; Wolman, 1988) have concluded that one of the weaknesses of governments in relation to central-local relations and LED is one of the most striking phenomena of underdevelopment. Following on from this, it is worth emphasizing that relative importance of local government in developing countries in part reflects the scarcity of qualified government personnel and a tendency to economize on scarce administrative skills by centralizing government activities as much as possible (Kee, 1977). Central-local relationships are critical to the success of decentralisation reforms and LED. However, the relations have often been managed in a top-down manner by building the state's technocratic capacity while neglecting dynamics and the role of sub-national and local authorities as development actors. Accordingly, experience suggests that collaboration between different layers of government is critical in the effective delivery of quality public services (Lyon et al., 2018b).

The increasing role of the central government in raising revenues can be expected to lead to a shift of some traditionally local expenditure functions to the central government. To get a sense of the scale and pace of decentralisation in Tanzania and how this has translated to LED, one has to review the progress made on the economic aspects of reforms against their service delivery counterparts. While some scholars have complemented the key roles brought about the past decentralisation efforts in Tanzania in providing services to the local people, particularly with the increased financial resources at the local level, the outcomes of these on LED have been marginal.

For example, the past decentralisation efforts have focused on improvements in human resource allocations and capacity; increase in the proportion of public sector staff employed directly by LGAs; and capacity building efforts which have had some measurable impact on planning, budgeting, and financial management (Harrison, 2018; Lyon et al., 2018b; Pallotti, 2008; Tidemand & Msami, 2010). Nonetheless, there is little documentation of how these processes have led to LED and the current government's emphasis on the industrial economy.

The roles that local governments play in LED promotion according to Oduro-Ofori (2016) are as follows:

1. **Council development planning and implementation**: Local governments are responsible for creating and implementing development plans at the municipal level. These plans outline strategies and initiatives to promote local economic development.

2. **Provision of infrastructure**: Local governments play a vital role in providing infrastructure such as roads, utilities, and public facilities that are necessary for economic development. This includes investing in the construction and maintenance of infrastructure projects that support businesses and industries.
3. **Land use planning and physical development permitting**: Local governments are responsible for regulating land use and granting permits for physical development. They ensure that land is used in a way that promotes economic growth and development, and they enforce regulations to ensure that development projects comply with zoning and building codes.
4. **Provision of extension services**: Local governments provide extension services to support businesses and industries. This includes offering technical assistance, training programmes, and advisory services to help businesses improve their operations and increase productivity.
5. **Training programmes and skills provision:** Local governments play a role in providing training programmes and skills development initiatives to enhance the capabilities of the local workforce. This includes partnering with educational institutions and vocational training centres to offer relevant training programmes that meet the needs of local industries (Oduro-Ofori, 2016).

Local governments are therefore important for promoting economic development by implementing comprehensive development plans, maintaining essential infrastructure, regulating land use, issuing permits, providing technical support, and facilitating training and skills developmentprogrammes. They ensure business growth, maintain zoning laws, and align workforce skills with industry demands. Their multifaceted approach stimulates and sustains economic growth in their communities.

## 1.5. The Politics of Local Economic Development

Theorists distinguish between economic growth and economic development, a distinction, however, largely missing from the politics of local economic development literature. Kindleberger and Herrick (1977) distinguish between economic growth and development. Growth refers to increased production of goods and services, while development encompasses changes in technological and institutional systems. They emphasize the importance of functional capacities and adaptability in economic development. Both terms enhance material prosperity, income distribution, and diverse group involvement in decision-making.

The debate over local development in developing countries, including its goals, actors, and the strategies to be enacted, originated in the early 1990s. However, this debate has not yet resulted in the development of a definitive paradigm (Nijenhuis, 2010). Several observations may be made on the ongoing efforts to conceptualize local development. Initially, policy scholarship analysed local development primarily via economic lenses, employing location theory, capital accumulation, and technological change as the primary theoretical frameworks (Bingham & Mier, 1993; Rowe, 2009). Advocates of this perspective highlight the need of promoting local industrialization through the

attraction of foreign capital or the establishment of small-scale businesses. While the first approach may be feasible in major urban areas with well-established markets and efficient infrastructure, it is not a practical choice in many rural regions (Rogerson, 1995). The literature on the politics of local economic development, however, goes far beyond this. The term economic development is often used to refer to what is essentially land development or physical development, often greenfield project based, even if these efforts are not directed at or do not increase income or employment. This is a source of confusion, not just in the literature but in policy as well (Wolman & Spitzley, 1996b).

The literature examines two interconnected issues: First, it explores the variables that drive local governments to participate in economic development initiatives. Second, it investigates the reasons for the significant growth of local economic development activities in recent years. The main theory surrounding the reasons behind local governments' involvement in local economic development is primarily linked to its structural characteristics, specifically the economic and fiscal challenges caused by the movement of capital across fixed geographical boundaries within a highly fragmented local government system (Wolman & Spitzley, 1996b). The rise in local economic development activities is attributed to three factors: global capital movement, sluggish national economic growth, and challenges in traditional manufacturing jobs. To address these issues, elected officials have implemented economic development initiatives. However, reduced central government financial support, increasing deficits, and ideological factors have diminished the amount of assistance provided to local economic development, leaving local governments reliant on their own resources to engage in these initiatives (Bingham & Mier, 1993; Wolman & Spitzley, 1996b).

## 1.6. Theoretical Framework for Decentralisation and its Impact on LED

Decentralisation has become a common feature in developing countries due to economic incentives. Decentralisation enhances planning, efficiency, and aligns initiatives with local development needs. However, LED is often limited due to limited external financing and prioritization of the social sector in rural communities (Nijenhuis, 2010). The impact of decentralisation on LED is grounded in several theoretical frameworks. Fiscal federalism theory suggests that decentralised governments can respond more effectively to local needs and preferences compared to centralized ones, as devolving powers and resources allows local governments to identify and address specific economic challenges (De Mello Jr, 2004; Oates, 2005). Public choice theory posits that decentralisation reduces the monopoly power of central government bureaucracies, leading to more efficient and responsive governance through increased competition among local governments (Ebel & Yilmaz, 2002; Yilmaz et al., 2010).

Participatory development theory views decentralisation as a means to enhance community participation in decision-making processes, ensuring that development initiatives are more inclusive and reflective of local priorities (Rowe, 2009). Various authors have emphasized the role of the state, and other disciplines have contributed to the development of theory around local

development. (Jessop, 1990; Jones, 2001), regulation theory (Peck & Tickell, 1994), 'new regionalism' (MacLeod, 2001), and, more recently, "city regionalism" (Harrison, 2007). All theoretical approaches have implications for local development practice. For instance, regulation theory emphasizes the establishment of appropriate institutions for regional or local development, neoclassical models emphasize the necessity of attracting capital and/or labour to the region or locality, new regionalism perspectives emphasize the promotion of local growth, and new institutional economics highlights the necessity of promoting information and infrastructure provision to reduce transaction costs (Rowe, 2009).

*Table 1: A Summary of Theoretical Frameworks for Decentralisation and its Impact on LED*

| Theory | Key Points | Authors |
|---|---|---|
| Fiscal Federalism | Decentralised governments respond more effectively to local needs | Nijenhuis, 2010; De Mello, 2004; Oates, 2005 |
| Public Choice | Reduces monopoly power of central government, increases efficiency | Nijenhuis, 2010; Ebel & Yilmaz, 2002; Yilmaz et al., 2010 |
| Participatory Development | Enhances community participation in decision-making | Rowe, 2009 |
| Regulation Theory | Establishment of appropriate institutions for local development | Peck & Tickell, 1994 |
| New Regionalism | Promotion of local growth | MacLeod, 2001 |
| City Regionalism | Implications for local development practice | Harrison, 2007 |
| Neoclassical Models | Attracting capital and/or labour to the region | Jessop, 1990; Jones, 2001 |
| New Institutional Economics | Promoting information and infrastructure to reduce transaction costs | Rowe, 2009 |

Decentralisation has been widely studied for its impact on LED, with various theoretical frameworks and empirical evidence supporting both positive and negative effects. Fiscal decentralisation is often seen as a catalyst for economic growth and development. It allows local governments to play a greater role in regional economic systems, promoting green economic development (Wang et al., 2022). The theory of fiscal federalism supports the necessity of decentralisation system reform in the context of the green economy (Wang et al., 2022). However, the impact of decentralisation on LED is not uniform across regions. In China, for instance, the effects of decentralisation on economic development are most pronounced in eastern regions and counties with higher initial agglomeration levels, while being insignificant in middle and western regions (Tang, 2021). Interestingly, there are contradictions in the findings across different studies. While some research suggests that tax decentralisation promotes growth (Kalim & Shahid, 2021), others find that administrative and political decentralisation can negatively affect economic growth (Arif & Chishti, 2020; Kalim & Shahid, 2021). The impact of decentralisation also varies based on the specific aspects considered. For example, in India, both expenditure and revenue decentralisation strongly impact economic growth positively, but developed states show only a small effect (Agarwal, 2019). Accordingly, the impact of decentralisation on LED is complex and context dependent. The effectiveness of decentralisation policies relies heavily on the level of local development potential and the enabling institutional setup (Arif & Chishti, 2020; Tang, 2021).

## 1.7. Decentralisation Reforms and LED in Tanzania

Decentralisation policy in Tanzania aim to achieve several key benefits, forming the core of the study's rationale. By transferring decision-making powers to local authorities, decentralisation is expected to make governance more responsive and accountable to local communities. Local governments are presumed to have better knowledge of local needs, leading to more efficient and effective resource allocation. Decentralisation can empower local governments to implement policies and initiatives that directly stimulate local economic activities, such as supporting small and medium enterprises (SMEs) and improving local infrastructure. Moreover, decentralisation is believed to strengthen democratic practices and institutional capacity at the local level by bringing governance closer to the people.

However, the potential benefits of decentralisation come with significant challenges and criticisms. Many local governments in Tanzania face capacity constraints, including limited financial resources, inadequate technical expertise, and weak institutional frameworks, which can hinder effective policy implementation (Kessy, 2020; Tidemand, 2018; Tidemand et al., 2008). There is also a risk that decentralisation may exacerbate regional inequalities if wealthier areas are better able to take advantage of devolved powers and resources than poorer regions. Decentralisation can increase opportunities for local-level corruption and mismanagement if proper oversight mechanisms are not in place. Furthermore, effective decentralisation requires strong coordination between different levels of government, and poor coordination can lead to policy inconsistencies and fragmented development efforts.

Empirical studies on the impact of decentralisation policies in Tanzania provide mixed results. Some studies have shown improvements in public service delivery, such as healthcare and education, in certain regions, often attributed to increased local participation and better alignment of services with local needs (Frumence et al., 2013; Kigume & Maluka, 2019; Mdee & Thorley, 2016). Conversely, other studies highlight persistent challenges, including inadequate funding for local governments, capacity deficits, and instances of local elite capture (Venugopal & Yilmaz, 2010). Research also indicates that the impact of decentralisation varies significantly across different regions and sectors. For example, some rural areas have benefited more from decentralisation compared to urban areas, due to differences in governance structures and resource availability (Kessy & McCourt, 2010).

Accordingly, the rationale for studying the impact of decentralisation policies on LED in Tanzania lies in understanding how these policies affect governance, resource allocation, and economic empowerment at the local level. While decentralisation holds promise for enhancing LED, it also presents significant challenges that must be addressed. By critically examining the impacts of these policies, such a study can provide valuable insights for policymakers, helping to refine and improve decentralisation strategies to better support LED initiatives in Tanzania.

## 1.8. Objectives of the Study:

The aim of this study was to examine the impact of decentralisation policies on local economic development as a key component of economic structural transformation. Specifically, this study is guided by the following research objectives:

1. To assess the Institutional Framework for LED at the National Level.
2. To map the Institutional Landscape of Decentralisation and LED.
3. To examine Governance Structures and Partnerships for LED.

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# CHAPTER TWO

# 2. APPROACH AND METHODOLOGY

## 2.1. Research Design

The mixed-methods approach utilized in this study combines the strengths of both qualitative and quantitative research paradigms, allowing for a more nuanced and comprehensive examination of decentralisation policies' impact on LED in Tanzania. Qualitative methods, such as in-depth interviews and focus group discussions, provide rich, contextual data that capture the nuanced experiences and perspectives of local stakeholders, policymakers, and community members. This approach enables researchers to uncover underlying factors, motivations, and challenges that may not be apparent through quantitative data alone. Simultaneously, quantitative methods, including surveys and statistical analyses of economic indicators, offer measurable and comparable data across different regions, facilitating the identification of trends, patterns, and correlations between decentralisation policies and LED outcomes.

The integration of these methodologies allows for triangulation of data, enhancing the validity and reliability of the research findings. By examining both the breadth and depth of the issue, researchers can develop a more holistic understanding of how decentralisation policies manifest in different regional contexts and their varying impacts on local economic growth, resource allocation, and community development. This comprehensive approach is particularly valuable in Tanzania's diverse socio-economic landscape, where regional disparities and unique local factors play significant roles in shaping the outcomes of decentralisation efforts. The mixed-methods design thus enables the study to capture both the overarching trends and the specific, localized experiences that contribute to the complex relationship between decentralisation and LED in Tanzania.

## 2.2. Sampling Framework and Study Areas

The study explored the impact of decentralisation policies on LED across seven diverse regions in Tanzania: Iringa, Dodoma, Mwanza, Kigoma, Kilimanjaro, Dar es Salaam and Mtwara. These regions were selected based on their geographical zones and economic activities, ensuring a comprehensive understanding of how decentralisation affects different local economies.

The criteria for selecting regions and districts for the study included the following:

1. **Geographic representation**: The study included regions and districts from each of the administrative zones to ensure geographic diversity and to capture a range of economic, social, and political contexts.
2. **Economic diversity**: The study prioritized regions and districts that have a diverse range of economic activities, including agriculture, mining, tourism, trade, and fisheries, to capture the impact of decentralisation policies on different sectors and industries.

3. **Development status**: The study considered regions and districts that have varying levels of development and economic growth, to evaluate the effectiveness of decentralisation policies in promoting economic development in different contexts.
4. **Availability of data**: The study also considered the availability of data and information on LED initiatives and the implementation of decentralisation in different regions and districts to ensure that the study can be conducted effectively.

Based on these criteria, potential regions and districts for the study included **7 zones and 7 regions**. From these zones and regions, the following councils were selected: Dodoma CC and Chamwino DC in the **Central Zone**, Temeke MC and Ubungo MC in the **Eastern Zone**, Nyamagana MC and Misungwi DC in the **Lake Zone**, Moshi MC and Rombo DC in the **Northern Zone**, Iringa MC and Mufindi DC in the **Southern Highlands Zone**, Kigoma MC and Kasulu DC in the **Western Zone**, and Mtwara MC and Masasi DC in the **Southern Zone** as summarized in Table 1 below

*Table 2: Distribution of Zones, Regions and Districts for the Fieldwork*

| SN | ADMINISTRATIVE ZONES | REGIONS AND MAIN ECONOMIC ACTIVITIES | LOCAL GOVERNMENTS | SELECTED WARDS | NUMBER OF FGDs | NUMBER OF KIIs | MINI-SURVEY | NUMBER OF RESEARCHERS | TOTAL NUMBER OF INTERVIEWS |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | 1 per ward per 2 districts =1x2x2 =4 per region | 10 per 2 wards per 2 districts =10x2x 2 =40 per region | 50 per 2 wards per 2 districts = 50 x 2 x 2 =200 per region | 3 per region (Principal Researcher + 2 Assistant Researchers) | |
| 1. | Central Zone | **Dodoma** (trade, vines, transport hub, construction) | Dodoma CC | Buzabazeba | 2 | 20 | 100 | 1 | 122 |
| | | | Chamwino DC | Chamwino, | 2 | 20 | 100 | 1 | 122 |
| 2. | Eastern Zone | **Dar es Salaam** (commercial metropolitan) | Temeke MC | Kibonde Maji, Temeke | 2 | 20 | 100 | 1 | 122 |
| | | | Ubungo MC | Sinza, Kibamba | 2 | 20 | 100 | 1 | 122 |
| 3. | Lake Zone | **Mwanza** (mining, livestock, fisheries) | Nyamagana MC | Nyamagana | 2 | 20 | 100 | 1 | 122 |
| | | | Misungwi DC | Usagara | 2 | 20 | 100 | 1 | 122 |
| 4. | Northern Zone | **Kilimanjaro** (tourism, coffee, trade | Moshi MC | Kelamfua-Makola Mji Mpya, | 2 | 20 | 100 | 1 | 122 |
| | | | Rombo DC | Mawenzi, Ushiri | 2 | 20 | 100 | 1 | 122 |
| 5. | Southern Highlands Zone | **Iringa** (agriculture, forestry, trade) | Iringa MC | Kihesa, Nyololo, | 2 | 20 | 100 | 1 | 122 |
| | | | Mufindi DC | Ushirika | 2 | 20 | 100 | 1 | 122 |
| 6. | Western Zone | **Kigoma** (agriculture, trade, fisheries) | Kigoma MC | Kigoma, Kigoma Mjini, | 2 | 20 | 100 | 1 | 122 |
| | | | Kasulu DC | Mrusi Buzebazeba | 2 | 20 | 100 | 1 | 122 |
| 7. | Southern Zone | **Mtwara** (agriculture, cashew nuts, gas) | Mtwara MC | Chuno Jida | 2 | 20 | 100 | 1 | 122 |
| | | | Masasi DC | Mkuti Rahaleo, | 2 | 20 | 100 | 1 | 122 |
| | | **7** | **14** | | **28** | **280** | **1400** | **21** | **1,708** |

## 2.3. Data Collection

### 2.3.1. Pre-field logistics

Fieldwork was conducted in August and September 2024. Prior to embarking on fieldwork, it was incumbent upon the Lead Researcher to guarantee that all necessary logistical arrangements were in order. REPOA prepared introductory letters to the selected regions. This was followed by additional follow-ups and appointments, culminating in the formulation of a visitation schedule.

Ultimately, a comprehensive fieldwork programme was devised and disseminated to all individuals involved in the research endeavour.

### 2.3.2. Selection and Training of Research Team

The Lead Researcher was responsible for assembling and training a group of skilled researchers who possess extensive experience in data collection fieldwork and are proficient in the Swahili language. This ensured that the project's timeline could be fulfilled. The Lead Researcher also ensured that all chosen Principal Researchers and Assistant Researchers had prior experience in collecting data at different levels. Accordingly, a total of three researchers, including one Principal Researcher and two Assistant Researchers, were deployed per region. Prior to the training session, a Training Manual was prepared for the client's approval, and a comprehensive training session was conducted in collaboration with the client, focusing on the review and comprehension of the questionnaire, the survey methodology, and surveying techniques both in the classroom and in the field. The training was conducted for one day.

### 2.3.3. Data Collection Tools

Based on the proposed list of respondents, three primary categories of tools were relevant for this study :1) Structured quantitative tools, 2) Key In-depth Interviews (KIIs) and Focus Group Discussions (FGDs). The tools were translated into Kiswahili to ensure consistency in asking questions and to ensured that they were well understood by both interviewees and interviewers. The Lead Researcher ensured that the final original language translation from the Swahili language coincides with the original questionnaire and interview guide.

### 2.3.4. Qualitative Data Collection

The qualitative component provided in-depth insights into the experiences, perceptions, and contexts of various stakeholders involved in LED. This was achieved through:

1. **Interviews**
    - **Semi-Structured Interviews**: These were conducted with key personnel in PO-RALG and Sector Ministries, local government officials, community leaders, business owners, farmers, tourism operators, and other relevant stakeholders. These interviews explored the dynamics of governance structures, policy implementation, and the specific impacts of decentralisation on local economies.
    - **Key Informant Interviews**: Targeted interviews with experts and policymakers at the national, regional, and local levels to gather insights on the strategic and policy dimensions of decentralisation and LED.
2. **Focus Group Discussions**
    - These were carried out with community members, sector-specific stakeholders (e.g., farmers, traders, miners), and representatives from various local institutions. These focus groups helped to identify common themes, challenges, and opportunities

related to LED and decentralisation policies.

- Special focus was placed on understanding the differential impacts in rural versus urban contexts and among different economic sectors.

3. **Document Analysis**
    - Reviewing of policy documents, government reports, strategic plans, and other relevant literature to contextualize the qualitative data and provide a comprehensive overview of the institutional landscape of decentralisation and LED. Some documents such as Circulars; Strategic plans; Assessment reports; Laws and regulations; statements of institutional purpose including the Vision, Mission Values and Objectives; and Structures of the organizations were reviewed.

### 2.3.5. Quantitative Data Collection

The quantitative component complemented the qualitative data by providing measurable evidence of the impacts of decentralisation policies on LED. This involved:

1. **Survey**
    - **Structured Questionnaires**: These were administered to a representative sample of residents, business owners, and local government officials across the selected regions. The survey collected data on economic performance indicators, governance satisfaction, resource allocation, and other relevant variables.
    - **Sampling Strategy**: Stratified random sampling was employed to ensure that both rural and urban areas are adequately represented in the data collection process.

### 2.3.6. Quality control mechanisms

During each round of data collection, the Principal Researcher provided in-person oversight of the Research Assistants at least 50% of the time. The Lead Researcher effectively participated in the training and implementation stages with the Principal and Assistant Researchers to ensure the quality of the data collection process. Each Principal Researcher reviewed and entered data in the questionnaires, including reading through all questions and answers to ensure the existence of consistencies.

## 2.4. Data Analysis

The mixed-methods approach involved integrating qualitative and quantitative data at various stages of the research:

a) **Data Triangulation**
    - Triangulation was used to cross-verify findings from different data sources and methods, ensuring the reliability and validity of the results.
    - Qualitative data provided contextual depth to the quantitative findings, while quantitative data offered empirical support to qualitative insights.

**b) Thematic Analysis**

- Thematic analysis was applied to qualitative data to identify key themes and patterns. These themes were then quantitatively measured and analysed to provide a comprehensive understanding of the research questions.

**c) Comparative Analysis**

- Comparative analysis across regions helped to identify region-specific impacts of decentralisation policies on LED, highlighting best practices, challenges, and areas for policy improvement.
- Special attention was given to differences between rural and urban areas, and how decentralisation policies affect various economic sectors differently.

**d) Statistical Analysis**

- Quantitative data were analysed using statistical methods to identify patterns, correlations, and causal relationships. Techniques such as regression analysis, factor analysis, and ANOVA were used to interpret the data.

Comparative analysis was conducted to examine differences and similarities across regions, focusing on key indicators of economic development and governance effectiveness.

# CHAPTER THREE

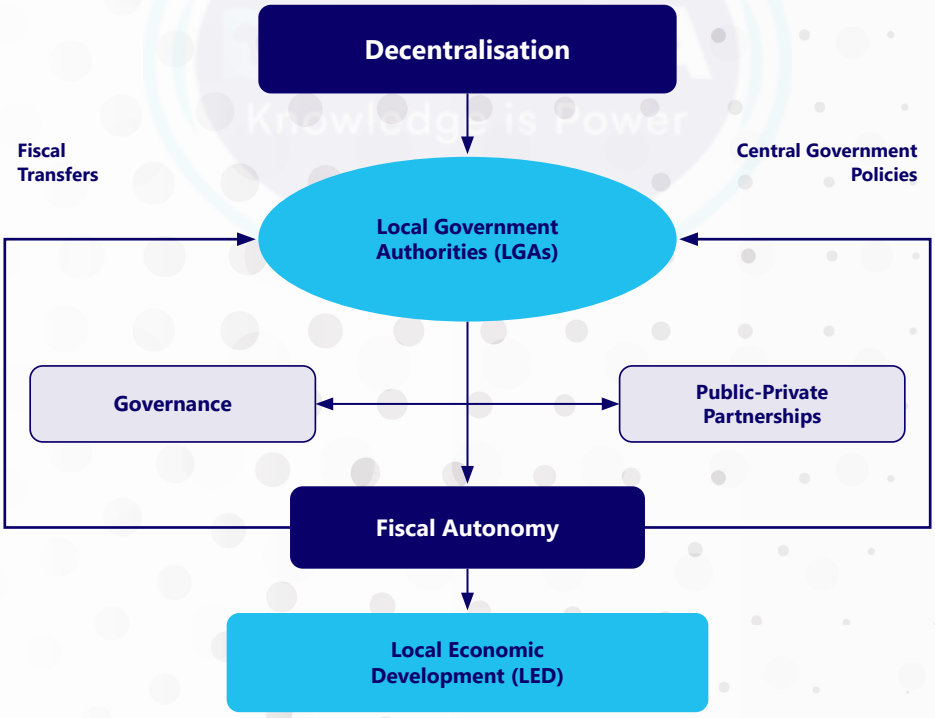
# 3. KEY FINDINGS

This section presents a comprehensive analysis of the institutional framework for LED at the national level, drawing on empirical data and insights from the seven surveyed regions across Tanzania. The findings are structured to highlight the impact of decentralisation policies on LED and economic structural transformation, as well as the macro-level influences that shape these outcomes. Moreover, the institutional landscape of decentralisation and LED is mapped out, showcasing the distribution and management of responsibilities across national, regional, and local governments. Finally, the section explores governance structures and partnerships essential for delivering LED, identifying best practices and areas requiring further strengthening.

**Conceptual Framework for Decentralisation and LED**

Figure 1 shows the relationship between decentralisation and LED in Tanzania, illustrating how key components such as governance, fiscal autonomy, and public-private partnerships interact under decentralisation policies. The LGAs are central to this framework, with the influence of central government policies and fiscal transfers highlighted.

*Figure 1: Conceptual Framework for Decentralisation and LED*



## 3.1. Institutional and Regulatory Frameworks for Decentralisation and LED in Tanzania

The management of LED responsibilities within Tanzania's decentralised governance framework is a critical factor that determines the success or failure of local economic initiatives. Effective management requires not only clear delineation of roles but also the capacity to execute responsibilities, the availability of resources, and the ability to coordinate across different levels of government. The functions of local governments in Tanzania, as defined by various regulatory instruments, encompass a wide range of responsibilities aimed at ensuring effective governance, socio-economic development, and public service delivery at the local level. These roles are shaped by the Constitution, statutory laws, policies, and local bylaws, each contributing to the framework within which local governments operate.

### 3.1.1. Constitutional Mandate

The Constitution of the United Republic of Tanzania (1977) establishes the foundation for local government authorities, emphasizing their role in transferring authority to the people and involving them in the planning and implementation of development programmes. According to Articles 145 and 146, local government authorities are empowered to perform functions that include enforcing laws, maintaining public safety, and promoting democratic governance within their jurisdictions (United Republic of Tanzania, 1977). These outlined responsibilities of local governments in Tanzania appear comprehensive, but such an extensive mandate leads to inefficiencies and resource strain. The broad scope of duties, ranging from governance to socio-economic development, stretches local authorities too thin, potentially resulting in subpar performance across multiple areas rather than excellence in a few key domains. Moreover, the multi-layered regulatory framework, including constitutional, statutory, and local laws, creates confusion and overlapping jurisdictions, hindering rather than facilitating effective local governance.

Article 145 establishes the local government authorities within the Tanzanian governance structure, emphasizing their importance in the overall administration of the country. It sets the foundation for the existence of local government bodies, bringing governance closer to the citizens. Article 146 delves into the specific functions of local government authorities, which include planning and implementing development projects, promoting public participation, ensuring law and order, managing resources, and implementing national policies. Despite the constitutional provisions for local government authorities, critics argue that their effectiveness is limited by insufficient funding and resources from the central government. Some contend that the decentralisation process has been slow and incomplete, with the central government maintaining significant control over local affairs. Moreover, there are concerns about the capacity of local authorities to effectively carry out their mandated functions, particularly in rural or underdeveloped areas. These functions are essential for fostering good governance, community engagement, and sustainable development at the grassroots level in Tanzania.

### 3.1.2. Statutory Framework

The Local Government (District and Urban Authorities) Acts 7 and 8 of 1982 delineate the responsibilities of Local LGAs in Tanzania. For example, according to Act 7, Sub-Section 111. -(1), LGAs in rural areas are tasked with maintaining peace, order, and good governance within their jurisdictions. They are also charged with promoting the social welfare and economic well-being of their residents and advancing regional development in line with national policies and plans (United Republic of Tanzania, 1982a). Despite these clear mandates, the practical execution of these responsibilities often falls short. The Act's broad language leaves much to interpretation, which can result in inconsistencies in governance and service delivery across different regions. Moreover, while LGAs are empowered to enhance social and economic conditions locally, they frequently struggle with resource limitations and rely heavily on external funding. This reliance poses risks, as external funds are not always consistent, and poor coordination among stakeholders can further complicate matters. In essence, while the statutory framework provides a foundation for local governance, the ambiguities and practical challenges in its implementation hinder the effectiveness of LGAs.

Similarly, the Local Government Finance Act No. 9 (1982) and other statutory instruments provide detailed guidance on the financial management and operational autonomy of local governments. The Act outlines the specific responsibilities of local government authorities, including revenue collection, financial management, and the provision of essential services such as education, healthcare, water supply, and infrastructure maintenance. The Act also allows local governments to raise loans for implementing development projects, provided they are economically viable and can generate sufficient revenue to repay the debt (The United Republic of Tanzania, 2000; United Republic of Tanzania, 1982a, 1982b, 2021). While these statutory provisions aim to empower local governments, one could argue that they inadvertently create a dependency on central government support and external funding. This reliance undermines the intended autonomy of local government authorities, as they struggle to generate sufficient revenue independently. Furthermore, the ability to raise loans for development projects could potentially lead to unsustainable debt accumulation if not carefully managed, ultimately compromising the financial stability of local governments.

### 3.1.3. Policy and Strategic Guidelines

The Policy Paper on Local Government Reform (1998) is the main document that guided the reform and restructuring of local government systems in Tanzania. It emphasizes objectives, results, models, regulations, decentralisation of powers, functions, and revenues, principles guiding the local government system, financial implications, involvement of stakeholders, training, capacity building, awareness campaigns, democratic processes, autonomy of local government councils, transparency, accountability, ethical standards, phased implementation of reform measures, linkages between civil service reform, sector reforms, and local government reform, and the importance of coordination among these reforms for success. The policy paper on decentralisation posits that central-local government relations under decentralisation would be characterized by the abolition of previous command relations.

The new system was anticipated to be distinguished by consultations and negotiations, with ministries providing support to local governments, supplemented by regulatory directives and legal supervision of local government political and administrative decisions. In this context, the directive powers of Government vis-à-vis local councils would be restricted to legal regulation of local governments' decisions. The general influence of local councils would be secured through the legislative and regulatory powers of Government. Local government administrations are not subordinated to central government ministries or agencies but report through their Heads of Department and Council Director to Council, which in turn would operate within the national legal framework. Despite the policy paper's optimistic vision, decentralisation has not led to more balanced central-local relations. In practice, central government has retained significant control through financial mechanisms and policy directives, potentially undermining local autonomy. Furthermore, the shift from command relationships to consultative ones has been hindered by entrenched bureaucratic cultures and power dynamics, leading to a de facto continuation of centralized decision-making under the guise of decentralisation.

Other policy documents, such as the National Guidelines for Local Government Authorities (LGAs) Project Development (2021), provide strategic direction on the development and financing of local infrastructure and other capital projects. These guidelines emphasize the importance of utilizing local resources and fostering partnerships between local governments, national governments, and development partners to achieve sustainable development. The guidelines also highlight the need for capacity building within LGAs to effectively manage projects and enhance their fiscal autonomy (United Republic of Tanzania, 2021).

### 3.1.4. Local Bylaws and Operational Ambiguities

Local bylaws play a critical role in the day-to-day governance at the local level, enabling LGAs to enact regulations that address specific community needs. However, ambiguities often arise in the interpretation of these bylaws, particularly when there is a lack of clarity or overlap between local and national regulations. For example, the delineation of responsibilities between central and local governments in areas such as resource management and revenue collection can lead to conflicts and inefficiencies.

One significant area of ambiguity is the enforcement of local bylaws in the context of overlapping jurisdiction with central government mandates. While the Constitution and statutory laws provide a broad framework, the specifics of implementation are sometimes left to local interpretation, leading to inconsistencies in enforcement and governance practices across different regions. These ambiguities can result in delays in project implementation, confusion over authority, and challenges in accountability (United Republic of Tanzania, 1977).

### 3.1.5. Practical Implications of Ambiguities

In practice, these ambiguities in the legal and policy frameworks can have several implications. First, they may lead to a duplication of efforts, where both local and central government bodies attempt to regulate the same issue, causing inefficiencies and potential conflicts. Second, the lack

of clear guidelines can result in underutilization of available resources, as local governments may be uncertain about their authority to mobilize or allocate funds for specific projects. Lastly, these ambiguities can affect the quality of service delivery, as conflicting interpretations of roles and responsibilities can lead to delays and reduced effectiveness in addressing local needs (United Republic of Tanzania, 2015, 2021).

In conclusion, while Tanzania's regulatory instruments provide a comprehensive framework for the roles, responsibilities, and mandates of local governments, there are notable ambiguities in the interpretation and implementation of these guidelines. These ambiguities, particularly in the enforcement of local bylaws and the delineation of responsibilities between local and central authorities, can have significant practical implications, affecting governance efficiency and the overall development process at the local level. Addressing these issues requires clearer statutory definitions and improved coordination between different levels of government to ensure that local governments can effectively fulfil their mandates.

## 3.2 Mapping of LED Responsibilities Across National, Regional, and Local Governments

The distribution of responsibilities for LED in Tanzania is deeply embedded in the broader decentralisation framework, specifically through the D-by-D policy framework. This frameworkpaper seeks to transfer power, decision-making, and responsibilities from the central government to local authorities to foster development. However, the practical application of this framework varies considerably across different governmental levels—national, regional, and local—resulting in opportunities as well as challenges in achieving the intended goals of LED.

### 3.2.1. National Level Responsibilities

At the national level, key ministries, including the President's Office - Regional Administration and Local Government (PO-RALG), the Ministry of Finance, and the Ministries responsible for Industry, Trade, and Investment, are responsible for the formulation of policies, setting strategic priorities, and ensuring the financial resources required for LED initiatives are available. These ministries aim to create an enabling environment for local governments to operate, yet findings from Mwanza suggest that "*despite decentralisation efforts, the central government retains significant control over key economic decisions, often limiting the autonomy of local governments to fully exercise their powers"* (Member of FGD from Mwanza). This continued influence from the central government over critical economic decisions undermines the flexibility that local governments need to address their unique economic challenges.

This central oversight has broader implications, as it may restrict the autonomy of local governments in driving development initiatives. Findings from Kigoma further highlight this dynamic, showing that the involvement of national ministries in the daily management of LED can overshadow local efforts, leading to a top-down approach that contradicts the principles of decentralisation *(KII with Local Councils Officials at Kasulu DC)*. This overreach by national authorities often stifles the innovation and responsiveness that local authorities require to effectively implement LED initiatives.

The findings from Mtwara reveal that *"The central government's tendency to micromanage local economic activities undermines the spirit of decentralisation and limits the effectiveness of local councils in driving economic growth"* (KII with Local Council Official -Masasi DC). This observation is supported by the fact that when the central government interferes in local economic activities, it often imposes regulations and policies that do not consider the unique circumstances and needs of the local communities. As a result, these policies can stifle innovation and entrepreneurship, which are key drivers of economic growth.

Moreover, the micromanagement approach can lead to a lack of accountability and transparency, as decisions are made in a top-down manner without adequate input from local stakeholders. Therefore, it is important for the central government to work in collaboration with local councils and other stakeholders to develop policies and regulations that are tailored to the specific needs of the local communities, and that empower local councils to take the lead in driving economic growth. This centralization of management responsibilities can stifle local innovation and reduce the responsiveness of LED initiatives to local needs.

### 3.2.2. Regional Level Responsibilities

The regional level acts as a bridge between national directives and local implementation. Regional Administrative Secretaries (RAS) and their offices are tasked with coordinating the alignment of regional development plans with national objectives. However, this coordination often leads to bureaucratic challenges that impede local initiatives. As highlighted by the findings in Dar es Salaam, *"the role of the regional administration is important in bridging the gap between national directives and local implementation, but this often results in a bureaucratic layer that can slow down the decision-making process"* (KII from Dar es Salaam).

Moreover, regional authorities sometimes find themselves caught between central government demands and the local realities on the ground. This dynamic was particularly evident in Iringa, where the regional administration often struggled to balance these competing interests, leading to a dilution of responsibility (KII with Regional Officers - Iringa). This situation creates ambiguity in the accountability of regional offices, which may defer difficult decisions either to the central government or to local councils.

### 3.3.3. Local Level Responsibilities

Local governments, primarily district and municipal councils, are the key actors in the direct implementation of LED initiatives. Their responsibilities include developing local economic strategies, managing public infrastructure projects, and fostering local entrepreneurship.

Findings from Mtwara illustrate this role: "*Local councils are at the frontline of economic development, with the responsibility to tailor national policies to the specific needs of their communities*" (KII with Local Council Official - Masasi). However, despite their critical role, local governments often face constraints in financial resources, technical expertise, and administrative capacity.

The financial independence of local governments is further limited by the central government's control over significant revenue streams, such as property taxes. This issue was highlighted in a FGD

in Dodoma, where participants noted that "*the centralization of key revenue sources undermines the financial autonomy of local councils, making it difficult for them to fund their LED initiatives.*" This lack of financial autonomy is compounded by limited access to alternative financing mechanisms, such as grants and partnerships with the private sector, leaving many LED initiatives underfunded and unable to make a significant impact.

A case in point is the budget allocations of Chamwino District Council in Dodoma for the 2023/24 fiscal year, where there is a clear emphasis on foundational sectors like education and health. While these sectors are essential for long-term development, the relatively lower allocations for direct economic development initiatives indicate that immediate impacts on local economic activities are limited. Table 3 of Chamwino District's budget demonstrates a disproportionate focus on health and education, with limited resources directed toward more immediate LED needs.

*Table 3: Chamwino District Council Budget Allocations for Development Projects: 2023/24 Fiscal Year*

| No. | Project/Programme Name | Approved Budget in TZS | Percentage |
|---|---|---|---|
| 1. | Development projects of the Council (Internal revenue) | 736,000,000 | 11.94% |
| 2. | Construction of toilet facilities in Primary Schools | 56,000,000 | 0.91% |
| 3. | Completion of 9 classrooms in Primary Schools | 180,000,000 | 2.92% |
| 4. | Free Education (Primary and Secondary) | 2,053,397,000 | 33.32% |
| 5. | Management of Examinations | 1,452,420,000 | 23.56% |
| 6. | Construction of 5 classrooms in Secondary Education (A-Level) | 104,000,000 | 1.69% |
| 7. | Construction of 6 toilet facilities in Secondary Schools | 10,000,000 | 0.16% |
| 8. | Construction and completion of 4 Village Dispensaries | 200,000,000 | 3.24% |
| 9. | Purchase of medical equipment and supplies | 700,000,000 | 11.36% |
| 10. | Construction of a fence for the administration building (wall) | 400,000,000 | 6.49% |
| 11. | Constituency Development Catalyst Fund (CDCF) | 145,296,000 | 2.36% |
| 12. | Construction of 1 dormitory at Zajilwa Secondary School | 125,000,000 | 2.03% |
| 13. | Loan for groups from the Prime Minister's Office, Labour, Employment, and People with Disabilities | 92,900,000 | 1.51% |
| **Total Internal Funds (Local fund)** | | **6,162,113,000** | **100%** |

***Source:*** *Chamwino District Council (2024)*[1]

The budget allocation demonstrates a clear emphasis on foundational sectors such as education and health, which are critical for long-term economic growth. By investing in these areas, Chamwino District Council is laying the groundwork for a more skilled and healthier population, which can contribute to sustained economic development over time. However, the relatively lower allocations for direct economic development initiatives, such as the CDCF and loan programmes, suggest that immediate, tangible impacts on local economic activity are limited. The budget could benefit from a more balanced approach that also emphasizes direct support for local businesses, entrepreneurship, and infrastructure projects that could provide immediate economic benefits. Moreover, while the budgetary allocations align with a strategy focused on long-term human capital development, there is a need for increased investment in direct economic development activities to ensure that the local economy benefits more immediately from these investments. A more robust emphasis on economic initiatives could enhance the council's efforts to stimulate local economic growth and improve the livelihoods of its residents.

1 Report on the Implementation of Development Projects for the Fourth Quarter (April – June 2024) -2023/24 Fiscal Year

Similarly, the Annual Action Plan for Mtwara Municipal Council (MC) for the year 2023/24 reflects a structured approach to enhancing good governance, administrative services, and the quality and quantity of socio-economic services and infrastructure. The plan prioritizes the preparation and monitoring of council budgets and strategic plans, as well as the coordination and evaluation of development projects.

*Table 4: Annual Action Plan for Planning and Coordination for the Year 2023/24 in Mtwara Municipal Council*

| SN | OBJECTIVE | TARGET | ACTIVITY | BUDGET |
|---|---|---|---|---|
| 1. | E-Good Governance and Administrative Services Enhanced. | E06-Quality plans and budget for the council ensured by June 2026. | E06C08-To coordinate preparation/review of council strategic plan by June 2024. | 240,000,000.00 |
| 2. | E-Good Governance and Administrative Services Enhanced. | E06-Quality plans and budget for the council ensured by June 2026. | E06C0A-To prepare annual council budget implementation forms by June 2024. | 102,000,000.00 |
| 3. | Good Governance and Administrative Services Enhanced. | Quality plans and budget for the council ensured by Juni, 2026. | To prepare Local Authority Accounting Committee (LAAC) by June 2024. | 98,000,000.00 |
| 4. | Quality and Quantity of Socio-Economic Services and Infrastructure Increased. | Monitoring and Coordination of Development Projects in the Council Enhanced by June 2026. | To conduct Monitoring and Evaluation of different Projects at 18 Wards and 111 Mitaa by June 2024. | 138,000,000.00 |
| 5. | D-Quality and Quality of Socio-Economic Services and Infrastructure Increased. | Monitoring and coordination of development projects in the council enhanced by June 2026. | To use CSR fund Tsh,000,000.00 to support Community Development Projects at 18 Wards by June 2024. | 120,000,000.00 |
| 6. | Quality and Quantity of Socio-Economic Services and Infrastructure Increased. | Monitoring and coordination of development projects in the council enhanced by June 2026. | To use Other Community Contribution fund TZS.20,000,000.00 to support community development projects at 18 wards by June 2024. | 80,000,000.00 |
| 7. | Quality and Quantity of Socio-Economic Services and Infrastructure Increased. | Monitoring and Coordination of development projects in the council enhanced by June 2026. | To use CDCF fund TSh. 59,878,000.00 to support Community Development Projects and 18 Wards by June, 2024. | 239,512,000.00 |

***Source:*** *Mtwara MC*

The action plan above for the council focuses on enhancing good governance and administrative services within the council. Significant resources have been allocated for strategic planning, budget formulation, and LAAC reports. These activities aim to ensure robust planning, budgeting, and financial accountability. This focus is critical for efficient service delivery, transparency, and accountability, fostering a conducive environment for economic activities and investment. The use of funds from CSR, community contributions, and the CDCF to support community development projects highlights the council's strategy to involve various stakeholders in the development process. This inclusive approach is beneficial for LED as it encourages community ownership of development projects, leading to more sustainable outcomes.

However, the reliance on these external funds also indicates potential limitations in the council's internal revenue generation capabilities. While the involvement of external stakeholders can

enhance resource availability, it also poses risks if these funds are not consistent or if there is inadequate coordination between stakeholders. Moreover, the plan's success in stimulating local economic development will depend on the effective implementation of these activities and the ability of the council to overcome challenges such as limited internal revenue and potential reliance on external funding sources. To maximize the impact on LED, Mtwara MC may need to strengthen its efforts in resource mobilization, enhance stakeholder coordination, and ensure that governance improvements translate into tangible economic benefits for the community. While these sources enhance resource availability, they indicate potential vulnerabilities in the council's internal revenue-generating capacity. As noted by respondents from Temeke Municipal Council, "Local councils are expected to be engines of economic growth, but their ability to do so is often constrained by external pressures and internal capacity limitations" (KII with Local Councils in Temeke MC).

The distribution of LED responsibilities across national, regional, and local governments in Tanzania reveals a complex and often fragmented system. While decentralisation has empowered local governments to take on more responsibilities for economic development, the lingering influence of the central government remains a significant challenge.

This central oversight constrains the autonomy that local governments require to effectively implement LED initiatives, while regional authorities face the challenge of balancing national priorities with local realities. Local governments, although at the forefront of economic development efforts, are hindered by financial and capacity constraints, which limit their ability to drive impactful LED initiatives. A more balanced distribution of responsibilities, coupled with enhanced resource mobilization and improved coordination between levels of government, is necessary for Tanzania to fully realize the potential of decentralisation in fostering LED.

## 3.3. Assessment of Governance Structures, Partnerships, and Best Practices for LED

### 3.3.1 Governance Structures for LED

The governance structures for delivering LED in various regions and councils across Tanzania reflect the decentralised governance model implemented under the D-by-D policy framework. These structures are designed to promote local autonomy, enhance community participation, and ensure that development initiatives are aligned with local needs and priorities. To achieve these goals, it is essential to involve local stakeholders in the planning and implementation of development projects. This includes engaging with community leaders, understanding community needs, and ensuring that decision-making processes are inclusive and transparent.

In the Dodoma Region, the governance structures are similarly decentralised but with a stronger emphasis on coordination between the different levels of government. The District Executive Director (DED) plays a critical role in managing and coordinating LED activities, ensuring that they align with both local and national development goals. The governance structure here is designed to integrate various sectoral departments and committees that provide oversight and technical support for

LED initiatives. However, there are challenges related to the understanding and execution of LED concepts among local officials. As one interviewee from Dodoma remarked, "The Council-level officer not understanding the concept of LED itself" has been a significant impediment to effective governance.

Similarly, the governance structure for LED in Mtwara is characterized by a multi-layered approach where responsibilities are distributed across several levels of local government. The process typically begins at the grassroots with Street or *Mtaa* meetings, where local issues and development needs are discussed. These are then escalated to the Ward Development Committees (WDCs) before being presented to the Municipal or District Council for further deliberation and decision-making. A key informant from the Iringa Municipal Council noted, *"Matters start in the Stakeholders' or Street meeting, then the matter is taken to the Ward Development Committee (WDC) and then it is taken to the Municipal Council,"* highlighting the bottom-up approach that is central to the governance structure.

In Mwanza Region, the governance structures are also characterized by a decentralised approach, but there is a noted lack of specific structures dedicated solely to LED. Instead, LED elements are often embedded within broader development programmes led by the central government.

This has led to a situation where local initiatives are overshadowed by national directives, as reflected in the statement by a Mwanza respondent, *"Local initiatives used to be vibrant years ago, but now they have been overshadowed by central government directives"*. Despite this, the governance structures still involve active participation from various local government committees and departments that work together to implement development projects.

The level of discretion that LGAs in Tanzania have in implementing central government directives aimed at LED appears to be limited. According to the literature, LGAs are often seen as agents of the central government, primarily responsive to their political masters rather than as partners in national administration and development (Kanju & Shayo, 2022). This view is supported by findings that indicate a lack of fiscal autonomy for LGAs, particularly in urban areas, which hinders their ability to address the demands of urban services and infrastructure essential for LED (Lameck & Kinemo, 2021). Furthermore, the financial dependence of LGAs on the central government is highlighted as a factor that may contribute to lower quality financial statements, suggesting that LGAs' discretion in financial matters is constrained (Al-Beity, 2022).

Contradictions arise in the literature regarding the nature of the relationship between central and local governments. While some perspectives suggest that LGAs are seen as partners of the central government (Mwasaga, 2021), others emphasize the central government's unwillingness to grant autonomy to local authorities (Kanju & Shayo, 2022). Moreover, the existence of excessive central government guidelines and directives regulating expenditure and revenue generation by LGAs further limits their discretion (Lameck & Kinemo, 2021). In summary, the literature suggests that the discretion of LGAs in Tanzania in implementing central government directives for LED is constrained by a lack of fiscal autonomy, financial dependence, and central government regulations.

While there are differing views on the nature of the central-local relationship, the predominant theme is that LGAs operate with limited independence, which may impede their ability to effectively contribute to LED.

The literature further presents a complex view of the autonomy of LGAs. While LGAs are intended to have certain freedoms, particularly in the context of fiscal decentralisation and governance reforms, their actual autonomy appears to be constrained by various factors. For instance, Lameck and Kinemo (2021) highlights that despite fiscal decentralisation reforms, LGAs, especially in urban areas, lack adequate fiscal autonomy due to central government guidelines and directives that regulate expenditure and revenue generation. Similarly, Mwasaga (2021) discusses structural confusion and a lack of a clear institutional framework, which can impede LGAs' autonomy. Pallangyo and Rees (2010) points out that LGAs face issues such as political interference and donor dependence, which can further limit their independence. In terms of sanctions, Al-Beity (2022) points that compliance with central directives is important, as failure to comply with financial management directives can lead to lower quality financial statements, which may have repercussions for the LGAs.

Geraldine Arbogast Rasheli (2016) also implies that non-compliance with procurement procedures can result in high transaction costs and inefficiencies, which can be seen as indirect sanctions affecting the performance and credibility of LGAs. While LGAs are designed to operate with a degree of independence, in practice, their autonomy is often limited by central government controls, lack of clear institutional frameworks, and political interference (Lameck & Kinemo, 2021; Mwasaga, 2021; Pallangyo & Rees, 2010). Sanctions for non-compliance with central directives can manifest in various forms, including financial repercussions and inefficiencies in service delivery (Al-Beity, 2022; Geraldine A. Rasheli, 2016). Thus, the freedoms of LGAs are not absolute, and their actions are closely tied to central government policies and expectations.

### 3.3.2 Partnerships Structures for LED

Partnerships play a critical role in supporting the governance structures for LED across the different regions. These partnerships involve collaborations between local governments, private sector entities, NGOs, and community groups, all of which contribute to the successful implementation of LED projects.

The local councils have established strong partnerships with both international and local NGOs, as well as private sector actors. For instance, World Vision has been actively involved in community development projects in Mufindi District in Iringa, providing resources and technical support for various LED initiatives. These partnerships are vital for supplementing the limited resources available to local governments and for bringing in specialized expertise that can enhance the effectiveness of LED projects. One council official from Iringa observed, *"Partnerships with NGOs and the private sector are important in filling the gaps where council resources fall short"*. The partnerships are similarly diverse, with significant involvement from the private sector, particularly in the agriculture and mining industries. The local councils collaborate with companies in these sectors to promote local investment and infrastructure development.

Moreover, there are partnerships with local and international NGOs that focus on capacity building, education, and health services, all of which contribute indirectly to LED by improving the overall socio-economic environment. An interviewee from Masasi DC, Mtwara region highlighted the importance of these collaborations, stating, "*The private sector and NGOs are key partners in our development efforts, especially in areas where we lack the necessary resources or expertise*". However, it is important to note that relying solely on private sector and NGO collaboration may not always be the best approach. In some cases, the government may need to take on a more active role in driving development efforts, especially in areas where there are concerns around accountability and transparency.

In Mwanza Region, partnerships are also central to the LED efforts, though they are often more informal and community driven. Local microfinance organizations and small-scale industries are significant partners, providing financial support and creating employment opportunities for residents. Moreover, religious organizations and local NGOs like TAHEA and Wotesawa play a role in empowering local communities through various economic activities.

However, the effectiveness of these partnerships is sometimes limited by the lack of formal structures for managing and coordinating LED initiatives, as noted by a respondent in Mwanza, "*Our partnerships are strong, but there is a need for more formal structures to ensure that these collaborations are fully leveraged for LED"*. Despite the strength of these partnerships, there is a need for more formal structures to ensure that they are fully leveraged for LED. As noted by a respondent in Mwanza, the lack of such structures can limit the effectiveness of LED initiatives. Therefore, it is important to establish formal management and coordination mechanisms that can help maximize the benefits of these collaborations.

Partnerships are a cornerstone of LED in Tanzania, providing the necessary resources, expertise, and support that local governments often lack. Effective partnerships between local governments, the private sector, NGOs, and community groups are required for the successful implementation of LED initiatives. However, the nature and effectiveness of these partnerships vary significantly across regions. For example, in Mtwara and Mwanza, local governments have successfully partnered with private companies to develop infrastructure, support small and medium-sized enterprises (SMEs), and promote local industries. The findings from Mtwara report underscore the importance of these collaborations, stating, *"The private sector and NGOs are key partners in our development efforts, especially in areas where we lack the necessary resources or expertise"(*KII with Local Officer from Mtwara MC). In Mwanza, similar partnerships have been instrumental in formalizing unplanned settlements, making residents eligible for bank loans and other financial services, which has significantly empowered the local population.

**NGO and Community Involvement**

NGOs and community groups are also critical partners in LED, particularly in regions like Iringa and Kigoma. NGOs often provide technical assistance, funding, and training, which are essential for building the capacity of local governments to implement LED initiatives. The findings from Iringa highlight the successful collaboration between local councils and NGOs. One local officer

from Mufindi DC noted that: "*Partnerships with NGOs and the private sector are essential in filling the gaps where council resources fall short*"(KII with Local Officer -Mufindi DC). To ensure effective service delivery, it is essential for local councils to develop strong partnerships with NGOs and the private sector, as they can provide resources and expertise that are not available within the council. Moreover, these partnerships can help to address the challenges faced by councils in providing basic services to their constituents. These partnerships ensure that LED initiatives are inclusive, sustainable, and aligned with the needs of the local population. In this way, LED initiatives can effectively contribute to the achievement of the Sustainable Development Goals and promote sustainable development in a way that benefits both the local community and the environment.

**Challenges in Partnership Coordination**

Despite the benefits of partnerships, challenges remain in coordinating these collaborations effectively. In regions like Mwanza and Dodoma, partnerships are often informal and lack the structure needed for long-term sustainability and impact.

The findings from Dodoma reflect on this issue, stating, "*Our partnerships are strong, but there is a need for more formal structures to ensure that these collaborations are fully leveraged for LED" (Member from Chamwino DC)*. Considering this, a key recommendation from this findings is to establish more formalized structures for collaboration, which will help maximize the potential benefits of LED for all parties involved.

However, it should be noted that there may be some challenges in implementing these structures, such as differences in cultural norms, communication barriers, and power imbalances. Therefore, it is important to approach these structures with a clear understanding of the local context and to actively involve all stakeholders in the process to ensure that the collaboration is truly beneficial for all parties involved. This lack of formalization can lead to inconsistencies in project implementation and difficulties in maintaining momentum for LED initiatives.

### 3.3.3 Best Practices and Areas for Strengthening

Across the regions, several best practices have emerged in the governance and implementation of LED, but there are also significant areas that require strengthening to improve the overall effectiveness of these efforts.

One of the best practices observed in Mwanza Region is the formalization of unplanned settlements for use as collateral when accessing bank loans. This initiative has been successful in empowering the poor and has been replicated in other regions such as Arusha and parts of Dar es Salaam. This practice demonstrates the potential of LED initiatives to be scalable and impactful when they are well-aligned with local needs and supported by effective governance structures. The success of LED initiatives, such as the one highlighted in this practice, underscores the need for a more collaborative approach to addressing global challenges. By prioritizing local needs and strengthening governance structures, we can create a more sustainable and equitable future for all.

In Iringa Region, the collaborative approach between the local councils and NGOs has been

particularly effective in addressing resource gaps and enhancing the capacity of local governments to implement LED projects. The integration of community input into the development planning process, as seen in the structured governance approach that starts at the grassroots level, is another best practice that ensures that LED initiatives are relevant and responsive to the needs of the population. This approach allows for a more inclusive decision-making process that accounts for the unique perspectives and priorities of different community members. By engaging with local stakeholders and incorporating their feedback, LED initiatives can be tailored to the specific needs and preferences of the community, resulting in more effective and sustainable outcomes.

Furthermore, this collaborative approach can also foster greater buy-in and support from the community, which is essential for the long-term success of LED initiatives. Ultimately, the integration of community input into the development planning process is an important best practice that can help ensure that LED initiatives are truly responsive to the needs of the population.

However, there are also areas that require strengthening across all regions. The most significant challenge identified is the need for better understanding and education about LED concepts among local government officials. As highlighted in the Dodoma and Mwanza case studies many council officers lack a clear understanding of LED, which hampers their ability to effectively mobilize resources and implement projects. Moreover, there is a need for stronger coordination between the different levels of government and clearer delineation of responsibilities to prevent overlaps and ensure that LED initiatives are managed effectively.

Another area for strengthening is the need for more formalized and structured partnerships, particularly in regions like Mwanza, where informal partnerships, while effective, lack the organizational support needed to maximize their impact. Furthermore, the establishment of formalized and structured partnerships in regions like Mwanza could also benefit from leveraging technology and digital platforms. By creating online platforms or utilizing existing ones, partners can improve communication, collaboration, and resource-sharing, thereby increasing the effectiveness of their efforts. Moreover, incorporating digital tools can help track progress, monitor outcomes, and evaluate the impact of these partnerships, ensuring that they continue to make a positive difference in the communities they serve. Strengthening these partnerships and integrating them into the formal governance structures could enhance the sustainability and scalability of LED initiatives.

The governance structures and partnerships for LED across Tanzania's regions and councils are therefore integral to the success of local development initiatives. While there are notable best practices, such as the formalization of informal settlements in Mwanza and the strong NGO partnerships in Iringa, significant challenges remain. Improving the understanding of LED concepts among local government officials, enhancing coordination between different levels of government, and formalizing partnerships are critical steps needed to strengthen the overall effectiveness of LED efforts in Tanzania. By addressing these areas, the governance structures can be better positioned to support sustainable and inclusive economic growth at the local level.

## 3.4 Analysing the Impact of Decentralisation on LED and Structural Transformation

Decentralisation has been posited as a mechanism for enhancing LED and structural transformation, particularly in the context of developing countries. In Tanzania, the shift from centralized macro-economic policies to more inclusive bottom-up approaches has been driven by the need to address poverty and basic needs more effectively (Bishagazi, 2021). This transition is part of a broader trend where decentralisation is seen as a means to empower local governments, thereby potentially fostering participatory democracy and economic policy-making that is more responsive to local needs (Bardhan & Mookherjee, 2006).

However, the impact of decentralisation on LED and structural transformation is not straightforward. While decentralisation can lead to more tailored economic activities and address local challenges, it can also result in unintended consequences such as environmental degradation, as observed in China (Li et al., 2023).

Moreover, the case of Cameroon highlights that decentralisation does not automatically translate to fiscal autonomy or good governance, which are critical for LED and structural transformation. Instead, it may serve as an instrument of control by the central government, limiting its potential benefits (Fagha, 2024).

While decentralisation has the potential to positively impact LED and structural transformation, its effectiveness is contingent upon the actual devolution of power and the establishment of good governance practices. The case of Tanzania, as part of a broader comparative analysis, suggests that decentralisation should be carefully designed and implemented to ensure that it contributes to sustainable economic growth and addresses the needs of the local population (Bishagazi, 2021; Fagha, 2024). Without genuine fiscal autonomy and good governance, decentralisation may not achieve the desired outcomes in LED and structural transformation (Fagha, 2024).

### 3.4.1 Historical Context of Decentralisation and Economic Structural Transformation in Tanzania

The D-by-D policy paper emerged as part of Tanzania's broader effort to enhance governance and promote inclusive economic development. Decentralisation was viewed as a mechanism to address region-specific economic challenges by empowering local authorities to tailor development strategies to local contexts. This policy was driven by the recognition that central planning often failed to meet the diverse needs of the country's regions. By devolving power to local governments, the policy sought to increase efficiency, improve service delivery, and catalyse economic transformation. However, the success of decentralisation has been contingent on several factors, including the degree of local autonomy and the capacity of local governments to manage their new responsibilities. Although D-by-D represented a significant shift toward local empowerment, the centralized nature of Tanzania's governance structures continued to pose challenges for achieving full economic transformation.

The historical context of decentralisation in Tanzania is marked by a significant shift towards market orientation since the 1980s, with financial sector reforms being central to the broader structural

adjustment programmes (Lwiza & Nwankwo, 2002). Decentralisation in Tanzania, as part of the Local Government Reform Program (LGRP), aimed to devolve authority and resources, but encountered challenges such as capacity deficits and increased financial dependence on the central government, which hindered the full realization of its objectives (Kessy & McCourt, 2010). Interestingly, while decentralisation by devolution in Tanzania has increased political accountability awareness among elected leaders, it has not substantially improved accountability practices in governance systems (Kate, 2019). This suggests a complex interplay between the intended outcomes of decentralisation and the actual on-the-ground implementation. Moreover, the Tanzanian experience with aid and financial decentralisation during economic reform reflects on the theoretical implications of such processes on national accumulation and development (Mackintosh & Roy, 1999).

Accordingly, the historical context of decentralisation in Tanzania reveals a concerted effort towards economic structural transformation through market-driven reforms and devolution of power. However, the outcomes have been mixed, with successes in some areas and persistent challenges in others, such as political accountability and the contradiction between devolved and deconcentrated structures (Kate, 2019; Kessy & McCourt, 2010; Lwiza & Nwankwo, 2002). The Tanzanian case underscores the complexity of implementing decentralisation policies and the need for continued evaluation and adaptation to achieve the intended economic and political benefits.

### 3.4.2 Decentralisation's Impact on Local Economic Planning and Resource Allocation

Decentralisation has enabled local governments to assume a more active role in economic planning and resource allocation, allowing them to develop tailored strategies that address local needs. As noted in findings from Iringa, "*Local authorities have more control over economic planning and resource allocation, which helps tailor development strategies to local needs.*" This local autonomy has been critical for addressing region-specific challenges and exploiting local opportunities, contributing to broader economic transformation. Nevertheless, increased local autonomy brings certain risks. One potential drawback is the fragmentation of development efforts, where local governments may lack the capacity to manage resources effectively, leading to inefficiencies. Moreover, unequal distribution of resources across regions has emerged as a challenge, potentially exacerbating disparities between more and less developed areas, which could hinder national-level economic structural transformation.

### 3.4.3 Improvements in Participatory Decision-Making Processes

One of the key successes of decentralisation in Tanzania has been the enhancement of participatory decision-making. By bringing governance closer to the people, decentralisation has allowed communities to take part in shaping their economic futures. A respondent from Dodoma highlighted this by noting, *"Decentralisation has allowed us to involve local communities more directly in the development process, ensuring that the projects we implement are more relevant and effective."* Similarly, findings from Arusha confirm that decentralisation has helped local governments better understand and address the specific needs of their communities, resulting in more successful development initiatives. This improved participatory decision-making process has empowered local communities, leading to more relevant and effective development projects that

address specific community needs.

The enhanced involvement of citizens in governance has fostered a sense of ownership and accountability, potentially contributing to more sustainable and impactful local development outcomes in Tanzania. This participatory approach is particularly important in regions with diverse economic landscapes, where one-size-fits-all solutions are inadequate. By engaging local communities in decision-making, local governments can implement more targeted and context-specific economic strategies. Building on this participatory approach, decentralisation has not only improved local governance but also fostered a sense of ownership and responsibility among community members in driving their own economic development.

### 3.4.4 Capacity and Resource Challenges at the Local Level

Despite the benefits of decentralisation, its impact has been uneven across Tanzania. Many local governments struggle with a lack of capacity, inadequate financial resources, and continued interference from the central government. For instance, one Key Informant from Mwanza expressed concern that "*the LED component of the Decentralisation project has been 'forgotten,'*" suggesting that local governments still face difficulties in independently initiating and managing LED projects without central government intervention.

The effectiveness of decentralisation is further hampered by the uneven distribution of resources, with wealthier regions better able to capitalize on decentralisation for economic growth. In less developed regions, the lack of capacity to manage funds, combined with insufficient technical expertise, has hindered the ability of local governments to fulfil their economic mandates.

### 3.4.5 Service Delivery vs. Economic Development Focus

While decentralisation has facilitated improvements in service delivery, many local governments remain more focused on fulfilling central government mandates related to service provision than on driving local economic development. This focus on service delivery often leaves little room for the development of local economic initiatives, limiting the potential impact of decentralisation on LED. Local governments, particularly in regions like Kigoma, often find themselves acting as supervisors of central government projects rather than autonomous actors driving their own development agendas. As one interviewee lamented, "*We are only supervisors of the Central Government policies, plans, and projects; we are not autonomous.*" The persistence of central government directives that override local priorities dilutes the transformative potential of decentralisation, preventing local governments from fully engaging in LED. This limited autonomy and focus on service delivery hinders local governments from effectively driving economic development initiatives, potentially stifling regional growth and innovation. The inability to prioritize local economic needs may lead to missed opportunities for job creation, entrepreneurship, and sustainable development at the community level. By constraining local government's capacity to tailor economic strategies to their specific contexts, the current approach may perpetuate regional disparities and slow overall national economic progress.

### 3.4.6 Macro-Level Factors Influencing Decentralisation and LED Outcomes

The success of decentralisation in promoting LED is heavily influenced by macro-level factors such as national policies, the relationship between central and local governments, and broader economic conditions. The national policy environment is required for shaping local autonomy and ensuring adequate resource allocation. However, centralization of key revenue streams—such as property taxes—remains a significant obstacle. Findings from Dodoma reveal that *"the central government's control over important revenue streams limits the financial independence of local governments and restricts their ability to fund local economic initiatives."*

The relationship between central and local governments also shapes the success of decentralisation. In theory, decentralisation is meant to empower local governments, but in practice, central government dominance continues to undermine local autonomy. For instance, a respondent from Mwanza noted, "*The Centre disrupts local plans, action plans, and priorities through their directives on what we (LGAs) should do in any particular period.*" This top-down approach hinders the capacity of local governments to take ownership of their development processes. The centralized control over revenue and decision-making processes significantly hampers the autonomy and effectiveness of local governments in Tanzania. This power imbalance not only undermines the intended benefits of decentralisation but also impedes local economic development and community-driven initiatives. Consequently, the potential for tailored, responsive governance at the local level remains largely unrealized, hindering overall national progress and development.

Broader economic conditions, such as inflation, budget deficits, and limited access to capital, further complicate the effectiveness of decentralisation. In times of economic downturn, local governments are particularly vulnerable, as they rely heavily on national resources and are less able to independently sustain LED initiatives.

### 3.4.7 Regional Disparities in Economic Opportunities and Decentralisation's Impact

Regional disparities significantly affect the impact of decentralisation on LED. Regions with more developed infrastructure and access to markets, such as Kilimanjaro, are better positioned to attract investment and stimulate economic growth. In contrast, less developed regions like Mtwara and Kigoma face considerable challenges in leveraging decentralisation for economic development due to a lack of resources and limited economic opportunities. These disparities reflect a broader challenge in decentralisation's implementation, where wealthier regions are more capable of benefiting from devolution, while poorer regions struggle to achieve the same outcomes. This uneven distribution of benefits could exacerbate existing regional inequalities and hinder the national objective of inclusive economic transformation.

Decentralisation in Tanzania has the potential to drive significant local economic development and contribute to broader economic structural transformation. However, the effectiveness of decentralisation is contingent on several factors, including local capacity, resource availability, and the relationship between central and local governments. To maximize the potential of decentralisation, it is essential to ensure that local governments are adequately resourced, empowered with greater autonomy, and supported through capacity-building initiatives. By addressing these macro-level

challenges and fostering a more equitable distribution of resources across regions, decentralisation can become a powerful tool for achieving inclusive economic growth and structural transformation in Tanzania. While decentralisation aims to promote local development, it is also possible that it may inadvertently lead to increased regional disparities and fragmentation. This perspective resonates within certain segments of the ruling establishment.

As articulated by a retired senior official in Dar es Salaam, "[The] principal source of resistance to decentralisation is the apprehension that devolving authority may diminish central control while simultaneously amplifying existing inter-council disparities, particularly between relatively well-resourced local authorities and those situated at the socio-economic margins".

Devolving power to local governments could result in uneven growth, with resource-rich areas outpacing others and potentially widening the economic gap. Moreover, decentralisation might weaken the central government's ability to implement cohesive national policies, potentially hindering Tanzania's overall economic progress and structural transformation efforts.

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# CHAPTER FOUR

# 4. CONCLUSION

## 4.1 Summary of Key Findings

This report has explored the institutional framework for LED in Tanzania, focusing on the impact of decentralisation policies, the distribution and management of responsibilities, governance structures, and partnerships across various regions.

**Impact of Decentralisation on LED and Structural Transformation**

The D-by-D policy has significantly influenced LED by empowering local governments to engage in economic planning and resource allocation. While this has improved local decision-making and fostered more participatory development, the effectiveness of these initiatives has been uneven across the country. Challenges such as limited local capacity, insufficient resources, and continued central government interference have hindered the full realization of LED's potential to drive economic structural transformation.

**Institutional Landscape of Decentralisation and LED**

The distribution of responsibilities for LED is complex, involving various levels of government. At the national level, key ministries are responsible for formulating economic policies and overseeing their implementation. Regional administrations serve as coordinating entities, ensuring alignment with national policies, while local councils are directly responsible for implementing LED initiatives. However, the management of these responsibilities is often hampered by a lack of clarity and coordination, leading to inefficiencies in delivering economic development at the local level.

**Governance Structures and Partnerships for LED**

The governance structures for LED vary across regions but generally follow a decentralised model designed to promote local autonomy and community participation. However, the effectiveness of these structures is frequently undermined by limited understanding of LED concepts among local officers and the overriding influence of central government directives. Partnerships with NGOs and the private sector are critical in supplementing local government resources and expertise, though there is a need for more formalized and structured collaboration to maximize their impact.

## 4.2. Conclusion

This report has provided a comprehensive analysis of the institutional framework for Local Economic Development (LED) in Tanzania, focusing on the impact of decentralisation policies, the distribution and management of responsibilities, and the effectiveness of governance structures and partnerships across various regions. The findings highlight the significant potential of decentralisation by devolution (D-by-D) to drive local economic growth and contribute to broader economic structural transformation. However, the success of these initiatives is contingent upon

several critical factors.

While decentralisation has empowered local governments by granting them greater control over economic planning and resource allocation, the effectiveness of these efforts is often undermined by challenges such as limited capacity at the local level, insufficient resources, and ongoing central government interference. The disconnect between national directives and local implementation further complicates the execution of LED initiatives, leading to missed opportunities for economic development at the grassroots level.

The report underscores the importance of enhancing local government autonomy, improving capacity building, and formalizing partnerships to maximize the impact of LED. Clearer delineation of responsibilities, coupled with stronger coordination between different levels of government, is essential for overcoming the current challenges. Furthermore, fostering more structured and sustainable collaborations with NGOs and the private sector can significantly bolster the resources and expertise needed to drive successful LED projects.

Looking forward, addressing these challenges and leveraging the opportunities identified in this report will be important for optimizing the role of decentralisation in promoting sustainable and inclusive economic growth in Tanzania. By refining policies, improving governance practices, and conducting further research into the factors influencing LED, Tanzania can strengthen its path towards achieving meaningful and lasting economic transformation at the local level.

## 4.3. Implications for Policy and Practice

The findings of this report have significant implications for both policy and practice in the context of decentralisation and LED in Tanzania.

**Enhancing Local Government Autonomy**

There is a clear need to strengthen the autonomy of local governments to manage LED initiatives effectively. This includes ensuring that local governments have the necessary resources, both financial and human, to develop and implement economic strategies that are responsive to local needs. Policies should focus on reducing central government interference in local affairs, allowing councils to prioritize and execute LED projects independently.

**Capacity Building and Education**

The report highlights the importance of capacity building at the local level, particularly in educating local government officials about LED concepts and practices. This would enable them to better mobilize resources, manage projects, and engage with community stakeholders. Training programmes and workshops tailored to the specific needs of local government staff could play a critical role in improving the overall effectiveness of LED initiatives.

**Strengthening Coordination and Collaboration**

To address the challenges of coordination between different levels of government, there is a need for clearer delineation of responsibilities and improved communication channels. Furthermore,

formalizing partnerships between local governments, NGOs, and the private sector can enhance the sustainability and scalability of LED projects.

This could involve establishing frameworks that outline roles, expectations, and processes for collaboration, ensuring that all parties are aligned in their efforts to promote local economic development.

## 4.4. Future Research Directions

While this report has provided valuable insights into the institutional framework for LED in Tanzania, there are several areas where further research is needed:

**Evaluating the Long-Term Impact of Decentralisation on LED**

Future research should focus on assessing the long-term effects of decentralisation policies on local economic development. This could involve longitudinal studies that track the progress of LED initiatives over time, providing a clearer picture of the successes and challenges associated with D-by-D.

**Exploring Regional Disparities in LED Implementation**

Given the uneven impact of decentralisation across different regions, there is a need for more in-depth studies that examine the specific factors contributing to these disparities. Research could explore how regional variations in infrastructure, access to resources, and local governance capacities influence the effectiveness of LED initiatives.

**Investigating the Role of Technology in LED**: As digital technologies continue to evolve, their potential role in enhancing LED should be explored. Future research could examine how technology can be leveraged to improve governance, facilitate community participation, and streamline the implementation of economic development projects at the local level.

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# 6. APPENDICES

## 6.1. Data Collection Tools

**DEEPENING DECENTRALISATION AND LOCAL ECONOMIC DEVELOPMENT IN TANZANIA**

### 6.1.1. Survey Questions

**SURVEY QUESTIONS**

**Purpose**: To collect quantitative data on the impact of decentralisation policies on local economic development (LED) from residents, business owners, and local government officials.

**Participants**: Residents including business owners, farmers, teachers, nurses, etc. who reside in the villages.

**SURVEY SECTIONS**

**A. DEMOGRAPHIC INFORMATION:**

1. **Age:**
    a) Under 18
    b) 18-24
    c) 25-34
    d) 35-44
    e) 45-54
    f) 55-64
    g) 65 and above
2. Gender:
    a) Male
    b) Female
    c) Other (please specify) ____
    d) Prefer not to say
3. Occupation:
    a) Student
    b) Farmer
    c) Trader
    d) Government Employee

e) Private Sector Employee
f) Self-employed
g) Retired
h) Unemployed
i) Other (please specify) ____

4. Education Level:
   a) No formal education
   b) Primary education
   c) Secondary education
   d) Vocational training
   e) Diploma
   f) Bachelor's degree
   g) Master's degree
   h) PhD or higher
   i) Other (please specify) ____
5. Region:
   a) Dodoma
   b) Dar es Salaam
   c) Mwanza
   d) Kilimanjaro
   e) Iringa
   f) Kigoma
   g) Mtwara
6. Council:
   a) Dodoma City Council (CC)
   b) Chamwino District Council (DC)
   c) Temeke Municipal Council (MC)
   d) Ubungo Municipal Council (MC)
   e) Nyamagana Municipal Council (MC)
   f) Misungwi District Council (DC)
   g) Moshi Municipal Council (MC)
   h) Rombo District Council (DC)
   i) Iringa (MC))

j) Mufindi (DC)

k) Kigoma Municipal Council (MC)

l) Kasulu District Council (DC)

m) Mtwara Municipal Council (MC)

n) Masasi District Council (DC)

7. Ward: _____

**B. AWARENESS AND UNDERSTANDING OF DECENTRALISATION**

8. Are you aware of the decentralisation policies implemented in your area?

a) Yes

b) No

9. How would you rate your understanding of these policies?

a) Very Good

b) Good

c) Fair

d) Poor

e) Very Poor

**C. Impact of Decentralisation on Service Delivery**:

10. How has decentralisation affected the quality of public services (health, education, water, etc.) in your area?

a) Improved

b) No Change

c) Deteriorated

11. Can you provide specific examples of changes in public services since decentralisation? ____ _____

**D. Economic Development Initiatives**:

12. Are there any local economic development initiatives in your area?

a) Yes

b) No

13. If yes, please describe the initiatives: ____

14. 13. How effective do you think these initiatives are in promoting economic growth?

a) Very Effective

b) Effective

c) Neutral

d) Ineffective

e) Very Ineffective

**E. GOVERNANCE AND PARTICIPATION**:

15. How would you rate the effectiveness of local government in promoting LED?
    a) Very Effective
    b) Effective
    c) Neutral
    d) Ineffective
    e) Very Ineffective
16. Do you participate in local government meetings or consultations on LED?
    a) Yes
    b) No
17. If yes, how often do you participate?
    a) Always
    b) Frequently
    c) Sometimes
    d) Rarely
    e) Never

**F. FUNDING AND RESOURCES:**

18. How adequate do you think the funding for LED initiatives is?
    a) Very Adequate
    b) Adequate
    c) Neutral
    d) Inadequate
    e) Very Inadequate
19. What are the primary sources of funding for LED activities in your council?
    a) Government grants
    b) International aid
    c) Private sector investments
    d) Non-governmental organizations (NGOs)
    e) Community contributions
    f) Other (please specify)_____
20. Which of these funding sources do you consider the most significant in terms of their contribution to LED initiatives?

a) Government grants

b) International aid

c) Private sector investments

d) NGOs

e) Community contributions

f) Other (please specify)

21. How stable and reliable are these funding sources? (Rate on a scale of 1-5, with 1 being very unstable and 5 being very stable) _____

22. Have there been any recent changes in the funding sources for LED in your council?

a) Yes

b) No

If yes, please describe.

23. What criteria are used to allocate funds to LED initiatives in your council?

a) Project feasibility

b) Expected economic impact

c) Community needs assessment

d) Political considerations

e) Historical allocations

f) Other (please specify)

24. How transparent do you consider the fund allocation process for LED initiatives in your council? (Rate on a scale of 1-5, with 1 being very non-transparent and 5 being very transparent) ____

25. How would you rate the efficiency of the fund allocation mechanisms? (Rate on a scale of 1-5, with 1 being very inefficient and 5 being very efficient) _____

26. Do you believe the allocation of funds is equitable across different regions and projects? (Rate on a scale of 1-5, with 1 being very inequitable and 5 being very equitable) _____

27. How effective are the current funding systems in supporting local economic initiatives? (Rate on a scale of 1-5, with 1 being very ineffective and 5 being very effective) _____

28. Can you provide examples of successful LED projects supported by these funding systems? _____

29. Can you provide examples of LED projects that were unsuccessful despite receiving funding? What factors contributed to their lack of success?

- _____
- _____
- _____

30. What improvements would you suggest to enhance the effectiveness of the funding systems for LED? _____

31. How would you rate the financial management practices in your council regarding LED funding? (Rate on a scale of 1-5, with 1 being very poor and 5 being excellent) _____

32. How transparent are the budgeting processes for LED funds? (Rate on a scale of 1-5, with 1 being very non-transparent and 5 being very transparent) _____

33. How effective are the accounting practices in ensuring proper use of LED funds? (Rate on a scale of 1-5, with 1 being very ineffective and 5 being very effective) _____

34. How regularly are LED funds audited in your council?

a) Annually

b) Bi-annually

c) Quarterly

d) Not regularly

e) Other (please specify)_____

**G. CHALLENGES AND OPPORTUNITIES**:

35. What are the main challenges to effective LED in your area? (Select all that apply and rank them in order of importance, with 1 being the main challenge)

| Main Challenges | Order of Importance (Rank 1 to 13) |
|---|---|
| 1. Inadequate funding and resources | |
| 2. Poor infrastructure (e.g., roads, electricity, water supply) | |
| 3. Lack of skilled personnel and training | |
| 4. Bureaucratic inefficiencies and delays | |
| 5. Limited access to markets | |
| 6. Weak governance and leadership | |
| 7. Corruption and mismanagement | |
| 8. Insufficient community participation and engagement | |
| 9. Lack of coordination between different levels of government | |
| 10. Inadequate policy and regulatory framework | |
| 11. Political interference and instability | |
| 12. Environmental challenges (e.g., climate change, natural disasters) | |
| 13. Poor access to technology and innovation | |
| 14. Other (please specify) ____ | |

What opportunities do you see for enhancing LED through decentralisation? (Select all that apply and rank them in order of importance, with 1 being the most important opportunity):

| Opportunities | Order of Importance (Rank 1 to 13) |
|---|---|
| 1. Increased funding and resource allocation | |
| 2. Improved infrastructure development | |
| 3. Capacity building and training programmes | |
| 4. Streamlined bureaucratic processes | |
| 5. Enhanced access to local, regional, and international markets | |
| 6. Strengthening governance and leadership at the local level | |
| 7. Anti-corruption measures and transparency initiatives | |

| Opportunities | Order of Importance (Rank 1 to 13) |
|---|---|
| 8. Greater community participation and stakeholder engagement | |
| 9. Better coordination between different levels of government | |
| 10. Policy reforms and regulatory improvements | |
| 11. Political stability and supportive governance | |
| 12. Sustainable environmental management practices | |
| 13. Promotion of technology and innovation | |
| 14. Other (please specify) ____ | |

**H. POLICY RECOMMENDATIONS**:

37.What policy changes would you recommend to improve the impact of decentralisation on LED? _____

_____

**I. Additional Comments**:

38.Is there anything else you would like to add? ____

REPOA Knowledge is Power

### 6.1.2. Key Informant Interviews

**DEEPENING DECENTRALISATION AND LOCAL ECONOMIC DEVELOPMENT IN TANZANIA KEY INFORMANT NTERVIEWS (KIIs) GUIDE**

**Purpose**: To explore the perspectives of key stakeholders on the impact of decentralisation policies on local economic development (LED).

**Participants**: Key personnel in PO-RALG and sector ministries, local government officials, community leaders, business owners, farmers, tourism operators, and other relevant stakeholders.

**Interview Guide**:

**Introduction**:

- Introduce yourself and the research project.
- Explain the purpose of the interview and obtain consent.
- Ensure confidentiality and explain how the data will be used.

**Background Information**:

1. Can you tell me about your role and responsibilities in your organization?
2. How long have you been in this position?

**Governance Structures and Policy Implementation**:

3. How are decentralisation policies implemented in your area?
4. What governance structures are in place to support local economic development?
5. Can you describe the relationship between central and local government in terms of policy implementation?

**Impact of Decentralisation on LED**:

6. In your experience, how has decentralisation impacted local economic development in your area?
7. Can you provide specific examples of successful LED initiatives resulting from decentralisation?
8. What challenges have you encountered in implementing LED initiatives under decentralisation policies?

**Funding and Resources:**

9. Can you describe the primary sources of funding for LED activities in your council? How have these sources evolved over time?
10. What mechanisms are in place for the allocation of funds to LED initiatives? How are these mechanisms designed to ensure transparency, efficiency, and equity?
11. How effective do you believe the current funding systems are in supporting and sustaining

local economic initiatives? Can you provide specific examples to illustrate their effectiveness or lack thereof?

12. What are the main challenges associated with the financial management of LED funds in your council?
13. How are budgeting, accounting, and auditing practices implemented to ensure the proper use of LED funds?
14. Can you share any best practices or lessons learned regarding the financial management of LED funds?
15. What policy or structural changes would you recommend to enhance the effectiveness and efficiency of funding systems for LED?

**Stakeholder Engagement and Partnerships**:

16. Who are the main stakeholders involved in LED initiatives in your area?
17. How do local governments collabourate with the private sector and civil society organizations for LED?
18. What role do community members play in LED initiatives?

**Opportunities and Challenges**:

19. What opportunities do you see for enhancing LED through decentralisation?
20. What are the main challenges that need to be addressed to improve LED?
21. What policy recommendations would you make to enhance the effectiveness of decentralisation in promoting LED?

**Conclusion**:

22. Is there anything else you would like to add that we haven't discussed?
23. Can you suggest any other individuals or organizations that we should speak to for this research?

### 6.1.3. Focus Group Discussion Guide

**DEEPENING DECENTRALISATION AND LOCAL ECONOMIC DEVELOPMENT IN TANZANIA**

**FOCUS GROUP DISCUSSION (FGD) GUIDE**

**Purpose**: To gather in-depth insights from community members and sector-specific stakeholders about the impact of decentralisation policies on LED.

**Participants**: Community members, sector-specific stakeholders (e.g., farmers, traders, miners), representatives from local institutions.

**Facilitation Tips**:

- Encourage all participants to speak and share their views.
- Use probing questions to elicit detailed responses.
- Ensure the discussion stays on topic and covers all the key areas.
- Summarize key points at the end of each topic to ensure clarity and agreement.

**FGD Guide**

**Introduction**:

- Welcome participants and introduce the research project.
- Explain the purpose of the discussion and obtain consent.
- Set ground rules for the discussion (e.g., respect for opinions, confidentiality).

**Discussion Topics**:

**A. Understanding of Decentralisation**:

1. What do you understand by decentralisation?
2. How have decentralisation policies been implemented in your community?

**B. Impact on Public Services**:

3. How has decentralisation affected public services (health, education, water, etc.) in your community?
4. Can you provide specific examples of changes in public services since decentralisation?

**C. Economic Development Initiatives**:

5. Are there any local economic development initiatives in your community?
6. How effective are these initiatives in promoting economic growth?

**D. Governance and Participation**:

7. How would you describe the relationship between local government and the community?
8. Do you feel that the community is adequately involved in decision-making processes

related to LED?

**E. Funding and Resources:**

9. How are LED initiatives funded in your community?
10. Do you think the current funding mechanisms are sufficient to support LED?

**F. Challenges and Opportunities**:

11. What are the main challenges to effective LED in your community?
12. What opportunities do you see for enhancing LED through decentralisation?

**G. Policy Recommendations**:

13. What policy changes would you recommend to improve the impact of decentralisation on LED?

**Conclusion**:

Is there anything else you would like to add?

REPOA

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