Institutional arrangements in Tanzania

Introduction
The current governmental system of administration in Tanzania was configured after the introduction of the multiparty system in 1992, which separated the parties’ structures from that of the government’s administration. The government administration was then left with a hierarchy of only two levels: a central government layer with regional offices and a layer of local government. These two levels are connected in a number of ways.

In view of some literature on decentralisation, achieving the correct configuration of the institutions at both central and local levels is fundamental in making decentralisation a model that works (see for example Azfar 2001). This is because the institutional arrangement can either support or hamper the involvement of the local community in the decision-making, which is the main focus of most decentralisation agendas. This chapter describes the institutional arrangements in Tanzania with a focus on the relationship between the central and local governments, including the way in which public services at the local level are financed. The chapter is organised as follows. The following section describes the institutions of the central and local government. This section is followed by a brief account of the functions and legal framework of the local government. The next section then describes the local government financing with specific emphasis on health and education sectors.

A picture of the institutional arrangements
The institutional arrangements between the central and local government authorities in Tanzania are the result of a long and complex history. The current situation is portrayed in figure 3.1. This figure demonstrates the relationship between the central government
structure and that of the local government as configured after the introduction of the multiparty system in 1992 and that was later modified under following amendments of the local government laws and new policies.

**Figure 3.1** Interlinks between central and local governments structures

![Diagram showing interlinks between central and local governments structures]

The exact role and duties of the institutions of both the central and local government are explained in the following subsections.

**Institutions of the Central Government**

According to article 52 of the Constitution of United Republic of Tanzania of 1977 the Prime Minister is responsible for supervision and control of the activities of Sectoral Ministries. These sectoral ministries are responsible for, for example, health and education services. Alongside that, through Notice No.1 of January 2006, the Prime Minister is also responsible for the Regional Administration and Local Government.
This notice forms the legal foundation of the Prime Minister’s Office for Regional Administration and Local Government (PMO-RALG) whose main duty is to co-ordinate all policy that addresses local government authorities.

The role of the sectoral ministries is to formulate broad national policies, guidelines, and support local government authorities. To achieve this, the sectoral ministries formulate regulations and conduct legal supervision of the local government’s political and administrative decisions. The ministries execute their role through the regions, which links the central and local government.

The Regional Level
The Regional Administrations were renamed Regional Secretariats (RSs) under the provision of the Regional Administration act 1977, as part of the decentralisation process. The regional commissioner (RC) is the principle representative of the central government within the region. All executive functions within the region are exercised by or through the RC. He is appointed by the president and has the following four main responsibilities:

- Maintaining law and order in the region; the RC has the power to arrest and detain.
- Determining the specific direction of efforts in implementing the general policies of the government in the region.
- Facilitating and assisting the Local Government Authorities (LGAs) in the region.
- Any other function delegated to him by the president as per Regional Administration Act No. 19 of 1997 section 6 (1) (2) (3).

Specifically, as spelled out in the Policy Paper on Local Government Reform (1998: 49) the office of the Regional Commissioner is given legal powers in respect of accountability on the part of the district councils in the respective region. The Regional Commissioner can:

- act as an appellate body for complaints within a local authority;
- intervene in cases where unlawful decisions are made by a council or by a local administration;
- report to the Prime Minister’s Office for Regional Administration and Local Government on illegal behaviour by an actor within a local government;
- receive complaints from citizens, organisations and private contractors or businessmen dealing with the local government or affected by decisions made by the council;
- call-in by-laws and development plans as required for legal inspection.

The Policy Paper on Local Government Reform further suggests that the decisions of the RC could be appealed against to the Prime Minister’s Office for Regional Administration and Local Government, or taken to court.

The Regional Commissioner is assisted by the regional secretariat. The head of the regional secretariat is the Regional Administrative Secretary (RAS) who is appointed by the president and is the principal advisor to the RC. The regional secretariat performs
his role through four divisions, each headed by an Assistant Administrative Secretary, who all report to the regional administrative secretary. The administrative role of the regional secretariat is both to facilitate and to support the development choices made by the local government and to support the realisation of the goals and targets of the local government authorities in relation to national development. The relationship between regional secretariat and local government authorities is therefore twofold: on the one hand aiming to enhance the capacity of the local government authorities with the caution of not violating the main underlying principle of local government autonomy, but on the other hand the regional secretariat is expected to direct these local government authorities in realising their policy objectives in conformity with central government requirements.

**Staff in support services**
The technical support staff of the regional secretariat are organised in clusters. Sector ministries employ the members of staff. Their main role is to provide advice and support to the LGAs. The clusters are grouped as follows:

- **Management support services cluster**, this cluster includes the local government officer, an economic planner, a legal officer, a community development officer, a local government auditor and a labour officer.

- **Economic development support services**, this cluster includes an agricultural officer, a livestock officer, a co-operative officer, a trade officer and a natural resources officer.

- **Physical planning and engineering support services cluster**, which includes a civil engineer, a highway engineer, a draughtsman and a town planner-survey officer.

- **Social sector support services cluster**, this cluster includes an education officer, a social welfare officer, a health officer, water engineering officer and a youth officer.

**The Regional Consultation Committee**
In addition to the regional secretariat, the amended section 8 of the Regional Administration Act 1977, establishes regional consultation committee for each region. The regional consultation committee is made up of a mixed composition of both political and administrative leaders from the region. These includes the regional commissioner, all district commissioners within the region, all chairpersons or mayors in the district and the urban authorities, all directors of urban and district authorities and Members of Parliaments of constituencies within the region. The functions of the Consultation Committee as set out in section 9 of the same act are:

- To consider and provide advice to local government authorities regarding their development plans.

- To provide advice to any interested party on economic and development affairs in the region.

- To consider reports and advise the Government on national development projects, programmes and activities affecting or relating to the region.

- To consider reports and advice on the activities of co-operative societies and other non-governmental organisations operating in the region.
To monitor and ensure the coordination of the overall economic development in the region.

To perform functions which the Minister may direct in respect of all or any consultation committees.

These functions underline the two important roles the region plays. The first role is to link the central government to the local governments. For this role the regional level has administrative and control functions. And secondly the region has to provide support to the Local Government Authorities. For this role the regional institutions have advisory tasks. These two roles are performed by or through all three main actors in the regional layer: the regional commissioner, the regional administrative secretary and the regional consultative committee.

The District Level

The most important actor for the central government at the district level is the District Commissioner (DC). The District Commissioner is appointed by the president and his main task is to assist the regional commissioner in the execution of his duties in their respective districts. As for the regional commissioner, all the executive functions of the Government in relation to the district are exercised by or through the district commissioner. The main functions of the DC are:

- Maintaining law and order in the district.
- Determining the general policies of government in the district.
- Exercising and carrying out such other functions and duties as are conferred or imposed upon him by or under this act or any other written law.

In addition to these main functions, section 14 (3) of the Regional Administration Act of 1997 contains some other duties of the DC:

- Providing and securing the right environment for successful performance by local government authorities of their duties and functions.
- Ensuring compliance by all persons and authorities with appropriate Government decisions, guidelines and regulations in relation to the promotion of the local government system.
- Doing all such acts and things as shall facilitate or secure the effective, efficient and lawful execution statutory or incidental functions by the authorities.

The DC is supported by the District Administrative Secretary (DAS). The DAS is the principal advisor to the regional commissioner. The DAS must provide support when the regional commissioner implements decisions of the central government and when the regional commissioner provides support to local government authorities.

Divisional Secretary

The last link in the central government chain of hierarchy is the Divisional Secretary (DS). The DS assists the DC in maintaining law and order in the respective division. He is also charged with duties of coordinating development efforts in villages and wards as well as promoting government policies.
Institutions of the Local Government
The local government structure runs from the Prime Minister’s Office of Regional Administration and Local Government to the Kitongoji or Mtaa. The Prime Minister, being the head of the Office for Regional Administration and Local Government, is responsible for the local government. The main role of this Office is to formulate broad national policies and monitor local authorities to ensure that these policies are integrated in locally developed programmes in collaboration with sectoral ministries, which also formulate policies in their areas that impact on local government.

Local Government Authorities
At the local level there are Local Government Authorities (LGAs). The Local Government Authorities are District Authorities in rural areas and Municipality or City Authorities in urban areas. All Local Government Authorities are made up of councils. If the local government authority is a district the authority has a District Council, whereas the same council in a municipality is called a Municipality Council and in a city a City Council.

The LGAs vary in size, depending on the geographical area, the resource endowment and in population. For example, the municipalities of Arusha and Mwanza are both smaller in size than the district of Monduli, but command far bigger resources in financial terms.

The local government authorities are autonomous multi-sectoral corporate bodies operating on the basis of both mandatory and discretionary powers under the legal framework constituted by national legislation. The Council is the supreme decision making body in the Local Government Authority. The Council is made up of the members elected from each ward who are elected every five years. The other members are the Members of Parliament (MPs) representing the constituency within which the council is situated and women members, appointed by the National Electoral Commission from the proposals submitted by the political parties in proportion to the number of elected positions held on the council including MPs. Basically, this system of preferential councillor seats operates to guarantee that one-quarter of all council seats are occupied by women.

The council is headed by the council chairman in the districts and by the mayor in municipalities and cities. These chairmen and mayors are elected from among the councillors in the first council meeting almost immediately after the elections. Once elected, the chairman acquires the status of primus inter pares, the status that gives the chairperson significant influence to direct policy and in the decision-making process. In addition, at this first meeting the councillors divide themselves in four standing committees (see Table 3.1).

Section 7 and 8 of the Local Government Act of 1982 provides the LGA with the authority to establish other standing committees with a maximum of three committees. Nevertheless, the Prime Minister, responsible for Local Government Authorities may, by regulations published in the Gazette, diverge from this rule and prescribe the number of committees that may be established. Each standing committee except the standing committee for finance, administration and planning for District authorities, and finance
and administration for urban authorities, shall consist of not more than one third of the members of the urban council.

Table 3.1 Standing committees of the LGAs

<table>
<thead>
<tr>
<th>Rural LGAs</th>
<th>Urban LGAs except for ‘city council’*</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) finance, administration and planning</td>
<td>a) finance and administration</td>
</tr>
<tr>
<td>b) education, health and water</td>
<td>b) economic affairs, health, and administration</td>
</tr>
<tr>
<td>c) economic affairs, work and environment</td>
<td>c) Urban planning and environment</td>
</tr>
<tr>
<td>d) HIV/AIDS</td>
<td>d) HIV/AIDS</td>
</tr>
</tbody>
</table>

* The city council will only establish such committee as may be determined by the minister in the order establishing it.

The major responsibilities of these committees are to:

- prepare budgets for the various sector departments within the LGA;
- prepare reports on the implementation of development projects and the provision of social services;
- monitor and supervise the implementation of development projects and social services provision on behalf of the council.

These committees are then to report to the full council, which is convened four times annually, although the meeting may be called at any time if the need arises.

The local government staff

The head of the paid service in the Local authorities is the District Executive Director for district authorities and Municipal Executive Director for urban authorities. The director plays a central role in management and administration of the LGA. He is the secretary of council meetings and is the accounting officer for the council. In this regard, although the Executive Officer has no voting rights, he does in fact wield strong power and influence over council decisions pertaining not only to financial matters but also in the area of planning, projects evaluation, tendering and general administration. Alongside, the specific responsibilities of the council director include:

- Being head of all staff in the LGA.
- In charge of the day-to-day running of the LGA.
- Being responsible for council revenue collection and expenditure according to the approved budget.
- Maintain political and public relations with councillors and other external stakeholders.
- Implementation of council business through council and committee meetings.
- Being responsible for policy formulation, co-ordination and accountability, and legal matters.

The heads of departments work under the responsibility of the Executive Director. There are many departments and may include the following: water, communications and works, education and culture, finance, administration, agriculture, livestock and coope-
ative development, community development, trade and economy, health, and natural resources. The setup of the departments is not uniform between all councils and much depends on whether the council is urban or rural. The Policy Paper for Local Government Reform provides the rationale for this and states that

‘in order to enable local authorities to become effective instruments of social and economic development at a local level and achieve the local government’s objectives, the structure of local authorities are designed, based on economic and social activities.’

The heads of departments provide advice to the Executive Director and standing council committees. They are charged with implementing all decisions reached by the council on matters of development and delivery of social services. In addition the heads of departments must assist the committees in its proceedings and serve as secretary for the committee. He or she will, however, do so on a delegated basis, as this is the responsibility of the Executive Director. In exercising their functions the heads are guided by professional and technical specifications and principles. However, according to Othman & Livinga (2002) ‘such requirements sometimes contradict political preferences and draw the two sides into sharp conflicts’.

According to the Public Service Act of 2002 section 5 (1) (a) (iii) and subsection (2) the central government appoints the Executive Director through the process of open bidding. City council executive directors are appointed by the president, while directors of town, municipal and district councils are appointed by the Minister responsible for Local Government. In addition the Minister appoints the heads of departments after a recruitment process.

The Ward Level and Village Level

At the grassroots level there are Ward Development Committee (WDC) and Village Council respectively. The WDC is comprised of a councillor representing the ward in the respective District or Urban Council, chairpersons of all village councils within the ward, member(s) of the district council who ordinarily reside in the ward and invitees including persons from NGOs and other civic groups involved in the promotion of development in the ward. The latter have no right to vote. The secretary of the Ward Development Committee is the Ward Executive Officer. Generally, the WDC is responsible for ensuring the implementation of the decisions and policies of the council and of development schemes.

In the rural areas the grass roots level consists of villages and *kitongoji*. The village structure is comprised of a village assembly and a village council. The village council is a corporate body with perpetual succession and an official seal. The council is capable of suing and being sued and entitled of holding and purchasing, or acquiring in any other way. Furthermore the council can dispose of any movable or unmovable property. The village council is made up of a chairman elected by the village assembly, the chairman of all *kitongoji* within the village and other members elected by the village assembly. No less than one quarter of the total number of all members of the village council is women.

While the village council consists between fifteen and twenty members, the village assembly is comprised of every person who is ordinarily resident in the village and who
has attained the apparent age of eighteen years. In addition, the village assembly is the supreme authority on all matters of general policy making in relation to the affairs of the village and is responsible for the election of the village council and the removal from the council of any or all the members of the council, for the performance of any other functions conferred upon it by or under the Local Government Act or any other written law. In urban authorities the lowest level of the ward is referred to as mtaa. Mtaa have a similar status to that of the villages in the rural areas.

The village council’s functions and roles include planning and coordinating activities, rendering assistance and advice to the villagers engaged in agriculture, forestry, horticultural, industrial or any other activity, and to encourage village residents to undertake and participate in communal enterprises. Proposed by-laws must be adopted by the village assembly before being submitted to the District Council for approval (section 163 of the Local Government Acts 1982).

In facilitating the undertaking of its functions and roles, section 30 (3) of the Local Government Acts 1982 divides the villages in kitongoji. Kitongoji are the local communities within villages. Every village consists of not more than five kitongoji with a chairman elected by the kitongoji electoral meeting. This meeting consists of all adult members of the kitongoji.

Legal framework of the Local Government Authorities

The legal framework of the Local Government Authorities is mainly based on two separate acts: the Local Government District Authority Act and the Local Government Urban Authorities Act. Both acts came into force in 1982. The acts give a definition of the responsibilities of the Local Government Authorities. The basic functions of the Local Government Authorities include:

- Maintenance of peace, order and good governance.
- Promotion of the economic and social welfare of the people within their jurisdiction.
- Ensuring effective and equitable delivery of services to people in their areas.

According to the acts, the objective of the local government in performing their functions is to give effect to meaningful decentralisation, to promote participatory and democratic decision-making and to provide local government services in an efficient and cost effective manner. In addition to the basic functions, the specific functional responsibilities of local government therefore include:

- Formulating, coordinating and supervising implementation of plans for economic, social and industrial development in their areas of jurisdiction.
- Monitoring and controlling the performance of duties and functions of the council and its staff.
- Ensuring collection and the proper utilization of revenues of the council.
- Making by-laws applicable throughout their areas of jurisdiction, and considering and improving by-laws made by village councils within their areas of jurisdiction.
- Ensuring regulating and coordinating development plans, projects and programmes of villages and township authorities within their areas of jurisdiction.
• Regulating and monitoring the collection and utilization of revenue of village and township authorities.
• Subject to the laws in force, doing all such acts and things as may be done by a people’s government.

According to the Local Government Reform Programme and the Ministry of Finance (2005), formulated by the PMO-RALG, the responsibilities assigned to Local Government Authorities are typically local services. As such they play an important role in the delivery of government services. The government services delivered by local governments as translated in the same report include:

• Basic education, including building and maintaining schools and providing for the primary school education of children.
• Basic health care, promoting public health and the establishment and maintenance of hospitals, health centres, maternity clinics, and dispensaries.
• Roads, building and maintenance of streets and roads.
• Water, establishing, providing, maintaining and controlling public water supplies.
• Agriculture extension, providing services for the improvement of agriculture and livestock.
• Local administration, taking all necessary, desirable, conducive or expedient measures for the execution of the functions of the LGAs, including the imposition of local taxes and collection of fees.
• Other local government services, such as the establishment of fire bridges, public markets, abattoirs, community centres, public parks, refuse collection and other local amenities.

Other acts that provide both responsibilities and competences to the institutions in the institutional framework are the Local Government Finance Act of 1982, the Urban Authorities (Rating) Act of 1983, the Regional Administration Act of 1997 and the Local Government Laws Act of 1999. The two principal local government acts have been amended from 1999 as part of the ongoing Local Government Reform Programme (LGRP). Furthermore the Local Government Service Act of 1982 has been repealed by the Public Service Act 2002. The other specific sector legislation that affects local government is also amended to commensurate with the new demands of the time.

The local government financing

The income of Local Government Authorities comes from two main sources: the government allocations, including the government’s own sources which accounts for 80-90% of the total local government financial resources, and donor-sector basket funding. The other source comes from the locally raised revenue collected through taxes, fees and charges (The United Republic of Tanzania, 2006, the report by Andrew Young School of Policy Studies). According to the Local Government Finance Act 1982, the central government allocations are provided in two categories: conditionally and unconditionally. Conditional allocations are made for priority sectors, which are education, health, water, roads and agriculture.
Categorically, there are three types of intergovernmental transfers from the central government to the local government budget. These include:

- Formula based recurrent block grants.
- Other transfers (subventions) from ministries, departments and agencies for recurrent purposes.
- Development grants and funds.

**Formula based recurrent block grants**

The formula based recurrent block grants form a dominant means of transfers and contributes of about 80-85% of all local government resources. According to PMO-RALG and the Ministry of Finance (2005) approximately 17% of the national recurrent budget is funnelled to the local level as sectoral grants. These transfers are made through earmarked sectoral transfers and are disbursed directly from the treasury to the local government account.

The government of Tanzania uses a formula to allocate recurrent block grants to LGAs. The recurrent block grant formula differs from sector to sector reflecting the differing characteristics of the services that they fund. For example, the recurrent block grant formulae for health and education sector are as shown in table 3.2.

<table>
<thead>
<tr>
<th>Recurrent block grants</th>
<th>Allocation formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary education</td>
<td>Number of school-aged children: 100%</td>
</tr>
<tr>
<td></td>
<td>Population: 70%</td>
</tr>
<tr>
<td></td>
<td>Number of poor residents: 10%</td>
</tr>
<tr>
<td></td>
<td>District medical vehicle route: 10%</td>
</tr>
<tr>
<td></td>
<td>Under-five mortality: 10%</td>
</tr>
<tr>
<td>Local health services</td>
<td></td>
</tr>
</tbody>
</table>

The table shows that the LGA receives the so-called ‘Formula Based Recurrent Block Grant’ on the basis of the number of school-aged children for the primary education sector and on the basis of the combined factors i.e. population size, number of poor residents in the district, the distance to be travelled to receive medical assistance, and under-five mortality rate.

In budgeting and spending of block grants resources, LGAs have to comply with a number of general conditions, as well as specific sectoral block grant conditions specified by the respective line ministries (The United Republic of Tanzania 2007, Guidelines for the Preparation of Local Government Authorities’ Medium Term Plans and Budgets). These conditions may have an impact the overall operation of the LGAs. For example, table 3.3 indicates specific and general conditions for primary education and primary health dependent block grant.

In addition to the above conditions, there are more conditions, in particular for the health sector. The so-called Comprehensive Council Health Guidelines (2007), provide two types of specific block grant conditions on the health block grant, namely:

- Conditions of the costs per centre, which guide the allocation of resources by the type of provider or level of the health system.
• Conditions on the type of expenditure, such as those on the use of block grant resources on allowances, transport, training and maintenance.

<table>
<thead>
<tr>
<th>Table 3.3</th>
<th>Block grant conditions for Primary Education and Primary Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Block grant for Primary Education</td>
<td></td>
</tr>
<tr>
<td><strong>Specific condition</strong></td>
<td>Councils are required to allocate the OC amount, first for examinations fees and the balance is then distributed to the schools according to the enrolment figures for capitation purposes</td>
</tr>
<tr>
<td><strong>General conditions and limitations</strong></td>
<td>The local education plan must adhere to the national education policy, national gender policy, and the National Strategy for Growth and Reduction of Poverty (MKUKUTA)</td>
</tr>
<tr>
<td>1. LGAs must budget the Other Charges (OC) element of their grant for the cost of national examinations, at an amount no less than the actual amount incurred in the previous year</td>
<td></td>
</tr>
<tr>
<td>2. Councils are required to provide 3,000 Tsh per enrolled pupil in OC capitation resources to the school level for the Education Block Grants</td>
<td></td>
</tr>
<tr>
<td>3. The school-level funding must be distributed between the schools in the LGA in accordance with the number of pupils enrolled.</td>
<td></td>
</tr>
<tr>
<td>4. School plans must be the basis for the use of OC resources at the school level.</td>
<td></td>
</tr>
<tr>
<td>5. School level OC (capitation funding) must be used for: text books, teaching and learning materials, maintenance, minor repairs, furniture, and school administration</td>
<td></td>
</tr>
<tr>
<td>6. No more than 10% of school-level OC resources can be allocated for administration, including allowances and transport</td>
<td></td>
</tr>
<tr>
<td>7. School level OC resource should not be used for spending on capital infrastructure, such as construction of classroom or teachers’ houses.</td>
<td></td>
</tr>
</tbody>
</table>

Block grant for Primary Health

1. LGAs must abide by all technical and professional regulations issued by Ministry of Health and Social Welfare in the delivery of health services. The Comprehensive Council Health Plan, upon which health block grant is based, shall adhere to the national health policy, national gender policy and the National Strategy for Growth and Reduction of Poverty (MKUKUTA)

2. LGAs are required to determine the combination of allocations for personnel emoluments (PE) and other charges (OC) in accordance with the objectives of efficient delivery of local health services through the local health plan

3. The Personal Emoluments (PE) and recruitment must meet establishments’ and nationally defined technical requirements

4. All LGAs are required to set their own performance objectives within the context of the local health plan, which take into account national priorities, local conditions and concerns and the availability of local resources

Source: The united Republic of Tanzania (2007)

Local Government Authorities (LGAs) are required to allocate sectoral health grants to its ‘cost centre’ as defined in the Block Grant. Table 3.4 shows the distribution of the costs according to these costs centres.

The cost centre allocation requires that LGAs allocate within the range given in the instructions. The sum for all cost centres combined should not exceed 100% of the total allocation. The total allocation refers to the total funds received by the district for the health sector. Be that as it may, the allocation by type of expenditure indicated above means that the overall budget received for the cost centre has to be allocated on the basis of the allocation range indicated above for allowances, transport and minor main-
tenance. It is forbidden to use these funds for, for example, the construction of build-
ings.

**Table 3.4** The ranges and guidelines on resources to cost centre

<table>
<thead>
<tr>
<th>Cost centre</th>
<th>Allocation Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of District Medical Officer</td>
<td>15%----------20%</td>
</tr>
<tr>
<td>Council Hospital/Regional Hospital</td>
<td>25%----------35%</td>
</tr>
<tr>
<td>Voluntary Hospital (if present)</td>
<td>10%----------15%</td>
</tr>
<tr>
<td>Health Centre (Public and Voluntary Owned)</td>
<td>15%----------20%</td>
</tr>
<tr>
<td>Dispensary (Public and voluntary Owned)</td>
<td>15%----------20%</td>
</tr>
<tr>
<td>Community initiatives in health</td>
<td>5%----------10%</td>
</tr>
</tbody>
</table>

The ranges and guidelines on resource allocation by expenditure type

<table>
<thead>
<tr>
<th>Type of expenditure</th>
<th>Allocation range</th>
<th>Examples of expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowances</td>
<td>Maximum: 25%</td>
<td>Supervision, distribution, outreach and training</td>
</tr>
<tr>
<td>Transport</td>
<td>Maximum: 20%</td>
<td>Fuel for supervision, all other fuel and fares</td>
</tr>
<tr>
<td>Minor maintenance</td>
<td>10-20%</td>
<td>All health facility level</td>
</tr>
</tbody>
</table>

*Source: The United Republic of Tanzania (2007)*

**Other funds**

Both for primary education and for primary health services the Local Government Authorities receive other regular transfers as grants additional to the formula-based allocation through their mother ministries. The subvention received for primary education sector is known as the Capitation Grant. This grant is received by councils and depends on the number of pupils enrolled and is based on estimates prepared by the Ministry of Education and Vocational Training. The Capitation Allocation is intended to provide additional funding for the non-salary operating costs of primary schools. As such, councils are required to fully pass on all capitation allocations to the school-level. The Capitation Grants is ear-marked for text books, teaching material and aid, conducting examination, capacity building and training, and minor restoration of facilities and furniture.

**Non-sectoral grants and funds**

The Development Grants and funds are transferred to LGAs through a unified system for the provision of non-sectoral capital funding. The funding transferred through this system includes Capital Development Grants (CDG) and the Capacity Building Grants (CBG). The system is funded through the government budget, as well as through a World Bank Project (the Local Government Support Project) and through a basket fund established by the development partners. Since all transfers to the LGAs are made through the consolidated funds, this system uses the common procedures and formulae to transfer funds to the LGAs (The United Republic of Tanzania 2007). According to
the Local Government Planning Guideline (2007), the allocation of the Development Grant is made on the basis of three criteria:
1. 70% is distributed to local governments depending on population size.
2. 10% is distributed to local governments depending on land area.
3. 20% is distributed to local governments depending on the estimated number of poor residents in each council area.

The grant through this system is meant to be non sectoral capital transfer to LGAs for capital investments in new infrastructure and the restoration of the existing stock and provides discretion for the LGAs. In practice the local government guidelines stipulate some details on the utilization of the grants. For example, the grants cannot be used for the cost of recurrent and maintenance activities. The guidelines further state that 15% of the funds may be utilised for the costs of planning, appraisal, monitoring and supervision, that 80% of the funds should be spent on areas of health, education, water and sanitation, roads and agriculture and in overall 50% of the grants should be spent for investments at village or mtaa level. It should be remembered that often the guidance from the central government is given strong consideration at the district level regardless of the language used.

In order to qualify for a development grant the district council is required to meet certain conditions. The general conditions are related to the overall council performance. The most relevant here is perhaps the fiscal capacity. This condition requires that the LGA should budget 5% as a cash contribution to the projects being funded from the development grant. Therefore, if a local population has no capacity to make such contributions; this population does not qualify to get funds. In other words: a poor community will remain poor and the rich community will be privileged.

The assessment of the application for a Development Grant is carried out centrally by the PMO-RALG. It is conducted during the second quarter of the Financial Year (October-December) in order to fit into the planning and budgeting cycle of the LGAs. The Development Grants represent an irregular small proportion of the local government resources (PO-RALG et al. 2005).

The Capacity Building Grants (CBG) is provided to assist LGAs to improve their capacity and performance. There are only two minimum access conditions for the CBG:
- The LGA must have an acceptable capacity building plan, which should be in the format of that introduced in the Council Restructuring methodology.
- The LGA must have satisfactorily accounted for previous grants.

The allocation formula for the Capacity Building Grants (CBG) is that the average amount per annum per qualifying council is equivalent to US$ 35,000. Each qualifying council will receive a fixed amount of US$ 20,000. The remaining amount of US$ 15,000 is allocated to the qualifying councils according to the same formula as for the Development Grants.
The minimum conditions for the Capacity Building Grant are established during the annual performance assessments conducted by the Prime Ministers Office for Regional Administration and Local Government (PMO-RALG).

**Education and Health Sector Specific Development Grants**

In addition to the non-sectoral grants provided through the Development Grants, the LGAs receive funds for education and health services through specific sectoral grants. For educational services the main source of income is the Primary Education Grant. This grant is earmarked for construction and the restoration of classrooms, construction of teacher’s houses, toilets and water supply, and large-scale restoration (The United Republic of Tanzania 2006, the report by Andrew Young School of Policy Studies). This grant is also used for the purchase of books and procurement of desks. The allocations are not formula based instead they are determined by the Ministry of Education and Vocational Training (The United Republic of Tanzania 2007, Guidelines for the Preparation of Local Government Authorities’ Medium Term Plans and Budgets).

In the health sector, the specific sectoral grant is the Joint Health Infrastructure Rehabilitation Fund (JHIRF). The purpose of this fund is to assist LGAs to improve buildings, infection control services, equipments and the furniture for their primary health facilities. According to the JHIRF Manual, councils are required to use the fund in rehabilitation activities where its unit cost would be between 30% and 75% of new construction (The United Republic of Tanzania 2004). It can also be used for procurement of new furniture and equipment as well as ensuring proper function and adequacy of infection control services.

However, not every district council is eligible for the grants. The eligible councils and budgeting for JHIRF are pre determined at the central level. PMO-RALG classified each district or municipality according to three criteria that are used as a basis for granting the JHIRF. The criteria are:

- Districts or municipalities with a high poverty rate (derived from the Household Budget Survey 2000/01) receive support first.
- Districts or municipalities that have received support (government or donor/NGO) for restoration in the previous five years will only receive support if there are enough funds left; the districts or municipalities that have received support for two facilities or less are treated as if no support has been received.
- Councils should have received training on sensitisation for the establishment of Council Health Boards and the board should be established before the transfer of funds is affected.

The allocation of the funds granted according to the JHIRF is pre-determined at the level of central government. For example, the maximum allocation for a dispensary is 14 million Tanzanian Shillings (Tsh) and is 52 million Tsh for a health centre. This means that the district council is limited in what they can spend. Here the danger could be that some projects can be left incomplete or the equivalent amount of funds can be recorded as spent even when the actual use was less and therefore giving opportunities for embezzlement.
Once the council has qualified for JHIRF, it is the Council Health Management Team (CHMT), which identifies the primary facilities that are to be funded (see the JHIRF manual 2004). This CHMT is a technical health management organ of the district, established under section 86A (13) of Act No. 7 1982. This team consists of seven members namely: District Medical Officer, District Health Secretary, District Nursing Officer, District Health Officer, District Pharmacist, District Medical Laboratory Technologist, and District Dental Surgeon.

The criteria used are:
- Primary health facilities in need of maintenance and restoration as mentioned earlier.
- Primary health facilities with Health Facility Committee or a similar body that can oversee the rehabilitation.
- Dispensaries with at least one trained staff and a health centre with at least two trained staff as these are necessary conditions for primary health facilities to qualify for JHIRF.

The qualified facilities are then ranked in terms of the needs (priority), so that the council starts with the highest priority health facility (The United Republic of Tanzania 2004, Manual for Joint Health Infrastructure Rehabilitation Funds (JHIRF)). This task is done by the CHMT in collaboration with the district engineer and Health Facility Committee (HFC). Community members are required to contribute 15% of the estimated cost for a health centre or a dispensary in funds or in kind.

<table>
<thead>
<tr>
<th>Item</th>
<th>Criteria</th>
<th>Weight</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of Facility</td>
<td>Fair</td>
<td>10</td>
<td>No structural failures; small leaks in roofs; small cracks in walls &amp; floors, blocked drains; leaking water taps.</td>
</tr>
<tr>
<td></td>
<td>Bad</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Distance to other facility</td>
<td>Below norm (5 km)</td>
<td>0</td>
<td>Some structural elements need partial/full replacement; cracks in walls &amp; floors; replacement of doors &amp; windows; broken drains; missing water taps.</td>
</tr>
<tr>
<td></td>
<td>Within/beyond</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td></td>
<td>norm</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Services provided</td>
<td>Outpatient/MCH</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outpatient and MCH</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Out-, inpatient &amp; MCH</td>
<td>20</td>
<td></td>
</tr>
</tbody>
</table>

*Source: The United Republic of Tanzania (2004)*

**Other local government financing mechanisms**

The Local Government Authorities own and borrowed sources provide support for local community plans. The LGAs can collect their own revenues through fees, including tax registration, bus stands, forestry products, valuation, scaffolding, inoculation and ambulances. Other sources of income are the charges for licenses, including road and liquor, property taxes and rent, charges for refuse collection, hire of vehicles, markets and fines. Although the funds are raised locally, the LGAs are required to indicate the
sum in their plan as local contributions. However, according to PO-RALG et al. (2005) the fund collected through this source is limited as it only contributes to about 20% or less of the total expenditures of the LGAs.

Likewise, the Local Government Finance Act (1982) allows local government in Tanzania to borrow with ministerial permission, however in practice the local government borrowing plays an extremely minor role in local government finances. The PMO-RALG and Ministry of Finance currently opposes providing loan guarantees for local government borrowing, fearing the accumulation of local debt and loan defaults. Another reason is the absence of a well-developed capital market where local government authorities can borrow (PO-RALG et al. 2005). The only available avenue for local government authorities is to borrow from the Local Government Loan Board (LGLB), a government-supported financial intermediary from local government authorities. However, inadequate capacity of the LGLB, limited own sources to repay loans, and the absence of appropriate incentives to repay the loan, presents a challenge to LGLB in providing access to loans. In this regard the borrowing mechanism makes very small contribution of about 0.1% of resource inflows to local government authorities (PO-RALG et al. 2005).

Concluding remarks

In this chapter we presented the design of the intergovernmental system of Tanzania, as can be derived from policy documents and legal texts. It is within this framework that the government initiative to strengthen local governance and devolve powers and responsibilities to LGAs has to be implemented. Already from this description properties of that institutional framework can be identified that actually impede the implementation of the devolution policy. The existence of two parallel administrative structures between the central government and the local government suggests strong oversight and control over LGAs, leaving less leeway for local government bodies. The central government structure involves central offices and officials dropping to the lower levels of governments. These officials are tasked with the duty to ensure law and order and to warrant that LGAs perform their roles in accordance with the national priorities and directives. The officials in central government appear to have a close relationship with the central government. As shown in figure 3.1, the field offices of the central government have direct links with the centre and with local government. All these properties of the institutional design point towards an emphasis on central control. Indeed, even though according to policy, the relationship between central and local government is considered to be advisory and consultative, there are indications that practice sometimes greatly diverges from these ideals.

The way, the financial ties between central and local government have been devised, suggests that central government has ample opportunity to influence the local government through financial pressure. Allocative decisions of central agencies striving for control over scarce resources may very well tamper with local government autonomy and local participation. Since the local government expenditure largely depends on central government transfers, the LGAs might quite well become merely the implementers of the central government policies and programme while being unresponsive to local
wishes (Dill 2009). Whether the Local Government Reform Programme to be described in the next chapter can survive in such an institutional environment is an important theme of this study.