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Local Level Service Delivery, Decentralisation and Governance **TANZANIA CASE REPORT** March 2008 IFC/JICA



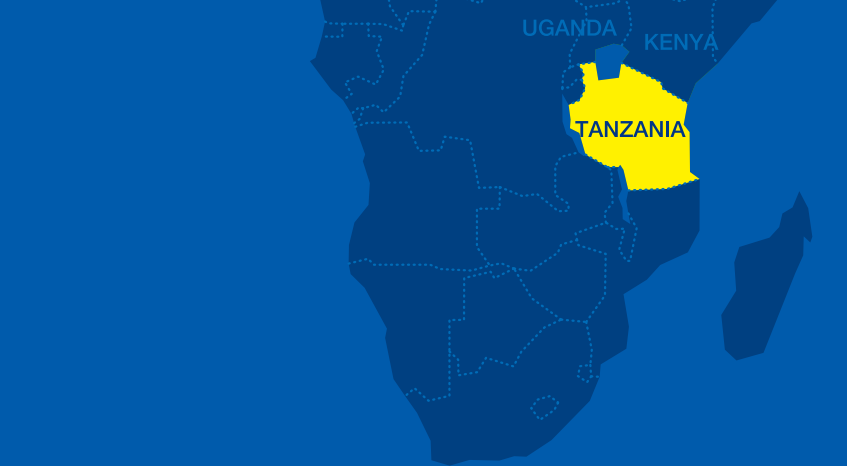
TANZANIA CASE REPORT

March 2008



Local Level Service Delivery,
Decentralisation and Governance
A Comparative Study of Uganda, Kenya and Tanzania
Education, Health and Agriculture Sectors

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Institute for International Cooperation
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This report is one of the study results conducted by DEGE Consult (www.dege.biz) with Nordic Consulting Group Denmark (www.ncg.dk), ETC East Africa (www.etc-international.org) and Mentor Consult Uganda in February 2007, under the framework of the study group on “Cooperation for Decentralisation in Africa” organised by JICA.

The views and interpretations expressed in this document are not necessarily those of JICA, Government of Tanzania or any other official organisations that have contributed to this document.

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Photos: DEGE Consult

Selected Photos from Fieldwork



Coffee farmer (Hai district)



Health facility constructed in Moshi district — still awaiting staff and funds for recurrent costs (see Chapter 4)

All photos by DEGE Consult



Ward Office – the sub-district local government structures have very limited support in terms of finance, staff and facilities (Moshi district).



Village planning in process facilitated by PMO-RALG O&OD team. The process allows village members to identify needs, but overall prioritisation is often done without budgets/ knowledge of available resources. Some members also felt overwhelmed by technicalities of planning process (here matrix ranking).



Village mapping as part of O&OD planning



Information on local governments budget and accounts is increasingly advertised, but often difficult for citizens to make sense of the information (see p. 83).

Contents

Selected Photos from Fieldwork	i
Abbreviations	viii
1. INTRODUCTION	1
1-1 Background.....	1
1-2 Objective of Study	1
1-3 Key Concepts	2
1-4 Study Team and Methodology	4
1-5 Report Outline.....	6
2. INSTITUTIONAL ARRANGEMENTS FOR LOCAL SERVICE DELIVERY	8
2-1 Legal and Policy Framework.....	8
2-2 Local Administrative and Political Structures.....	12
2-3 Local Government (LG) Finance	13
2-4 LG Human Resources (HRs)	23
2-5 CG Oversight and Support Mechanisms.....	28
2-6 Current Key Issues and Challenges	31
3. BASIC EDUCATION	32
3-1 Sector Policy for Local Service Delivery.....	32
3-2 Division of Responsibilities for Local Service Delivery	34
3-3 Local Service Delivery Financing.....	37
3-4 Local Service Delivery Procedures.....	41
3-5 HR Issues	43
3-6 Trends in Service Delivery Outputs and Outcomes.....	44
3-7 Impact of Governance Aspects on Service Delivery	45
3-8 Key Lessons and Challenges.....	48
4. DISTRICT HEALTH SERVICES	50
4-1 Sector Policy for Local Service Delivery.....	50
4-2 Division of Responsibilities for Local Service Delivery	50
4-3 Local Service Delivery Financing.....	56
4-4 Local Service Delivery Procedures.....	59
4-5 HR Issues	61
4-6 Trends in Service Delivery Outputs and Outcomes.....	62
4-7 Impact of Governance Aspects on Service Delivery	64

4-8	Key Lessons and Challenges.....	68
5.	AGRICULTURE.....	70
5-1	Sector Policies.....	70
5-2	Division of Responsibilities for Service Provision.....	71
5-3	Local Service Delivery Financing.....	74
5-4	Planning and Implementation Procedures.....	76
5-5	HR Issues.....	78
5-6	Trends in Service Delivery Outputs and Outcomes.....	80
5-7	Impact of Decentralisation.....	84
5-8	Key Lessons and Challenges.....	86
6.	CONCLUSION.....	88
6-1	Overall Progress and Challenges with LG Reforms.....	88
6-2	Linkages between Sector Decentralisation and LGs.....	90
6-3	Impact of (Sector) Decentralisation on Governance.....	91
6-4	Impact of (Sector) Decentralisation on Service Delivery.....	95
6-5	Why Have Reforms Progressed in This Manner?.....	96
6-6	Key Challenges for Decentralised Service Delivery.....	97
6-7	Key Areas for Possible External Assistance.....	98
	REFERENCES.....	99
	ANNEXES	
	Annex 1 LGCDG Design Principles.....	106
	Annex 2 Agriculture Block Grant Allocations (FY 2005/2006).....	111
	Annex 3 List of Persons Met.....	113

List of Tables, Figures and Boxes

Table 2-1	Division of Task and Responsibilities According to LG and Sector Legislation.....	10
Table 2-2	Local Government Financial Resources FY 2001/2002–2005/2005	15
Table 2-3	Expenditure Decentralisation in Tanzania.....	15
Table 2-4	Aggregate LG Recurrent Spending by Sector	16
Table 2-5	Total LG Revenue by Source	16
Table 2-6	Formula-based Sector Block Grants	18
Table 2-7	Recurrent LG Grants by Sector.....	19
Table 2-8	Summary Results from LGCDG Assessments	21
Table 2-9	LGA Spending of LGCDG among Sectors	22
Table 2-10	Development Funds Transferred to LGAs FY 2005/2006.....	23
Table 2-11	Public Servants Employment 1995–2006	24
Table 2-12	LG Personnel Management Functions.....	27
Table 2-13	Menu for the CBG (LGCDG/LGSP).....	28
Table 3-1	Primary Education – Number of Schools	35
Table 3-2	Division of Responsibilities in Education Sector	36
Table 3-3	Budgetary Allocation to Education Sector by Education Levels.....	37
Table 3-4	Aggregate Inflows to PEDP	38
Table 3-5	Total PEDP Disbursements to Councils	39
Table 3-6	Actual Recurrent Expenditures, PE and OC, at LGA Level.....	40
Table 3-7	Primary Education – Number of Teachers	43
Table 3-8	Key Outputs and Inputs.....	44
Table 3-9	New Classroom Construction	44
Table 4-1	Levels and Roles within the Health Care System.....	52
Table 4-2	Facility Type and Ownership.....	53
Table 4-3	Overview of Responsibility in Health Service Delivery.....	55
Table 4-4	Total Health Expenditure in Tanzania, FY 2002–FY 2005	56
Table 4-5	PE & OC Elements of Health Expenditures at LGA Level	57
Table 4-6	Distribution of Health Workers by Region.....	62
Table 4-7	Health Outcome Indicators 2000–2004	63
Table 4-8	MDG Health Targets	63
Table 4-9	Budgeted Health Transfers and Basket Funds to LGAs, FY2000/2001–2004/2005	63
Table 4-10	Overall MoH PER Data FY 2002–FY 2005	67
Table 5-1	Division of Responsibilities for ASDP Implementation.....	73
Table 5-2	Types and Functions of DADG, Extension Block Grant (EBG) and ACBG	75
Table 5-3	Conditions for Receiving Enhanced Agricultural Financing	76
Table 5-4	Sample of Typical DADP Projects.....	77

Table 5-5	Mainland Tanzania: GDP by Economic Activity	80
Table 5-6	Food Crop Production	81
Table 5-7	Cash Crops Production 2003–2004.....	81
Table 5-8	Accountability Arrangements for Different Financing and Provision Mechanisms	85
Table 6-1	Sector – LGA Linkages	90
Table Annex 1-1	Menu of Investments LGCDG	107
Table Annex 1-2	LGCDG Incentive Scheme	109
Table Annex 1-3	Menu for the CBG (LGCDG/LGSP)	110
Figure 1-1	Basic Accountability Relationships	4
Figure 2-1	LGs and Administrative Units: Layers and Numbers	12
Figure 2-2	Correlation between Poverty and LGCDG Assessments	22
Figure 3-1	Primary Education LG and CG Budget Process Relationships	42
Figure 4-1	Health Service Delivery Institutions.....	51
Box 5-1	ASDS: Salient Features.....	71
Box 5-2	Historical Background to Agricultural Extension Reform	72
Box 5-3	Report on Agricultural Extension Achievements.....	82
Box 5-4	Review of Pilot Activities Under NAEP II	83

Abbreviations

AAS	Assistant Administrative Secretary
ACBG	Agricultural Capacity Building Grant
AEBG	Agriculture Extension Block Grant
AGO	Accountant Generals Office (as abbreviated in Health PER)
ALAT	Association of Local Authorities of Tanzania
ARV	Anti Retro Virus
ASDP	Agricultural Sector Development Programme
ASDS	Agricultural Sector Development Strategy
ASLM	Agriculture Sector Lead Ministries
ASPS	Agricultural Sector Programme Support
ASSP	Agricultural Sector Support Programme
CAG	Controller & Auditor General
CB	Capacity Building
CBG	Capacity Building Grant
CBO	Community Based Organisation
CCHP	Comprehensive Council Health Plan
CCM	Chama Cha Mapinduzi
CDG	Capital Development Grant
CED	Council Executive Director
CEO	Chief Education Officer
CG	Central Government
CG-LG	Central Government – Local Government
CGP	Capital Grants Programme
CHF	Community Health Fund
CHMT	Council Health Management Team
DADG	District Agriculture Development Grant
DADP	District Agricultural Development Plan
DALDO	District Agriculture and Livestock Development Officer
DANIDA	Danish International Development Assistance
DC	District Commissioner
DDP	District Development Plan
DED	District Executive Director
DEO	District Education Officer
DIDF	District Irrigation Development Fund
DMO	District Medical Officer
DS	Divisional Secretary
EBG	Extension Block Grant

ESDP	Education Sector Development Programme
EZCORE	Eastern Zone Client-Oriented Research and Extension Project
FAMO	Farmer Motivator
FDTF	Fiscal Decentralisation Task Force
FFS	Farmer Field Schools
FY	Fiscal Year
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GoT	Government of Tanzania
GPG	General Purpose Grant
GPI	Gender Parity Index
GSU	Georgia State University
HFC	Health Facility Committee
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HLG	Higher Level Local Government
HoD	Head of Department
HR	Human Resource
HRD	Human Resource Development
HRH	Human Resources for Health
HRM	Human Resource Management
HSR	Health Sector Reform
HSSP	Health Sector Strategic Plan
IEC	Information, Education and Communication
IFMS	Integrated Financial Management System
ILO	International Labour Organisation
IMR	Infant Mortality Rate
ISP	Institutional Strengthening Programme
JICA	Japan International Cooperation Agency
JRF	Joint Rehabilitation Fund
LAPF	Local Authorities Provident (Pensions) Fund
LG	Local Government
LGA	Local Government Authority
LGCDG	Local Government Capital Development Grant
LGDP	Local Government Development Programme
LGLB	Local Government Loans Board
LGRP	Local Government Reform Programme
LGSP	Local Government Support Programme
LLG	Lower Level Local Government
MAC	Ministry of Agriculture and Cooperative

MAFS	Ministry of Agriculture and Food Security
MC	Municipal Council or Minimum Condition
MCM	Ministry of Cooperatives and Marketing
MDAs	Ministry, Departments and Agencies
MDG(s)	Millennium Development Goal(s)
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
MoE	Ministry of Education
MoEC	Ministry of Education and Culture
MoF	Ministry of Finance
MoH	Ministry of Health
MoHSW	Ministry of Health and Social Welfare
MoWLD	Ministry of Water and Livestock Development
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NAADS	National Agricultural Advisory Services
NAEP	National Agricultural Extension Project
NER	Net Enrolment Rate
NETP	National Education and Training Policy
NGO	Non-governmental Organisation
NHIF	National Health Insurance Fund
NSGRP	National Strategy for Growth and Reduction of Poverty
O&OD	Opportunities and Obstacles to Development
OC	Other Charge
OPRAS	Open Performance Appraisal System
PADEP	Participatory Agricultural Development and Empowerment Project
PE	Personal Emoluments
PEDP	Primary Education Development Programme
PEFAR	Public Expenditure and Financial Accountability Review
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Study
PHC	Primary Health Care
PLAN-REP	Planning and Reporting System (of LGAs)
PM	Performance Measure
PMO	Prime Minister's Office
PMO-RALG	Prime Ministers Office Regional Administration and Local Government
PO-PSM	Presidents Office – Public Service Management
PO-RALG	President's Office – Regional Administration and Local Government
PSC	Public Service Commission
PSLE	Primary School Leaving Education

PSM	Public Service Management
PTR	Pupil Teacher Ratio
RADAG	Rural and Agricultural Development Advisory Group (JICA Tanzania Office)
RAS	Regional Administrative Secretary
RC	Regional Commissioner
REPOA	Research on Poverty Alleviation
RGS	Recurrent Grant System
RMO	Regional Medical Officer
RS	Regional Secretariat
SACCO	Savings and Credit Cooperative Societies
SASE	Selective Accelerated Salary Enhancement
SCs	School Committees
SEDP	Secondary Education Development Programme
SWAp	Sector-wide Approach
TA	Technical Assistance
TASAF	Tanzania Social Action Fund
TOR	Terms of Reference
TSC	Teachers Service Commission
U5MR	Under 5 Mortality Rate
UPE	Universal Primary Education
URT	United Republic of Tanzania
VC	Village Council
VEO	Village Executive Officer
WB	World Bank
WDC	Ward Development Committee
WEC	Ward Education Coordinator
WEO	Ward Executive Officer
ZRT	Zonal Reform Team

1. INTRODUCTION

1-1 Background

Decentralisation reforms are currently ongoing in the majority of developing countries. The nature of reforms vary greatly - ranging from mundane technical adjustments of the public administration largely in the form of deconcentration to radical redistribution of political power between central governments (CGs) and relatively autonomous local governments (LGs).

Decentralisation reforms hold many promises - including local level democratisation and possibly improved service delivery for the poor. However, effective implementation often lacks behind rhetoric and the effective delivery of promises also depends on a range of preconditions and the country specific context for reforms. In several countries it can be observed that decentralisation reforms are pursued in an uneven manner - some elements of the government may wish to undertake substantial reforms - other elements will intentionally or unintentionally counter such reforms. Several different forms of decentralisation - foremost elements of devolution, deconcentration and delegation may be undertaken in a mutually supporting or contradictory manner.

Japan International Cooperation Agency (JICA) recognises that its development assistance at the local level generally, and specifically within key sectors that have been decentralised will benefit from a better understanding of the nature of decentralisation in the countries where it works. The present study on decentralisation in East Africa is undertaken with this in mind. The study is primarily undertaken with a broad analytical objective in mind and is not specifically undertaken as part of a programme formulation although future JICA interventions in East Africa are intended to be informed by the study.

1-2 Objective of Study

The specific objectives of the study are:

1. Provide a basic comparative analysis of the forms and processes of decentralisation reforms in the three East African countries: Kenya, Uganda and Tanzania.
2. Analyse the specific modalities in the three countries for local service delivery planning and provision within the 3 sectors of basic education, Primary Health Care (PHC) and agricultural extension.
3. Explore the impact of the specific forms of decentralisation and local level service delivery arrangements in terms of efficiency, accountability (transparency) and democratic process

(participation); this will include analysis of various practices for direct user participation in planning and delivery of services¹.

1-3 Key Concepts

Decentralisation is often used as concepts without strict definitions.

The World Bank (WB) for instance use the term “decentralisation” to describe a broad range of public sector reorganisations:

Decentralisation — the transfer of authority and responsibility for public functions from the CG to intermediate and LGs or quasi-independent government organizations and/or the private sector — is a complex multifaceted concept. Different types of decentralisation should be distinguished because they have different characteristics, policy implications, and conditions for success.

There is a broad agreement to this use of terminology although it may be debated whether “privatisation” rightly should be included or the term reserved exclusively for transfer of functions and powers within the public sector itself².

It is also generally accepted to make a distinction between at least 3 main types of decentralisation³ - a distinction we will use throughout this study:

Deconcentration is often considered to be the weakest form of decentralisation; it redistributes decision making authority and financial and management responsibilities among different levels of the CG. It can merely shift responsibilities from central government officials in the capital city to those working in regions, provinces or districts, or it can create strong field administration or local administrative capacity under the supervision of CG ministries.

Delegation is a more extensive form of decentralisation. Through delegation central governments transfer responsibility for decision-making and administration of public functions to semi-autonomous organisations not wholly controlled by the CG, but ultimately accountable to it. Governments delegate responsibilities when they create public enterprises or corporations, housing authorities, transportation authorities, special service districts, semi-autonomous school districts, regional development corporations, or special project implementation units. Usually these organisations have a great deal of

¹ Referred to in the Terms of Reference as “forms of collective action”.

² United Nations Development Programme (UNDP) 2004 also includes privatisation as part of its definition of decentralisation. See http://www.undp.org/governance/docs/DLGUD_PN_English.pdf

³ The definitions below follow the World Bank Decentralisation Briefing Notes (www.worldbank.org/html/fpd/urban/decent/decent.htm)

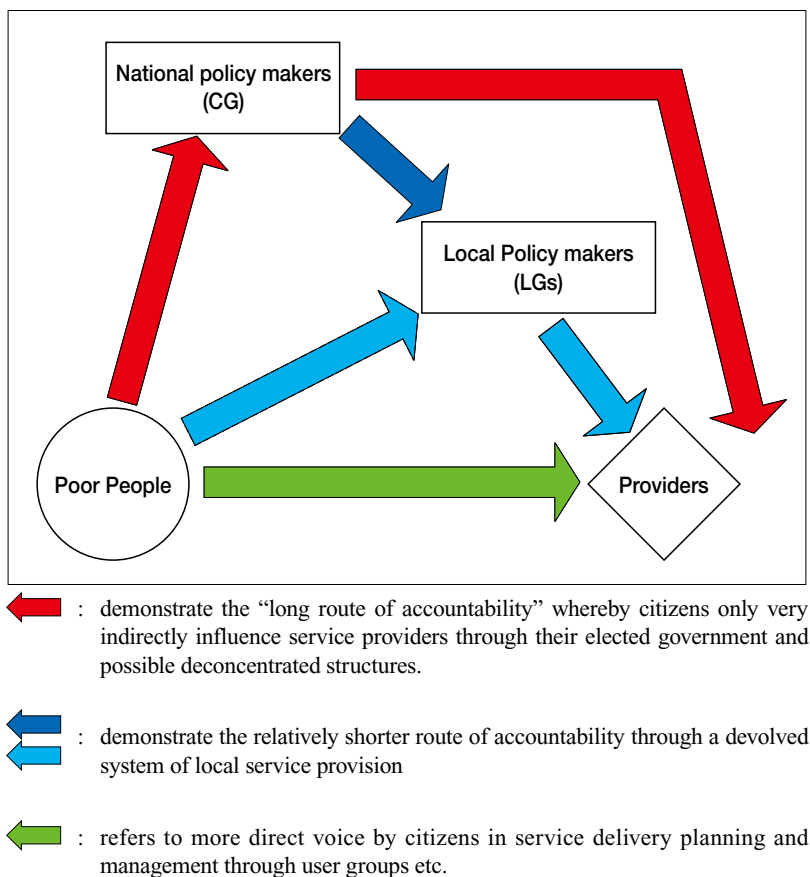
discretion in decision-making. They may be exempt from constraints on regular civil service personnel and may be able to charge users directly for services.

Devolution is a third and more comprehensive type of decentralisation. When governments devolve functions, they transfer authority for decision-making, finance, and management to quasi-autonomous units of LG with corporate status. Devolution usually transfers responsibilities for services to municipalities/district councils etc. that elect their own mayors and councils, raise their own revenues and have independent authority to make investment decisions. In a devolved system LGs have clear and legally recognized geographical boundaries over which they exercise authority and within which they perform public functions. It is this type of administrative decentralisation that underlies most political decentralisation.

In addition to the above it has furthermore been a common trend within many sectors to strive for decentralisation directly to various user groups such as health users management committees, School Committees (SCs) etc. This is often done in combination with above-mentioned forms of decentralisation through devolution, deconcentration or delegation. In this study we will analyse the various forms of decentralisation as they in practice have been interpreted and applied in the 3 East African countries for local level service delivery of (basic) education, (primary) health care and agriculture. In practice this includes:

- Examples of devolved systems of service delivery; in principle for all 3 sectors in both Uganda and Tanzania as the LGs are primary responsible for these services
- Examples of deconcentrated local service delivery: the most dominant form for local service delivery in Kenya, but when a service provided by local governments in Uganda entirely is funded by CG transfers and in great detail planned for at central level we will in this study also refer to such situations as “deconcentration”
- Some examples of partial privatisation - most prominently a feature of the reforms of the systems for delivery of agricultural services
- In all sectors various forms of direct decentralisation to user groups: school management committees, health user management committees and farmers groups

Figure 1-1 Basic Accountability Relationships



1-4 Study Team and Methodology

The following team of consultants undertook the Tanzania case study: Per Tidemand, Hans Bjorn Olsen and Nazar Sola. The work was undertaken August - September 2006 with subsequent report writing. A draft report was presented to a stakeholder workshop in Dar es Salaam (JICA office) with participants from Government of Tanzania (GoT) officials, JICA staff and development partners. Some comments were received in December and to the extent possible incorporated in the report, however no additional data collection was undertaken after November 2006.

Prime Ministers Office Regional Administration and Local Government (PMO-RALG) provided logistical support and guidance to the study. The study was financed by JICA and the team also benefited from professional comments and guidance from JICA and its Institute for International Cooperation. However, the study does not necessarily reflect the official view of neither JICA nor the GoT and the consultant team is responsible for all conclusions and any errors.

The study is based on the following

1. Review on the extensive literature on LGs and local level service delivery within education, health and agriculture. This includes a large number of local government and sector plans, policies, reviews and evaluations.
2. Interviews at national level with:
 - Staff from PMO-RALG and Local Government Reform Programme (LGRP)
 - Staff from ministries responsible for finance, planning and public service
 - Staff from ministries responsible for health, education, and agriculture
- in particular the relevant directors of Policy and Planning
 - The Association of Local Authorities Tanzania (ALAT)
 - Selected key informants
3. Field work in 2 rural districts: Mpwapwa and Moshi. These districts were selected to represent variation in effectiveness of LGs in planning and delivery of services. The criteria for their selection included their performance in annual assessments of Local Government Authority (LGA) capacities under the Local Government Capital Development Grant (LGCDG) system as well as their ranking in provision of health and educational services. In each district the team conducted interviews with:
 - Staff from the respective regional secretariats - the assistant administrative officers and sector representatives for health, education and agriculture,
 - General administrative staff of the district councils (the director, planners, finance, human resource management (HRM) staff)
 - Sector staff - heads of departments
 - Lower level administrative staff (ward and village executive officers (VEOs))
 - Politicians (at various levels such as district, ward and village)
 - Representatives of various user groups
 - Health user management committees
 - School management committees
 - Farmers groups
 - Frontline service providers: health staff at clinics, teachers/head teachers and extension workers.

1-5 Report Outline

The entire study is comprised of four reports:

1. Country Case Study Tanzania (this report)
2. Country Case Study Kenya
3. Country Case Study Uganda and
4. Synthesis Report

The Synthesis Report provides a summary of the 3 country reports in the form of a comparative analysis of decentralisation and local service delivery across the 3 countries. The Synthesis Report also expands on the methodological approach and provides a brief literature review on the relationship between decentralisation and service delivery.

This Country Report on Tanzania is divided into the following 6 main chapters:

1. Introduction background and methodology for the study
2. The overall institutional arrangements a discussion of the general institutional arrangements, in particular the LG system responsible for local service delivery. The chapter is in part an update and synthesis of the study we undertook for the WB in 2004⁴ and in a similar manner it analyses 5 main dimensions of the system:
 - The overall legal and policy framework
 - The administrative and political structures
 - The fiscal dimensions (expenditure assignments, sources and levels of funding, expenditure patterns)
 - Human resource dimensions (LG human resource capacities and systems for personnel management)
 - Institutional arrangement for reform coordination, donor coordination and CG oversight and support
3. Education sector: the strategies for decentralizing the sector, the planning, financing and HR aspects of decentralised service delivery and the role for private sector. Analysis of the impact of decentralisation within the sector on governance and service delivery.

⁴ Jesper Steffensen, Per Tidemand, Harriet Naitore (Kenya only), Emmanuel Ssewankambo (Uganda Only), Eke Mwaipopo (Tanzania only).

4. Health sector: the strategies for decentralizing the sector, the planning, financing and HR aspects of decentralised service delivery and the role for private sector. Analysis of the impact of decentralisation within the sector on governance and service delivery.
5. Agricultural sector: the strategies for decentralizing the sector, the planning, financing and human resource aspects of decentralised service delivery and the role for private sector. Analysis of the impact of decentralisation within the sector on governance and service delivery.
6. Conclusion;
 - Summarises the overall situation of the reform so far, including progress, achievements, impact of decentralisation and key lessons:
 - Linkages between different forms of decentralisation and service delivery
 - Linkages between different forms of decentralisation and governance
 - Coherence between different sector modalities
 - Coherence between sector user groups and overall (LG) structures
 - Summarises the key challenges and bottlenecks that affect the future evolution of decentralisation policy in the country, given the current achievements and performances
 - Suggests possible ways in which donors/Japan might be able to provide effective support in the area of decentralisation for improved local service delivery in East Africa

2. INSTITUTIONAL ARRANGEMENTS FOR LOCAL SERVICE DELIVERY

A comprehensive description of Tanzania's (LG system is provided in our report (Steffensen and Tidemand 2004) - this chapter will only give a summary overview and discuss the most recent developments. It should be noted that we focus on the LG arrangements on Tanzania mainland since LG arrangements are not considered union matters and as the system on Zanzibar is completely different: regulated by the Zanzibar Constitution and separate Zanzibar local government legislation⁵.

2-1 Legal and Policy Framework

In Tanzania, the main institutions for local level delivery of basic services are essentially with the LGAs⁶ - in rural areas at district and village level. The decisive step towards empowering the LG in that regard was taken in June 1996, when the Prime Minister announced the government's decision to restructure and downsize regional administration with the objective of making local government more efficient and effective.⁷ The vision for the future LG system was formulated and endorsed at a national conference, "*Towards a Shared Vision for Local Government in Tanzania*", held in May 1996. The wider policy intentions were outlined in the "*Policy Paper on Local Government Reform*" of October 1998, which in rather great detail outlines the vision of a future reformed public service. This policy paper is still the official guiding policy regarding local government reforms and decentralisation by devolution. The paper spells out how decentralisation will include four main policy areas⁸:

1. Political devolution is devolution of powers and the setting of the rules for councils and committees, the chairpersons, etc., Political decentralisation will include the integration of previously centralised or deconcentrated service sectors into a holistic LG system, installing councils as the most important local political bodies within its jurisdiction. Political decentralisation implies the creation of real multi-functional governments at the local level within national legislation.
2. Financial decentralisation is based on the definition of principles of financial discretionary powers of local councils, i.e. powers to levy taxes and the obligation of CG to supply LGs with adequate unconditional grants and other forms of grants. The principle also allows local councils to pass their own budgets reflecting their own priorities, as well as mandatory expenditure required for attainment of national standards.

⁵ For a brief description of the local government system in Zanzibar see www.dege.biz/Zanzibar.pdf

⁶ LGA is the abbreviation most often used in Tanzania for local government authorities - or local governments -, in Uganda and Kenya the abbreviation LG is used.

⁷ *Prime Minister's Budget*, June 28, 1996, and *Prime Minister's Circular*, July 1996, as quoted in the "*Local Government Reform Agenda 1996-2000*".

⁸ As summarised in the executive summary of the Policy on the LG Reform (pp. v-vi).

3. Administrative decentralisation: this principle involves the de-linking of local authority staff from their respective ministries and procedures for establishment of a local payroll. LGs will thus have and recruit their own personnel, organised in a way decided by the respective councils in order to improve service delivery. Administrative decentralisation makes local government staff accountable to local councils.
4. Changed central-local relations: the role of CG vis-à-vis local councils will be changed into a system of inter-governmental relations with central government having the over-riding powers within the framework of the constitution. Line ministries will change their role and functions into becoming: 1) policy making bodies, 2) supportive and capacity building (CB) bodies, 3) monitoring and quality assurance bodies within the LG legislation framework and 4) regulating bodies (legal control and audit). The minister responsible for LG will coordinate central-local relations and, in particular, all initiatives from sectoral matters to matters relating to LGs.

The vision for decentralisation by devolution has been supported through amendments of various pieces of LG legislation and some review of sector legislation, but not yet fully integrated into a Constitutional amendments or a comprehensive LGs act although this is aimed for by the ongoing LGRP. Since the LGRP Review in 2004, the LGRP has promoted “Decentralisation by Devolution” (D by D) as a slogan to be pursued by all government and sector reforms. Government has in speeches, meetings and workshops generally supported these principles, although this has not in recent years been translated into a comprehensive renewed policy statements or supportive legal amendments.

2-1-1 Legal Assignment of Responsibilities to LGAs

LGs are through LG and sector legislation broadly mandated to provide the basics services of health, education, water, roads, and agriculture among others. Table 2-1 presents an overview of how functions are assigned to LGs. However, it should be noted that some of the legal provisions are a bit vague regarding what are the mandatory functions of LGs and details on the division of tasks⁹.

⁹ For further details see for instance Steffensen and Tidemand op. cit. 2004, chapter 2.

Table 2-1 Division of Task and Responsibilities According to LG and Sector Legislation¹⁰

Service	Main responsible as provider	Comments and legal issues
Primary education	LGAs	Section 118 of LG Act and stated in the Draft Education Bill (2004). However parallel procedures for management of teachers (TSC). The current Education Policy emphasises decentralisation to the lowest level: the school committees.
Secondary education	CG	As stated in the Draft Education Bill (2004), no specific reference in LG legislation. However, noted that LGAs play a role in construction of secondary schools, as it often is a local un-funded priority.
Primary and preventive health	LGAs	Need for clarification of role of standing LGA committees versus decentralised facilities.
Hospitals	LGAs (district hospitals)	The National Health Service Bill (2004) states that responsibilities for all health facilities up to District Hospitals fall under LGAs. However, established Health Boards operate in parallel to LGA structures.
Water supply	Urban areas: autonomous authorities Rural areas: mainly LGAs	Implementation of new water capital investments in both urban and rural areas is largely managed by CG. The water policy aims primarily at empowering users and the private sector. Water boards in urban areas and to some extent water users associations are established for management of water supplies as parallel structures to LGAs. Regional consultancy units are established parallel to the regional administration in order adequately to support the LGAs.
Sewerage and sanitation	As above	
Solid waste	LGAs	No major legal issues, but problems of capacities in LGs with enforcement of laws, technical capacity for management of waste, problems of user payments for sustainable delivery of service.
Roads	All districts and feeder roads, all streets in municipalities and cities	The main problems are with financing arrangements and technical capacities. Some legal issues have been raised in relation to the drafting of a new Roads Act where the ministry wanted to establish regional roads boards for coordination of district roads.
Agricultural extension	LGAs	In principle no major legal issues regarding division between CG and LGs. However, the transfer of some 7000 extension staff to LGAs was made rather late compared to other sectors. The capacity of LGAs to deliver meaningful services is limited not least to unresolved division of work between the private and public sector. Privatisation and use of public funds managed through farmers groups raise some issues regarding legal basis for procurement and financial management.

TSC: Teachers Service Commission

¹⁰ Based on Steffensen, Tidemand and Mwaipopo 2004 op. cit.

2-1-2 Recent Legal Revisions

A bill for amendment of the LG laws was published 26th July 2006 and is at the time of writing this report for debate in the National Assembly¹¹.

The bill seeks to amend various pieces of LG legislation in several aspects. The amendments are in part based cabinet decisions in 2002, regarding the need to refine the roles of regional secretariats (RSs) including divisional secretaries (DSs). A detailed analysis of the proposed amendments and its implications is provided by LGRP¹². The main proposals of the amendment include:

1. Introduction of a range of new “coordinating” and “consultative” institutions mainly chaired by CG appointees, including:
 - a. Regional constitutional assembly in addition to the already existing regional consultative committee all chaired by the regional commissioner (RC)
 - b. District consultative committee chaired by the district commissioner (DC)
 - c. Division defence and security committee chaired by the DS
 - d. Division development committee chaired by a councillor elected among councillors resident in the division with the DS as its secretary
2. Assigning functions to these institutions in a rather broad manner. The divisional development committee shall for instance “oversee development activities in the division”, “supervise and coordinate implementation of development plans” etc.
3. Defining the functions of the DSs to include:
 - a. Representing the district executive director (DED) in overseeing implementation of activities
 - b. To prepare action plans and report to DC and DED
 - c. To supervise ward executive officers (WEOs)
4. Further defining the roles of sector ministries, inter alia to include: “to ensure that all posts as required by establishment of a particular profession are filled”.

The amendments are currently being debated in Tanzania, but will if passed unchanged lead to substantial deviation from the declared policy of decentralisation by devolution. The negative impact will include¹³:

¹¹ LG Laws (Miscellaneous Amendments) Act 2006 (10th July)

¹² PMO-RALG/ LGRP Report on the Bill on the LG Laws (Miscellaneous Amendments) Act 2006, by Professor Issa Shivji September 2006.

¹³ For elaboration on most of these issues see Shivji 2006 op. cit., however note that Shivji report does not discuss the proposed amendments regarding sector ministries role in staff management.

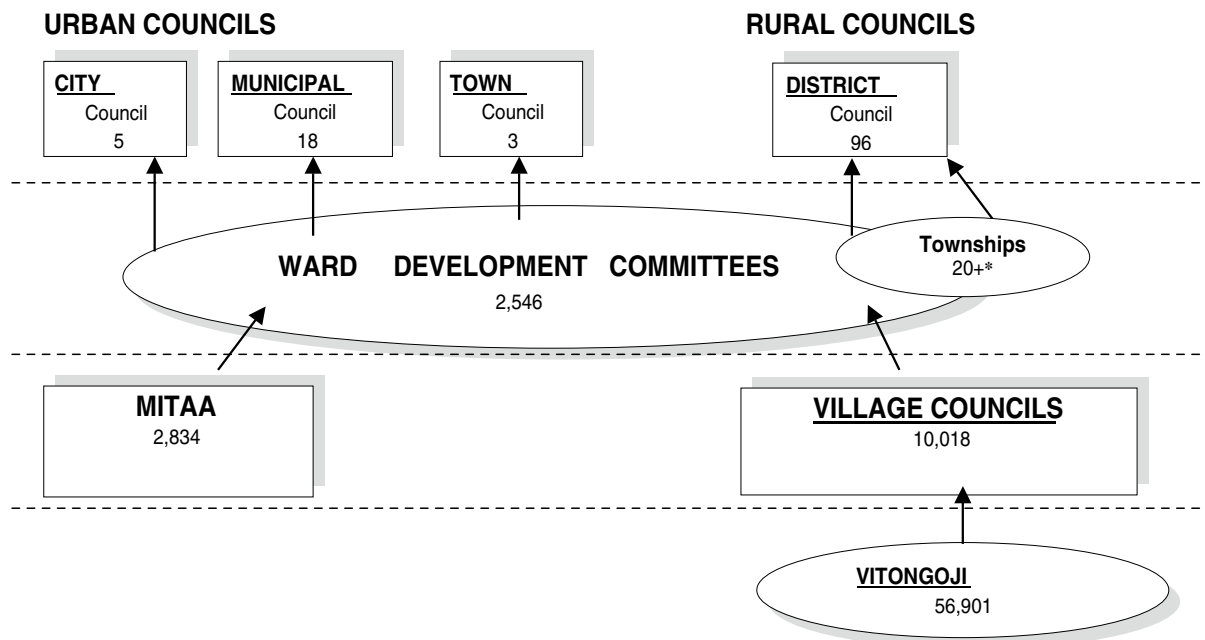
- The creation of multiple levels of committees with CG dominance that will confuse the intended empowerment of the elected district councils
- Confused and multiply lines of accountability where for instance the WEO - a LG employee - now have to report to a CG official at the same time as he reports to the DED. The DS is likewise supposed to report both to the DC and DED.
- Possibly centralising HRM at LG to sector ministries (although the formulation in the proposed amendments are unclear).

2-2 Local Administrative and Political Structures

The LG system in the rural areas of Tanzania mainland is a two-tier LG system with LG councils at District and Village Levels. In addition the LG system operates with administrative committees at ward and sub-village (Kitongoji) levels.

The same system of fully fledged LG councils at community is not found in urban areas where only administrative units are found below the respective urban authorise. See Figure 2-1 for an overview of number and types of LG structures.

Figure 2-1 LGs and Administrative Units: Layers and Numbers



* The number of township authorities is hard to establish, as data hasn't been publicised in a summary manner by PMO-RALG. Since 2004 those district Headquarters that had no formal urban status have been declared township authorities and are in transition to become Town Councils

The number of LG structures has increased moderately over the last 4 years; the major changes are results of urbanisation and decisions regarding formalising the urban LG status of a number of upcoming or existing urban settlements that previously haven't been declared as urban areas.

In addition to the LG structures, Tanzania also has a system of deconcentrated administrations; the regional administrations, which includes a secretariat at regional level and staff at district and divisional level. This is further discussed in section 2.5.

2-3 Local Government (LG) Finance

2-3-1 Introduction

This section provides a brief update of recent reform initiatives and developments regarding LG financing in Tanzania. Details of the LG financing system in Tanzania were provided by our previous report¹⁴ and has since then been subject to further detailed analysis and discussion in reports of the PMO-RALG/LGRP assisted by Georgia State University (GSU)¹⁵. In this chapter we focus primarily on the following five key issues:

- Overall policy and strategic developments regarding LG financing
- Overall trends in LGA revenues
- LGA own source revenue collections
- Progress and challenges in reforms of the recurrent grant system
- Progress and challenged in reforms of the development grant system

Most of the data for this section 2.3 is from the LG Finance Review 2004, 2005 and 2006. The reader is referred to these publications for further details¹⁶.

2-3-2 Overall Policy for LG Financing

The broad government policy for LG financing is outlined in the overall LG reform policy of 1998. The policy states in broad terms that the Government's objectives are to improve on LGA revenue generation; to promote transparency and fairness in the allocation of sufficient funds; to encourage equity in access to services; and to ensure efficient use of resources for service delivery at all levels of government.

¹⁴ Steffensen, Tidemand and Mwaipopo 2004: A Comparative Analysis of Decentralisation, Tanzania Case report pp. 48–111 and annexes 42. - 4.10.

¹⁵ See in particular: PMO-RALG/LGRP/Ministry of Finance (MoF). Development of a Strategic Framework for the Financing of LGs in Tanzania June 2006 and the related reports: LG Fiscal Review 2004, LG Fiscal Review 2005 as well as the website with LG Finance information in Tanzania: <http://www.logintanzania.net>

¹⁶ Available on the above mentioned website, however note that most recent data in this chapter is based on advance draft of LG Fiscal review 2006 which may differ from final version when published.

Major steps towards the operationalisation of the policy were taken some 6 years later:

- In 2004 cabinet endorsed a system for formula-based recurrent sectoral block grants, which since July 2004 have been, introduced for health and education and subsequent years also for other sectors. This reform aiming for implementing the above mentioned broad policy concerns primarily by targeting the way CG over the years has supported LGA in financing their recurrent expenses (person emoluments and other charges (OC)).
- The introduction of the Local Government Capital Development Grant (LGCDG) system on a nationwide basis July 2005 subsequent to design and consultations starting in 2003 with the design of the Local Government Support Programme (LGSP). This reform initiative aims to implement the same principles to the way that government - and donors - provide funding to LGAs for development expenditures.

The government issued in 2004 a letter policy on fiscal decentralisation of the development budget that outlined the intentions of the government of gradually mainstreaming various donor funded projects and sector development grant systems into the overall LGCDG, this has later been refined and operationalised¹⁷. The various policy statements on LG finance is sought integrated into a comprehensive strategic framework¹⁸.

2-3-3 Overall Trends in LGA Revenues and Expenditures

The basic features of LGA revenues are depicted in Table 2-2 (excludes development funding). The most important trend over the last 5 years is the expansion of fiscal transfers from central government (Local Grants) and the significant relative decline of own source revenue (discussed further in section 2-3-4).

The financial resources at LGA level have doubled over the last five years, but this occurred in a period of significant expansion of public expenditures in Tanzania generally and LGA share of total public expenditure has remained relatively unchanged at around 20 % in the period (Table 2-2).

¹⁷ Further refined in the form of PMO-RALG/LGRP: Strategy For Implementation Of Government Policy on Devolution of The Development Budget (Draft 30th January 2006) and updated letter of Sectoral policy for LGSP II.

¹⁸ PMO-RALG/LGRP/MoF June 2006 op. cit.

Table 2-2 Local Government Financial Resources FY 2001/2002–2005/2006¹⁹

	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
TSH million					
Local grants (incl. GPG)	201,119.0	247,027.3	313,872.7	386,767.8	452,831.2
Own source revenues	51,200.2	57,740.2	48,343.6	42,871.4	49,291.0
Local borrowing	50.0	225.0	442.5	250.5	1,495.9
Total	252,369.2	304,992.5	362,658.8	429,889.7	503,618.1
Percent of LG resources					
Local grants (incl. GPG)	79.7	81.0	86.5	90.0	89.9
Own source revenues	20.3	18.9	13.3	10.0	9.8
Local borrowing	0.0	0.1	0.1	0.1	0.3
Total	100.0	100.0	100.0	100.0	100.0

GPG: General Purpose Grant

Notes: Data reflects actual amounts as reported by LGAs. Until 2003/2004, own source revenues and borrowing data are based on calendar years. Until 2004/2005, borrowing is as reported by Local Government Loans Board (LGLB) and local grants are based on budget amounts reported by MoF. Totals may not add up due to rounding.

Source: Local Government Fiscal Review 2006²⁰ which has computed data from PMO-RALG; MoF; and LGLB.

Table 2-3 Expenditure Decentralisation in Tanzania

	Central	Local	Total	Central	Local	Total
	TSH billion			Percent of total		
2001/2002	998.5	252.4	1,250.9	79.8 %	20.2 %	100.0 %
2002/2003	1,212.4	305.0	1,517.4	79.9 %	20.1 %	100.0 %
2003/2004	1,479.8	362.7	1,842.5	80.3 %	19.7 %	100.0 %
2004/2005	1,835.7	429.9	2,265.6	81.0 %	19.0 %	100.0 %
2005/2006	2,223.7	534.4	2,758.2	80.6 %	19.4 %	100.0 %

Source: LG Fiscal Review 2006

Data on actual expenditures at LGA level have been notoriously difficult to obtain, but reporting systems are now improving and data more reliable. However, the broad patterns of LGA expenditures are very clear: 75 % of LGA expenditures are on health and education - mainly because of the salary component for primary school teachers and health personnel (Table 2-3, 2-4).

¹⁹ Note that data from LG Fiscal Reviews generally exclude development funding unless explicitly mentioned.

²⁰ This and subsequent tables with overview data on LG Finance are all based on the LG Fiscal Review 2006 which at the time of writing still was in a draft form. However, LGRP and GSU consultants kindly provided advance information to our study.

Table 2-4 Aggregate LG Recurrent Spending by Sector

	2002/2003	2003/2004	2004/2005	2005/2006	2005/2006 LGA FS
TSH millions					
Education	170,242.4	202,239.5	245,945.4	307,321.6	298,913.0
Health	43,684.8	48,856.3	63,574.1	75,324.7	70,457.9
Agriculture	7,691.2	12,059.2	13,939.1	18,305.1	10,632.3
Roads	3,613.6	4,307.8	4,991.9	5,981.0	9,852.4
Water	6,762.2	7,993.7	11,215.2	13,030.5	11,500.0
Other local spending	72,998.5	87,202.3	90,223.9	115,029.4	89,548.6
Total	304,992.5	362,658.8	429,889.7	534,992.2	490,904.3
Percent of total					
Education	55.8 %	55.8 %	57.2 %	57.4 %	60.9 %
Health	14.3 %	13.5 %	14.8 %	14.1 %	14.4 %
Agriculture	2.5 %	3.3 %	3.2 %	3.4 %	2.2 %
Roads	1.2 %	1.2 %	1.2 %	1.1 %	2.0 %
Water	2.2 %	2.2 %	2.6 %	2.4 %	2.3 %
Other local spending	23.9 %	24.0 %	21.0 %	21.5 %	18.2 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Note: LGA Finance Statistics reported here reflect actual local spending (as reported by LGAs). Prior to the availability of LGA Finance Statistics for 2005/2006, sectoral spending for grant-supported sectors was approximated to equal the budgeted grant amount while other spending was assumed to include spending from own revenue collections, borrowing, local administration grants and the GPG.

Source: Computed based on PMO-RALG and MoF.

2-3-4 LGA own Source Revenue Collections

LGAs own revenue collections have declined in the period primarily because of the abolishment of various taxes including the development levy that constituted the main tax in rural districts (Table 2-5). It is increasingly being recognised that a sound LG financing framework need to include viable LGA own source revenue in order to enhance LG autonomy and accountability and LGRP plan to undertake further analytical work in support of that²¹.

Table 2-5 Total LG Revenue by Source

(Actual collections, in TSH millions)

	2002	2003	2004/2005	2005/2006
Development levy	11,368.7	3,205.4	0.0	0.0
Property tax	3,547.9	3,134.7	4,208.1	4,857.2
Agricultural cesses	9,251.3	9,017.5	11,375.5	10,862.3
Service levy	9,260.7	7,786.6	10,681.8	11,733.7
Land rent	567.1	654.6	571.9	770.7
Licenses and fees	11,648.2	12,134.1	5,462.7	1,008.9
Charges	5,525.9	5,179.2	6,338.0	12,611.6
Other revenues	6,570.3	7,231.6	4,233.6	7,446.6
Total revenues	57,740.2	48,343.6	42,871.4	49,291.0

Source: LG Fiscal Review 2006, PMO-RALG data on actual collections.

²¹ Refer the LG Financing Framework and proposed tax reform analysis to be pursued under LGRP.

2-3-5 Progress and Challenges in Reforms of the Recurrent Grant System (RGS)

Until 2004 the Central Government – Local Government (CG-LG) fiscal transfer system in Tanzania could be described as 6 sectoral LG allocation schemes - one for each 5 national policy priority areas (education, health, water, roads and agriculture) plus an allocation scheme for local administration. Each sectoral allocation scheme would then be further divided into personal emoluments (PEs) and OCs. The allocation was recognised as being non-transparent and favouring those LGAs that for historical reasons had managed to establish facilities and employ a high number of staff, which in part meant that urban LGAs to a high degree was more favourably funded than rural LGAs. The aims of the reform are to make the system more:

- Aligned to the LGA expenditure needs
- Ensure higher LGA discretionary power to adjust the input to the required local needs and service provision priorities and thereby enhance the efficiency in resource allocation
- Improve the LGA incentives to perform
- Predictable
- Stable
- Transparent

A study undertaken by Georgia State University (GSU-study) on behalf of President's Office –Regional Administration and Local Government (PO-RALG)/LGRP recommended a formula driven system of recurrent grants phased in over a four-year period commencing in 2004/2005. The grant pool would be divided into six funds targeting recurrent costs of the 5 priority service areas: education, health, roads, water, agriculture, and administration. The GoT has endorsed this system and GSU have been commissioned to support the implementation of the proposals. In principle, according to the proposals, the grants will no longer differentiate between Personnel Emoluments (PE) and OCs, there being one grant per sector to be used by LGAs at their discretion within nationally and locally defined priorities.

Detailed proposals for a system of formula-based recurrent sector block grants were adopted by Cabinet in February 2004 and practical implementation started with formula-based grants for primary education and local health services in July 2004 (Table 2-6). Formula-based recurrent grants for the other national priority sectors for which sector transfers are provided (including agriculture, water and roads) were introduced as part of the FY 2005/2006 budget (Table 2-7).

In addition to these sector block grants, the central government continues to provide LGs with a number of additional intergovernmental transfers to cater for other local expenditure responsibilities, including the cost of local administration. These grants include a (discretionary) local administration

grant and the GPG, which was introduced in 2003 as a compensatory grant for the abolition of certain local revenues. The formula-based allocation of the GPG was initiated in FY 2005/2006.

The application of formulas is gradually rolled out - partly to hold those LGAs “harmless” who otherwise would receive substantially less than previously, and partly by only gradually increasing (max 25 % per year) allocations to those LGAs that stand to gain from particular formula-based allocations.

Table 2-6 Formula-based Sector Block Grants²²

Sector block grant	Allocation formula
Primary education	Number of school-aged children: 100 % (+Earmarked amount for special schools)
Health	Population: 70 % Number of poor residents: 10 % District medical vehicle route: 10 % Under-five mortality: 10 %
Agriculture extension	Number of villages: 60 % Rural population: 20 % Rainfall index: 20 %
Water	Equal shares: 10 % Number of un-served rural residents: 90 %
Local roads	Road network length: 75 % Land area (capped): 15 % Number of poor residents: 10 %
GPG	Fixed lump sum: 10 % Total number of villages: 10 % Total population: 50 % Total number of rural residents: 30 %

Source: LG Fiscal Review (2005)

The fiscal transfers are overwhelmingly for the education sector (approximately 60 % annually) and health (approximately 16 %).

Some key challenges faced in the implementation to date include:

- The bulk of recurrent financing at LGA is for salaries. However, staff management is far from fully decentralised. The determination of staff number within each LGA and even the practical recruitment is largely centrally determined, thus the proposed formula-based allocations are to some extent ahead of administrative decentralisation. In practice there is also significant differences between the agreed formula-based allocations in the beginning of the fiscal year and later actual releases. More importantly the supposed autonomy at LGA

²² LG Fiscal Review 2005, however it should be noted that For FY 2006/2007, the agriculture sector changed the relative weights used in its sectoral formula; the relative weight on the number of villages was increased to 80 % while the other factors were reduced to 10 %.

Table 2-7 Recurrent LG Grants by Sector²³

(Budgeted)

	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
TSH billion						
Education	137.91	170.24	202.24	245.95	307.32	430.73
Health	35.47	43.68	48.86	63.57	75.32	117.26
Water	6.59	6.76	7.99	11.22	13.03	14.96
Local roads	3.30	3.61	4.31	4.99	5.98	8.22
Agriculture	0.00	7.69	12.06	13.94	18.31	26.42
Administration/GPG	17.85	15.03	38.42	47.10	64.24	132.70
Total	201.12	247.03	313.87	386.77	484.21	730.29
Percent of total						
Education	68.57	68.92	64.43	63.59	63.47	58.98
Health	17.64	17.68	15.57	16.44	15.56	16.06
Water	3.28	2.74	2.55	2.90	2.69	2.05
Local roads	1.64	1.46	1.37	1.29	1.24	1.13
Agriculture	0.00	3.11	3.84	3.60	3.78	3.62
Administration/GPG	8.87	6.09	12.24	12.18	13.27	18.17
Total	100.00	100.00	100.00	100.00	100.00	100.00
Percent of recurrent spending in central budget (including MDAs and LGA transfers)						
Education	13.81	14.04	13.66	13.40	13.82	18.59
Health	3.55	3.60	3.30	3.46	3.39	5.06
Water	0.66	0.56	0.54	0.61	0.59	0.65
Local roads	0.33	0.30	0.29	0.27	0.27	0.35
Agriculture	0.00	0.63	0.81	0.76	0.82	1.14
Administration/GPG	1.79	1.24	2.60	2.57	2.89	5.73
Total	20.14	20.37	21.21	21.06	21.77	31.51

MDAs: Ministry, Departments and Agencies

Source: LG Fiscal Review 2006

level for employment of staff and balancing its PE/OC costs within a hard budget constraint provided by the formula-based grant allocations is not realised.

- Significant deviations can in some areas be observed between the intended formula-based allocations and actual transfers. This may be explained by some adhoc decisions and adjustments in various stages of the budget cycle, but the most important factor is the decision to “hold LGAs harmless” - i.e. only gradually to phase in the formula in situations where LGAs otherwise would receive less than they received in previous years.
- The need for changing CG line ministries role in planning and budget process; many sector ministries still expect to approve LGA plans and budgets and enforce work plans locally rather than provide policy, standards, guidance and CB. Many sector ministries are still unfamiliar with the opportunities and tools available for work with LGAs under a decentralised fiscal framework.

²³ Note - only recurrent grants.

2-3-6 Progress and Challenges in Reforms of the Development Grant System

The GoT maintains 2 separate budgets: the recurrent budget and the development budget. While the recurrent budget primarily is funded from GoT own revenue, the development budget is primarily donor funded (85 % gradually decreasing to some 77 % over the last six years)²⁴. A great deal of donor support is not captured by GoT statistics. Out of the total development budget, captured by GoT development budget, only some 5 billion were until recently transferred as an official LG development grant transfer²⁵. Thus the development budget was until recently almost entirely delivered at the local level through various projects rather than through government transfers or from LGAs own source revenue.

From FY 2005/2006 a much larger share has been transferred through a block grant for LGAs: the LGCDG. This is a significant step towards devolution of the development budget. Still this only constitutes some 4 % of the entire development budget for FY 2005/2006²⁶. However, the government has declared the LGCDG as the preferred modality for future development funding to LGAs and over time it is expected that the amount and share of total development expenditures will increase.

It was realised that the previous grant transfer to LGAs did not result in very participatory planning, transparent use or local accountability and the LGCDG is therefore only given to LGAs that fulfil a range of basic Minimum Conditions (MCs) regarding financial management, transparency and accountability. The basic features of the LGCDG design are enclosed as Annex 1. It is expected that practical experiences are likely to lead to various areas of refinement and improvements over the next year's.

The system has only been practically implemented nationwide for 1 full fiscal year (FY 2005/2006), but practical experiences to date indicates that the LG planning system is revitalised as discretionary funding now is available for LGAs to allocate to priorities identified from communities. Participatory planning had been introduced in many LGAs; not least the Opportunities and Obstacles to Development (O&OD), but only the LGCDG funds allow the LGAs to prioritise fully in line with local priorities rather than only sector specific investments.

²⁴ GoT 2003: Public Expenditure Review (PER) 2003 of the Development Budget. The following statistics is primarily based on this report and updated figures from recent development budgets including *Makadirio ya Maendaleo ya Wizara na Mikoa* FY 2004/2005 and 2005/2006 unless otherwise indicated. It should be noted that debt relief and general budget support are primary reasons for this apparent decreasing GoT contribution within the development budget. Thus it is also an indication of the general shift from project to budget support.

²⁵ For analysis of the development budget at the local level see e.g. Pricewaterhouse Coopers 2003.

²⁶ This furthermore assumes that 100 % of the LGAs qualify and thus some 50 billion TSHs would be allocated.

Table 2-8 Summary Results from LGCDG Assessments

Assessments	LGCDG		DADG	
	FY 2005/2006	FY 2006/2007	FY 2005/2006	FY 2006/2007
Qualified	58	62	–	49
Provisional	8	22	–	29
Disqualified	47	37	–	43
Total assessed	113	121	–	121

Source: PMO-RALG (2006) *LGSP Semi Annual Report*, July, p. 7.

The government and development partners have rapidly responded to the policy ambition of mainstreaming development and sector funding through the LGCDG system by providing future development funding in the agriculture sector as sector ring-fenced top-up to the LGCDG²⁷ from this fiscal year, just as the additional funding for urban environment and management will be included in future LGCDG transfers²⁸.

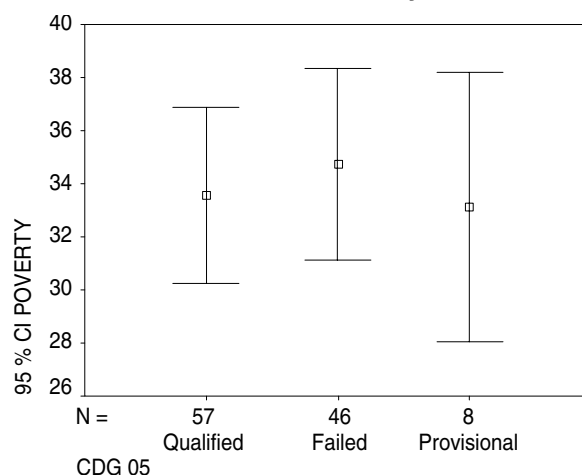
An increasing number of LGAs are able to fulfil the MCs and an additional number have been categorised as “provisional” which implies that they qualify for funding if some secondary access criteria are fulfilled (mainly regarding filling certain staff key positions within a stipulated period after the annual assessment) (Table 2-8). In FY 2006/2007 37 LGAs (30 %) were disqualified for LGCDG funding. These LGAs only receive funding for CB (Capacity Building Grant (CBG)) to enable them to meet next years assessment. Some concerns have been raised whether this will lead to a “anti-poverty” allocation of development resources. However, it should be noted that some very rich LGAs (e.g. Kinondoni within Dar es Salaam City) have failed LGCDG assessments while other rather poor LGAs (e.g. Ulanga) have performed so well that they even received added performance bonus. Furthermore it should be noted that the basic formula for distribution of development funding across the LGAs is based on a formula that favour poor districts. However, the patterns of LGA obviously need close monitoring and measures to be put in place to avoid any possible poverty bias.

Figure 2-2 presents the results of a comparison between LGAs poverty data and results from the assessment of the Capital Development Grant (CDG) last fiscal year. In summary the figure shows that there is no significant difference in levels of poverty between the LGAs that qualify and those that were disqualified.

²⁷ This grant is referred to as the District Agricultural Development Grant (DADG) See chapter on agriculture.

²⁸ See most recent LGCDG Assessment Manual for Agriculture and UDEM criteria. See PMO-RALG website for UDEM framework.

Figure 2-2 Correlation between Poverty and LGCDG Assessments



POVERTY

CDG05	Mean	N	Std. Deviation
Qualified	33.54	57	12.474
Failed	34.74	46	12.126
Provisional	33.12	8	6.081
Total	34.01	111	11.921

CI: Confidence Interval

Note: N: the total number of cases included in the statistical analysis

Source: data on LGCDG Results are from PMO-RALG 2006: LGSP semi annual report June 2006, data on poverty (percent of population between poverty lines) is from United Republic of Tanzania (URT) 2005: Poverty and Human Development Report 2005. DEGE Consult SPSS data analysis October 2006

As evident from Table 2-9 and Table 2-10, LGAs give main emphasis to education (class room construction or teacher houses) followed by roads and Health. However, there is significant variation across LGAs where some for instance provide most funding to agriculture or water.

Table 2-9 LGA Spending of LGCDG among Sectors

Sector	Number of projects	Value (million TSHs)	Relative share of expenditure (%)
Education	941	14.9	43
Health	290	4.7	14
Water	150	2.7	8
Roads	203	4.3	13
Agriculture	100	2.0	6
Others	272	5.4	16
Total	1,956	34.1	100

Source: LGSP Semi-annual Report July 2006

Table 2-10 Development Funds Transferred to LGAs FY 2005/2006

(TSH millions)

Budget item	Annual budget plan	Actual outcome	Share of actual (%)
LG CDG	25,874.9	34,493.4	34
Education	25,614.6	18,585.0	19
Health	6,564.4	6,044.2	6
Roads	10,698.9	8,479.1	8
Water	11,704.2	6,511.5	7
Agriculture	9,051.6	6,422.4	6
Local administration	5,121.4	3,028.6	3
TASAF	12,411.0	2,390.1	2
Other capital funds	34,047.6	14,647.5	15
Total capital funds	141,088.7	100,601.7	100

TASAF: Tanzania Social Action Fund

Source: LG Fiscal Review 2006

The previous very intense level of funding of Primary Education Development Programme (PEDP) classroom construction is declining and the LGCDG is now the most significant level of development funding at LGA level, if only official government fiscal transfers are analysed. However, a large part of development funding remains outside official statistics.

2-4 LG Human Resources (HRs)

The basic patterns of HRs were discussed in our 2004 and many issues remain largely unchanged, including,

- Steady increase in LGA employment as relative to total public sector employment. Currently approximately 65 % of all public servants are employed by LGAs²⁹, the rest is employed by CG including RSs and executive agencies.
- Steady but very slow implementation of the LGA restructuring exercise in LGAs - in particular the implementation of decisions regarding retrenchments and filling vacant posts with staff with adequate formal qualifications.
- Significant and persistent problems in attraction and retaining of staff in districts considered “remote” or marginalised. This has recently been documented in great detail in a recent consultancy report commissioned by PMO-RALG³⁰.

²⁹ Presidents Office – Public Service Management (PO-PSM): State of Public Service June 2005.

³⁰ PMO-RALG/LGRP 2005: The Staffing Problems of Peripheral or Otherwise Disadvantaged Local Government Authorities, Consultancy Report by Crown Management (Ted Valentine, Per Tidemand, Nazar Sola and Alloyce Maziku)

Table 2-11 Public Servants Employment 1995–2006

	1995	1996	1997	1999	2000	2001	2002	2003	2004	2005	2006
Central	108,363	101,074	97,146	92,393	92,951	91,407	90,928	92,436	90,708	91,950	97,775
Regional	24,119	22,667	19,192	16,637	10,172	9,776	10,088	10,302	10,064	9,835	9,481
LG	163,255	163,297	156,842	155,397	169,285	168,490	177,812	189,979	187,149	204,606	219,573
Total	295,737	287,038	273,180	264,427	272,408	269,673	278,828	292,717	287,921	306,391	326,829
LG share (%)	55	57	57	59	62	62	64	65	65	66	67
Local teachers					110,116	109,879	116,713	116,801	126,744	144,286	154,186
Teachers share of all LG employees (%)					65	65	66	61	67	70	70
non-teacher LG					59,169	58,611	61,099	73,178	60,405	60,320	65,387
Non teacher growth rate (%)						-0.9	4.2	19.8	-17.5	-0.1	8.4

Source: Public Service Management (PSM) HR and Payroll Database and Steffensen and Tidemand (2004).

However, two major recent developments of principle importance for sector service delivery are further discussed below:

1. The revisions in the overall legal framework for management of personnel in LGs,
2. Developments in the modalities for CB of LGAs

2-4-1 Legal Framework for Personnel Management

The legal and policy framework for management of LG staff has since the LG Reform Policy in 1998 been an area of much debate and contestation in Tanzania³¹. The Public Service Act provides the overall legal framework. The act was assented to by the president on 27th May 2002 and created a unified public service (and thus abolished the separate LG service). The act stipulates how staff management is to be de-concentrated to both permanent secretaries as well as the regions in addition to LGAs.

For management of LGA staff, the following was stipulated:

- The minister of LG shall be the authority in respect of appointment, promotion and discipline of directors of LGA (section 5-1-a-iii).
- The local authority is the appointing and disciplining authority for all other public servants in LG service (section 6-6)³²

³¹ For an elaborate discussion of the various legal changes since 1998 see Steffensen and Tidemand 2005 Chapter 5.

³² However, this important section was later amended by parliament (Written Laws Amendment Act No. 3, 2003) whereby the director was made appointing and disciplining officer. After much heated debate the authority of the LGA was restored by another amendment (No. 19/2004).

The general provisions of Act 8 have been made effective by the official issuance of regulations as published in the *Gazette* and appointment of the Commission.

The regulations (section 127) state: “Every LGA shall establish a board which shall be responsible for the facilitation of appointment of the public servants of the LGA concerned in the accordance with the provisions of these regulations.”

The exact powers of these employment boards depend on decisions of the overall Public Service Commission (PSC) (established by the president) as to what authority they wish to delegate (section 128-1).

The employment board in every LGA shall be responsible for facilitation (our emphasis) of appointments of all public servants within the LGA concerned other than those appointed by the president and minister responsible for LG (section 128-2).

The regulations stipulate that the employment board shall be answerable to the LGA concerned, but the legal link is weak and the employment board is mainly composed of externally appointed members (section 128-4):

- a. A chairman who shall be appointed by the LGA from amongst people who are ordinarily resident in the area of the jurisdiction of that LGA, knowledgeable in personnel management or public administration or law
- b. One member to be appointed by the LGA from amongst its members who shall in any case not be the chairman of the LGA
- c. The district administrative secretary or his representative
- d. An expert from the relevant RS responsible for LG matters
- e. A representative from the PSC

The Head of Department (HoD) responsible for personnel matters in a respective LGA shall be the secretary to the board but not be entitled to vote.

The procedures for employment of staff, other than the director, are subsequently:

- The LGA notify the board about any vacancies in the LGA
- The board will (after consultation with the PSC) advertise the vacant post (nationally)
- Applicants for the post submit letters of application to the director
- The board undertakes interviews of candidates and selects the suitable candidates in order of merit

- The director shall subsequently appoint “taking into account the advice given by the board” and in “consultation with the LGA concerned”
- The director issues the appointment letter

The regulations outline a separate procedure for teachers, as the appointing authority is the head of the teachers service department (section 6). The disciplinary authority for all staff (except the director) of the LGA is the director of the respective LGA. In addition, the regulations give specific guidance for the discipline of members of the teachers service and the health service.

The disciplinary authority of directors is the minister responsible for LGAs (except directors of cities, where the chief secretary is the disciplinary authority). Section 103 outlines how “each employer shall be responsible for training and development of his staff”. Staff development plans shall be linked to performance appraisals and the employer shall ensure provision in the annual budget for training. The regulations provide the opportunity for LGAs to offer employees an additional incentive package. The director is made responsible for ensuring that result-oriented management is pursued and that the service is mission-driven and performing effectively and efficiently (section 6-1).

Table 2-12 gives an overview of personnel management functions in LGAs as per the Public Service Regulations 2003. As far as we could establish, then the regulations have not been amended subsequent to the amendment of the act itself. Thus there is a discrepancy since the amended act had (re) established the LGAs as the appointing and disciplining authority, whereas the regulations assigns the director.

In summary, the new legal framework under the Public Service Act has wide ranging implications for LGA personnel management. The employment of LGA staff is symbolically maintained, but powers of recruitment are centralised³³; Directors are appointed, promoted and disciplined by CG and directors in turn manage other LGA staff. All LGA staff can be transferred “in the public interest”. LGAs have no effective control over the staff that they formally have in their employment.

In addition, the Act and Regulations establish separate management procedures for teachers. While professional registration of teachers is appropriate and already established in the Education Act, 1978, and the proposed new Education Act, the proposed structures in the Act confuse the employer function of the LGAs.

³³ Note the “centralisation” is mainly related to the LG Reform Policy, not compared to previous actual practice

Table 2-12 LG Personnel Management Functions
As per Public Service Regulations 2003

Personnel management functions	Functional responsibility for each staff category		
	Directors	Other LG staff	Teachers
Personnel provision			
Recruitment	Council notifies. PSC advertises, prioritise candidates and appoints interviewing panel.	Council establishes a Recruitment Board.	Teacher Service Commission
Employment	Council	Council	Council
Appointment	Director of City Council by the President; Minister of LG for others.	Director	Head of Teachers Service Department
Transfers	"Public servants may be transferred from one LGA to another where necessary and in public interest" (section 107).		
Promotions	Minister for LG in consultation with LGA	Director	Head of Teachers Service Department
Staff development			
Performance appraisals	Council (DED signs agreement with LA Chairman)	Director for HoD who in turn evaluates their staffs	Head teachers
Training and other staff development	Formal responsibility with LGA – however very constrained by finance. Dominant sources for training are centrally managed. The LGCDG system has introduced a small CBG that enables some local planning and management of staff by LGAs themselves.		
Formulation of sector ministries' training and development programme	RALG/Sector ministries	RALG/Sector ministries	RALG/Sector ministries
Salaries and other benefits			
Salaries and salary scales	Chief secretary through PS (Establishment)		
Incentive packages	Council	Council	Council
Retirement benefits	LAPF	LAPF	Public Service Pensions Fund
Staff relations and discipline			
Disciplinary authority	Minister, (Chief secretary for city director)	Director	Teachers service department of PSC, who may delegate powers to heads of schools.
Appellate authority	PSC or President	PSC	District, Regional, National Teacher Committees, PSC and President

LAPF: Local Authorities Provident (Pensions) Fund, RALG: Regional Administration and Local Government

Note: Shaded fields refer to functions that are centralised.

The legal framework for HRM is further complicated by the recent decision (temporarily) to exempt teachers and health personnel from some provisions of the new Act. Because of the significant staff shortages it was decided not to have competitive recruitment undertaken by each LGA but instead from CG deploy staff directly from colleges and elsewhere.

2-4-2 Modalities for CB of LGAs

Since the 2004 review of the LGRP, some development have also occurred regarding the modalities for CB at LGA level which have some implications for sector decentralisation. Up to 2005 CB of LGAs was mainly in the form of various courses and training programmes delivered directly from projects or sector programmes or by specific area based donor funded interventions. Technical assistance and other forms of capacity building were in some form locally planned.

However, with the introduction of the LGCDG system in 2005, this is changing. From 2005 all LGAs in Tanzanian mainland have received a CBG that they have to plan for and manage locally. The average amount of funding for each higher level local government (HLG) will be 35,000 USD annually. It is intended that the discretionary grant will allow LGAs to enhance their capacities in areas critical for access to the LGCDG. The CBG is thus a critical element in the overall incentive structure that LGCDG aim to establish for the LGAs, but also intended to operationalise the government policy regarding decentralisation of CB responsibilities (as outlined in the LG reform policy and public service policy).

Some rules regulate the LGAs use of the grant. For instance, a minimum of 40 % of the grant should be used for Lower Level Local Governments (LLGs). In addition, the LGAs have to adhere to the rules in Table 2-13.

Table 2-13 Menu for the CBG (LGCDG/LGSP)

CB activities	Share of CBG
Skills development for councillors and staff	Min. 50 %
Technical assistance and other CB activities	Approximately. 15 %
Professional career development	Max. 15 %
Retooling	Max. 20 %

The agricultural sector and more recently the “urban and environment sector” have taken steps to provide future sector CB at LGA level within the above framework. The agriculture sector has provided funding for a top-up of the CBG that will enable the LGAs to improve on district agricultural planning and implementation. However, the details of the system are still under development.

2-5 CG Oversight and Support Mechanisms

In Tanzania a large part of CG oversight and support is supposedly provided through the regional administration. Additional support is provided directly from sector line ministries, PMO-RALG directly, MoF and inspectorate institutions like the Auditor General.

2-5-1 Regional Administration

Debate in Tanzania has in recent years in particular focused on the appropriate role of the regional administration. Since the substantive restructuring of the regional administration by the late 1990s, it has been debated how to operationalise the intended change of the role of regional administration and its secretariat from one of implementation to one of monitoring, advice and supervision.

The regional administration is partly composed of a RS with professional staff within key service delivery sectors and partly general administrative cadres. While the sector professional staffs only constitutes a small secretariat at regional level, then the general administrative staff extends down to district (DC and support staff) and divisional level (DSs).

The RS has in the last years of LGRP been included in the reform programme as a programme for institutional strengthening of regional secretariats (ISP RSs) was included in the overall LGRP after appraisal in 2005³⁴.

The institutional strengthening programme (ISP) was intended to address a range of key problems regarding the operations of the RSs including:

- High number of vacancies in key technical positions
- Problems regarding employment of some unqualified staffs
- Lack of equipments
- Low levels of financing of the technical arm of the regional administration³⁵
- Poor orientation to work, including lack of dissemination of the Planning and management guide (PMG) and non-operational clusters due to lack of “cluster heads”/Assistant Administrative Secretaries (AASs), and most basically -
- Unclear assignment of functions to RS within key sectors.

The programme has taken off but progress is slow.

While the debate on the RS has been ongoing for a while and also part of the LGRP, then it is more recent that the fundamental functions of the entire regional administration is up for debate³⁶. The report analyses the current system with emphasis on the relationship between the regional administration and

³⁴ LGRP 2005: Appraisal of the proposed ISP for RSs, by PEM consult March 2005.

³⁵ Not only a problem of general level of funding but probably more regarding the balance between the sector/technical staff of the RS and the administrative side of the regional administration: 16 % of total regional budget to technical staff compared to 84 % for general administration; see appraisal op. cit. pp. 15–16.

³⁶ PMO-RALG/LGRP: Review of the Local Government Laws, The Regional Administration Act and the Organisational Structure of Regional Administration - a consultancy report by Professor I. G. Shivji and Professor B. S. Rutinwa (draft 2006)

LGs. It is observed that the current arrangements lead to some confusion of lines of accountability, especially with the interlinkages between the CG staff at district and divisional levels and the LG structures. The radical solution will obviously be to limit and focus the extension of CG administration to the regional level and abolish the offices of DCs and DSs.

2-5-2 Reporting and Monitoring of LGA Performance

Within the last few years very substantive progress has been made regarding a number of aspects of LGA reporting and monitoring.

- The PMO-RALG system for generic planning and reporting at LGA level in Medium Term Expenditure Framework (MTEF) format is now almost applied nationwide and it is expected that nation wide report can be generated from next fiscal years
- This year PMO-RALG and MoF has also for the first time been able to analyse and publish summary data on actual expenditures at LGA level
- System for reporting on LG revenue collection is now operational
- A national assessment system has been developed for the LGCDG modality, which on an annual basis monitor LGA's compliance to a range of governance indicators

In spite of the improvements some substantive shortcomings are also noted³⁷.

- Reporting on LGA fiscal performance is complicated by multiple changes in CG budget allocations after LGAs have approved their budgets. It can be difficult to establish what actually is the authorised budget against which to measure performance.
- The introduction of some of the new systems, in particular the system for integrated financial management (EPICOR) has delayed in effective implementation. EPICOR is reported poorly functioning in many councils and led to extra work load as councils have to operate dual systems (computerised and manual)
- In spite of the efforts for mainstreaming development funding through LGCDG and minimising formats for reporting (by using Planning and Reporting System (PLAN-REP)), LGAs are still required to maintain numerous different bank accounts and different reporting formats for different projects

³⁷ Public Expenditure and Financial Accountability review (PEFAR) 2005.

2-6 Current Key Issues and Challenges

The LG reform process has progressed over the last couple of years in many ways. This includes foremost:

- Significant progress in reform of the recurrent fiscal transfer system, more transparent allocations of funds within key sectors,
- Introduction of formula-based development funding to LGAs through the LGCDG system in a manner that provides incentives for adherence to basic principle of good governance (financial management issues in particular) and which provides funding to LGAs that enable local budget priorities in development planning,
- Significant steps towards sector integration into the new modalities for CG funding of LGAs,
- Continued training of LGA staff in various cross sectoral issues, including LG financial management,
- Significant reorganisation of PMO-RALG with substantial recruitment of professional staffs.

The most significant key challenges include:

- The proposed legal amendments and future institutional arrangements for CG representation at district and divisional level,
- A great deal of uncertainty regarding the functions of powers of LGA in personnel management, the current law and practices significantly limits the control of LGAs over HRM issues,
- Effective operationalisation of the intensions of sectors to provide future development funding within LGCDG framework,
- Effective operationalisation of the intensions of the sectors to provide future capacity building within the LGCDG and related CBG framework,
- Future spearheading of the overall LG reform process as the current programme (the LGRP) is expected to “phase out” in 2008, yet it may be argued that the capacity of PMO-RALG to drive reform process still is limited.

3. BASIC EDUCATION

3-1 Sector Policy for Local Service Delivery³⁸

The National Education and Training Policy (NETP) formulation exercise started in 1989 when the Ministry of Education and Culture (MoEC) established a task force to map out an education strategy for the coming many years. The work of the task force culminated in 1995 when the ministry promulgated the NETP. Based on the NETP the government developed the Education Sector Development Programme (ESDP) in 1996 to address the problems with education provision. Tanzania was facing challenges resulting from the socio-economic reforms initiated in 1986 and the increasing demand for HR development in line with fast changing technological advancement. The ESDP was developed and a sector-wide approach (SWAp) was formed between donors and Government for education development to redress the problem of fragmented vertical stand alone donor interventions.

The GoT subscribes to several international declarations such as the Education for all goals adopted at Dakar and the Millennium Development Goals (MDGs) both of which include universal primary education of good quality and gender parity. On a national level, the Tanzania Development Vision 2025, which sees education as a key area for solving the development challenges that face the nation, provides the long term framework, and the education sector is a prominent part of the medium term national anti-poverty strategy *Mkakati wa kukuza uchumi na kupunguza umaskini Tanzania (MKUKUTA)*.³⁹

In 2000 the government and the development partners commissioned an education sector country status report. The report was part of the government effort to develop a strategic approach to sector development. It articulates an in-depth understanding of the status of the education sector and the critical constraints on its development. It also contributes to the ongoing discussion between the government and the donor community toward the articulation of a sector development programme as part of a SWAp, and formed a basis upon which the PEDP was initiated. The 4 main components of PEDP are:

- Enrolment expansion,
- Quality improvement,
- CB,
- Strengthening institutional arrangements.

³⁸ Sources for the following sections are: The Education and Training Sector Development Programme, Revised August 2001; Education Sector Situation Analysis, Final Report December 2005, PMO-RALG; Education Sector PER, Final Report December 2005; ESDP, Education Sector Review 23-25 February 2006 Aide Memoire

³⁹ National Strategy for Growth and Reduction of Poverty (NSGRP)

The emphasis of the PEDP strategy is on increasing both gross and net enrolment of boys and girls in primary schools, and increasing enrolment of children with disabilities and other vulnerable groups in primary schools. In 2004, based on a comprehensive technical analysis, the government launched the Secondary Education Development Programme (SEDP), which included plans for the significant expansion of secondary education to raise the Net Enrolment Rate (NER) from 10 % to 50 %, to be achieved with a crash programme of school building and teacher training.

The government's strategy in primary education

As Universal Primary Education (UPE) was introduced in 2001 the government decided at the same time to abolish user fees for primary education. The idea was to increase the overall (gross enrolment rate (GER)/NER) enrolment rates for both boys and girls and to start a programme of improvements in school buildings as well as materials and teaching quality.

The strategy within the education sector for primary education is to⁴⁰:

- Provide enough and qualified teachers,
- Upgrade professional and academic qualifications of serving teachers,
- Construct adequate number of classrooms, utilities, staff houses and energy sources,
- Provide appropriate and adequate teaching - learning materials,
- Provide incentive package to teachers,
- Revive extra-curricular activities such as games and sports, music, physical education,
- Train specialist teachers for Kiswahili and English,
- Review and revise the school curriculum to make it more relevant and market oriented,
- Increase enrolment of school age children.

In 2004/2005, the GoT undertook steps to strengthen its results-based approach to policy making and budgeting with the shift from a sector-based to a cluster outcome-based approach to development with the introduction of National Strategy for Growth and Reduction of Poverty (NSGRP)/MKUKUTA. With the NSGRP having shifted from the priority-sector concept to the cluster concept, plan and budget guidelines are now being prepared on the basis of cluster strategies and outcomes. This means that the education sector is vying for resources together with health, water and other sectors under the social services outcome cluster. This puts added pressure on the sector for the contestability and usage of priority funding.

⁴⁰ P. 12 ESDP, 2001

3-2 Division of Responsibilities for Local Service Delivery

3-2-1 National Education System

The delivery of education involves a multitude of institutions including the CG, LGAs, the private sector and non-governmental organisations (NGOs). The 4 principal ministries are: Ministry of Education (MoE); Ministry of Labour, Youth Development and Sports; PMO-RALG; and Ministry of Science and Technology and Higher Education. Two other ministries also play an important role and they are: Ministry of Community Development, Gender and Children; and MoF.

The key responsibilities of the MoE are: to supervise and manage pre-primary, primary, secondary, special education, adult education, national vocational training, teacher education, school inspection and planning and co-ordination of all educational plans. To implement these responsibilities the ministry is guided by: (a) The Education Act No. 25 of 1978 (b) The Education and Training Policy 1995; (c) Tanzania Vision Development 2025; and (d) NSGRP. In order to review the quality of education provided in all schools in the country, the Ministry inspects schools and administers national examinations for Std. IV; VII; Forms 2; 4; 6 and teacher education examinations.

3-2-2 District Education System

The establishment, management and administration of primary schools are the responsibility of PMO-RALG. Secondary schools and teachers colleges operate under MoE while public universities, institute of technology and technical colleges operate under the Ministry of Science, Technology and Higher Education.

Education and training provision in Tanzania has 3 levels: These are basic education consisting of 2 years pre - primary education and 7 years primary education. The pupil goes to a secondary education level after passing the Primary School Leaving Examination (PSLE). Secondary education has 2 stages ordinary level - Form I up to Form IV (4 years). Advanced level Form V up to Form VI (2 years) A national examination is administered at the end of each level. Technical and higher education level consists of 3 < years leading to various occupations.

The provision of primary education is the responsibility of the local government mainly with funding from the central government and pooled PEDP donor account. Planning, budgeting and implementation of primary education are mainly the role of SCs in collaboration with sub-district councils. SCs prepare and submit school plans, budgets and quarterly financial and progress reports to the council and the RS. Each school has opened 2 bank accounts with the Microfinance Bank (capitation grant account and development grant account). Funds are transferred from the treasury to

local authorities education bank accounts and then the local authorities transfer the funds to the various schools according to a set capitation grant limit and for school construction programmes. Each SC comprises of members from the Village/Mtaa government, teachers, pupils and the public and one of the members is elected as chairperson of the SC. The chairperson of the Village/Mtaa government and the VEO are not members of the SC. The head teacher is the adviser of the SC, keeps records and minutes of the SC deliberations. The school only withdraws funds from the school bank accounts upon submission of minutes of the SC meeting signed by the chairperson/vice-chairperson, secretary and endorsed. The council then endorses the cheque before presentation to the bank. SCs were trained in financial management, procedures for procurement of textbooks planning and school management. Circular letters are sent to local authorities whenever funds are distributed to provide them with explanations for usage of funds.

The USD 10 per child capitation grant consists of:

- | | |
|-----------------------------|-------|
| • Facility repairs | USD 2 |
| • Textbooks, materials | USD 4 |
| • Stationary, pens, pencils | USD 2 |
| • Administration materials | USD 1 |
| • Exam papers/printing | USD 1 |

Table 3-1 gives an overview of the number of schools which has been steadily rising the past 5 years. Especially the number of NGO schools has risen dramatically perhaps as an indication of parents seeking alternative schooling for their children even at primary level.

Table 3-1 Primary Education – Number of Schools

	2002	2003	2004/2005	2004/2005	2005/2006
Total no. of schools	12,286	12,815	13,689	14,257	14,700
Government	12,152	12,649	13,533	14,053	14,440
Non-government	134	166	156	204	260

The council education officer (CEO) is posted by MoE and reports to the Council Executive Director (CED). All teachers and education staff report to the CEO, who is also responsible for their posting within the council. Besides reporting to the CED/Council the CEO is responsible for technical standards set by MoE. This means that the CEO has to complete a council education plan which is based on the participatory school mapping exercise and the school micro-plan. The CEO has limited discretion in providing education services as budgetary allocations are set from the centre. This is done through the local government budget guidelines and the PEDP guidelines.

3-2-3 Summary Responsibilities for Education Service Delivery

Table 3-2 Division of Responsibilities in Education Sector

Tasks	Central government	Councils	Wards / villages	Committees / citizens
Overall planning	Strong coordinative role Set the targets and policy objectives			SC- complete school plan Role in O&OD
Management of teachers	Sets the targets	Strong role	No role	No role
School administration -DEO's office	Guidance	Strong role		
School construction	Overall guidance		Moderate role Provides planning inputs	Active role Provides inputs and supervise
School materials, equipment and management	Guidance	Role in supervision and major priorities	Limited role	Role in the priorities and operations
School books	Sets the targets and provide the funding, monitor and supervise	Some role through coordination, and monitoring		Can purchase under local procurement
Inspection	Strong role Has overall responsibility for inspection.	Role in support of inspection	Limited role	Role in the day to day operations
Tasks	Central government	Councils	Wards / villages	Committees / citizens
Overall policy planning and funding of the sector	CG through the sector working groups	Are represented in the discussions	Weak role	Some representation for NGOs/CBOs
General funding of primary education	Major source : CG grants (main source)	Contribute (limited from own source revenues	Co-finance (small amount) part of the school construction through PEDP/CDG	
Overall planning of primary education in the district	MoE approves work plans of the grants and control through grant guidelines.	Elaborate detailed work-plans and budgets transfers of funds	Involved in the planning of part of the funds for school construction under PEDP/CDG	Submit school plans
Management of teachers (number and location)	Sets the overall guidelines and controls via the size of the salary grant Recruits and places teachers	Role in assigning teachers within the council	No	Limited role
Hiring and firing	Active role	Limited. Advisory to the TSC		
Disciplining	MoE/Inspectorate TSC	TSC active role DEO only recommendation	No role	Recommendation

CBO: Community Based Organisation

3-3 Local Service Delivery Financing

3-3-1 Funding Levels

As can be seen from Table 3-3, actual recurrent expenditures in the education sector have increased over time. Approved recurrent budget allocations to LGAs were increasing at an average annual real rate of 16.6 % during 2001/2001 through 2004/2005. The recurrent expenditures as a proportion of the nominal Gross Domestic Product (GDP) rose continuously from 1.6 % to 2.0 % over the same period. LGA share of education sector expenditure was 50 % in 2001/2002 and then dropped to 45 % in subsequent years where it has remained⁴¹.

The primary education sub-sector accounted for the highest share of the recurrent expenditure allocations. Regional and LGAs recurrent allocation to education also increased in line with the government policy of expanding accessibility and the expansion of enrolment under the PEDP. Most recurrent expenditures go to cover PE budget and only a smaller portion is used on OC expenditures.

Table 3-3 Budgetary Allocation to Education Sector by Education Levels

1994/1995–2004/2005

(TSH million)

FY	Total education sector	Basic		Secondary		Teacher education		Tertiary and higher education	
		Total	% share	Total	% share	Total	% share	Total	% share
1994/1995	79,185	49,174	62.1	7,533	9.5	2,013	2.5	15,922	20.1
1995/1996	79,144	51,602	65.2	6,608	8.3	1,458	1.8	16,836	21.3
1996/1997	95,517	63,519	66.5	7,838	8.2	1,954	2.0	19,320	20.2
1997/1998	106,982	68,896	64.4	7,894	7.4	2,639	2.5	22,914	21.4
1998/1999	118,182	78,000	66.0	7,857	6.6	2,600	2.2	19,000	16.1
1999/2000	138,782	92,845	66.9	10,492	7.6	2,752	2.0	32,494	23.4
2000/2001	217,858	144,658	66.4	21,453	9.8	5,261	2.4	46,679	21.4
2001/2002	342,925	236,618	69.0	24,359	7.1	5,872	1.7	57,015	16.6
2002/2003	395,790	289,718	73.2	29,876	7.5	6,646	1.7	70,540	17.8
2003/2004	494,706	361,425	73.1	32,464	6.6	7,700	1.6	86,140	17.4
2004/2005	504,705	322,196	63.8	92,045	18.2	6,189	1.2	84,315	16.7

Source: BEST 1995–2005; PER 1998–2004

As mentioned, roughly 50 % of all education sector expenditures are going through the LGAs. The education sector development budget/planned allocations have been rising continuously in the past 3 years. The education sector PER/2005 showed that total development expenditure in the education

⁴¹ See p. 12, Education Sector Situation Analysis, December 2005

sector rose continuously from 2001/2002 (TSH 30,459 million) to 2003/2004 (TSH 102,704 million). This represents an average annual nominal growth rate of 83.6 % (or 79 % real growth) over 2001/2002 to 2003/2004. Accordingly the primary education sub-sector continued to absorb the highest (60 %) share of the development budget allocations to the sector (PER/2005).

3-3-2 Funding Sources and Modalities

Funding modalities at CG level

There are 3 CG sources of funding for the education sector at LG level:

- 1) MoF
- 2) MoE through PEDP and SEDP,
- 3) PEDP grant and Capital Development Grants through PMO-RALG.

PEDP itself is funded from 3 sources (Table 3-4):

- GoT
- Pooled fund financed by various donors
- Joint WB loan and donor grant

Table 3-4 Aggregate Inflows to PEDP

(USD millions)

	2002	2003	Total	%
GoT	149.3	179.5	328.8	60.9
Pooled fund donors	27.5	53.3	80.8	15.0
Donor grant through the WB	10	20	30	5.6
WB (loan)	60	40	100	18.5
Total external funding	97.5	113.3	210.8	39.1
Total funding	246.8	292.8	539.6	100.0

Source: See p. 10, Public Expenditure Tracking Study (PETS) -2, Final Draft October 2005, MoE/PMO-RALG

The GoT allocates its contribution to PEDP through MoE, PMO-RALG and Regional Administrative Secretaries (RASs), as part of the regular budget (Table 3-5). The MoF/Accountant General facilitates the direct disbursement of funds to the councils from the RAS budgets and in the case of MoE and PMO-RALG when requested. The pooled fund donors mainly transfer money into a pooled fund holding, whereas the joint WB loan and donor grant transfers money to the primary education deposit account. The Accountant General administers all accounts.

The GoT has been undertaking measures to harmonize national and LG fiscal processes including the adoption of MTEF by LG, synchronisation of the central and local government fiscal years with effect from July 2004 and a gradual roll-out of Integrated Financial Management System (IFMS) to LGAs. Consequently, the budget preparation process at the LG level has certain similar characteristics as at the CG level, such as the three-year medium term framework and based on the Budget Framework Paper.

Table 3-5 Total PEDP Disbursements to Councils

(TSH thousands)

PEDP disbursements	2002	2003	Total	%
MoE disbursed to schools through councils	25,460,784	27,321,793	52,782,577	
MoE disbursed to councils for monitoring /CB	471,451	4,780,690	5,252,141	
Total MoE disbursements	25,932,235	32,102,483	58,034,718	11.7
PMO-RALG disbursed to schools through councils	55,537,000	53,505,578	107,314,845	
PMO-RALG disbursed to councils for CB	1,287,800	1,727,833	3,015,633	
Total PMO-RALG disbursements	56,824,800	53,505,579	110,330,478	22.2
Total donor funded disbursement	82,757,035	85,608,062	168,365,097	
MoF disbursed to councils (subvote 507)	25,793,400	32,564,509	58,357,909	
MoF disbursed to councils through regions (4332)	1,139,296	1,134,602	2,273,898	
MoF P.E.	122,433,579	145,812,020	268,245,599	
Total MoF disbursements	149,366,275	179,511,131	328,877,406	66.1
Total PEDP disbursements to councils	232,123,310	265,119,193	497,242,503	100.0

Source: See p. 11, PETS-2, Final Draft October 2005, MoE/PMO-RALG

The most recent budget estimates in the PER/December 2005 indicates that overall PEDP funding has risen to TSH 402,866,803,070 for the FY 2005/2006.

Funding sources and modalities at the district level

A significant amount of funds to primary education is disbursed to and expended through the implementation of PEDP. These funds are designated to PMO-RALG. According to the education sector PER/2004, almost 98 % of the recurrent and development expenditure for PEDP is transferred to and spent by councils. For the FY 2005/2006 about 91.5 % of funds were allocated to primary education; passing through PMO-RALG-PEDP. In 2005/2006 about 20 % of PEDP estimates come from development partners and 80 % from government (Approved PEDP Annual Action Plan for 2005/2006).

As there are no national minimum standards within education sector the GoT decided to introduce a formula-based block grant transfer from FY 2004/2005 onwards. The grants are split into a capitation grant (number of school-aged children based on census) and an investment grant in order to provide funding for improvements in education service delivery both in terms of teaching materials and resources but also in improving the physical environment.

Every school is supposed to have 2 accounts for capitation and development funds as earlier mentioned. The government and donors have agreed that the capitation account should hold USD 10 per child but until now only about USD 7 per child has been transferred to every school. The reports from the utilisation of the bank accounts are prepared by the head-teacher and subsequently authorized by the chairperson of the school, chairperson of village (Mtaa) and by the ward education coordinator (WEC). The school reports are submitted to councils, which compile them and prepare district council PEDP quarterly reports. The PEDP district reports contain information on PEDP performance, constraints, and PEDP account bank balances with, bank statements, and progress review for development budget, action plan for development budget, school enrolment, and capitation grants. PEDP district reports are in turn submitted to PMO-RALG through regional secretariats that prepare a compiled PEDP annual review report.

Even though user fees have been abolished parents continue to have considerable indirect costs associated with their children's schooling. Parents still have to pay for things like school uniforms, shoes and stationary. Furthermore, there are also direct costs in terms of contributing to school buildings, examination expenses and sports on an annual basis and all this could add up to more than TSH 20,000 to 30,000 per year in direct and indirect costs.

The MoE started implementing the SEDP during FY 2004/2005. The overall objective of the SEDP is to increase the proportion Tanzanian's who complete secondary education with requisite skills. At the moment almost all allocations for SEDP (FY 2004/2005) come from development partners namely the WB and that this is only 10 % of what is projected as needed over the coming years. About 46.6 % went into development activities and about 53.5 % are for recurrent expenditures. SEDP funds flow to secondary schools through sub-treasuries (regional sub-treasuries). Secondary schools are managed by school management teams and school boards that plan, prepare and implement school plans. Grants are accounted as part of MoE voted expenditure (Table 3-6).

Table 3-6 Actual Recurrent Expenditures, PE and OC at LGA Level
2001/2002–2003/2004

(TSH million)

	2001/2002	2002/2003	2003/2004	Averages
Total recurrent expenditure	216,268.00	275,105.00	303,405.00	264,926.00
Of which PE	133,741	156,434	205,079	165,084.7
Of which OC	82,527	118,671	98,326	9,9841.3
PE as % of total recurrent	61.8	56.9	67.6	62.1
OC as % of total recurrent	38.2	43.1	32.4	37.9
PE as % of GDP (%)	1.5	1.6	1.8	1.6
OC as % of GDP (%)	0.9	1.2	0.9	1.0

Source: PER/2005

3-4 Local Service Delivery Procedures

Under the PEDP both funding and authority to spend funds on purchasing school materials and initiative classroom construction has been decentralised to the schools/SCs. For the purpose of monitoring, schools prepare monthly and quarterly reports, which are submitted, to the council and to the RS for consolidation and submission to PMO-RALG. A typical school report contains the following:

- A financial report,
- Physical report on what and where funds has been spent,
- Bank balance that is certified by the Bank.

Other monitoring and evaluation measures include: (i) physical visits for randomly sampled schools by PEDP and MoE officials, (ii) visits by regional education officers to districts (facilitated by PEDP), (iii) visits by CEO accompanied by other officials like district engineers to schools, (iv) council task force chaired by a DC and (v) district internal auditors. PEDP has issued a directive that every school should have a register for specific expenditures showing for instance capitation for administration, textbooks etc.

Accounting records are managed by head teachers for primary schools and heads of schools for secondary schools and these are held accountable for the use of funds. The Schools Inspectorate Department inspects schools for accountability purposes. Under PEDP stakeholder sensitization and participation has especially been targeted at the community level/SCs and is seen as key in enhancing good governance in the management of secondary schools.

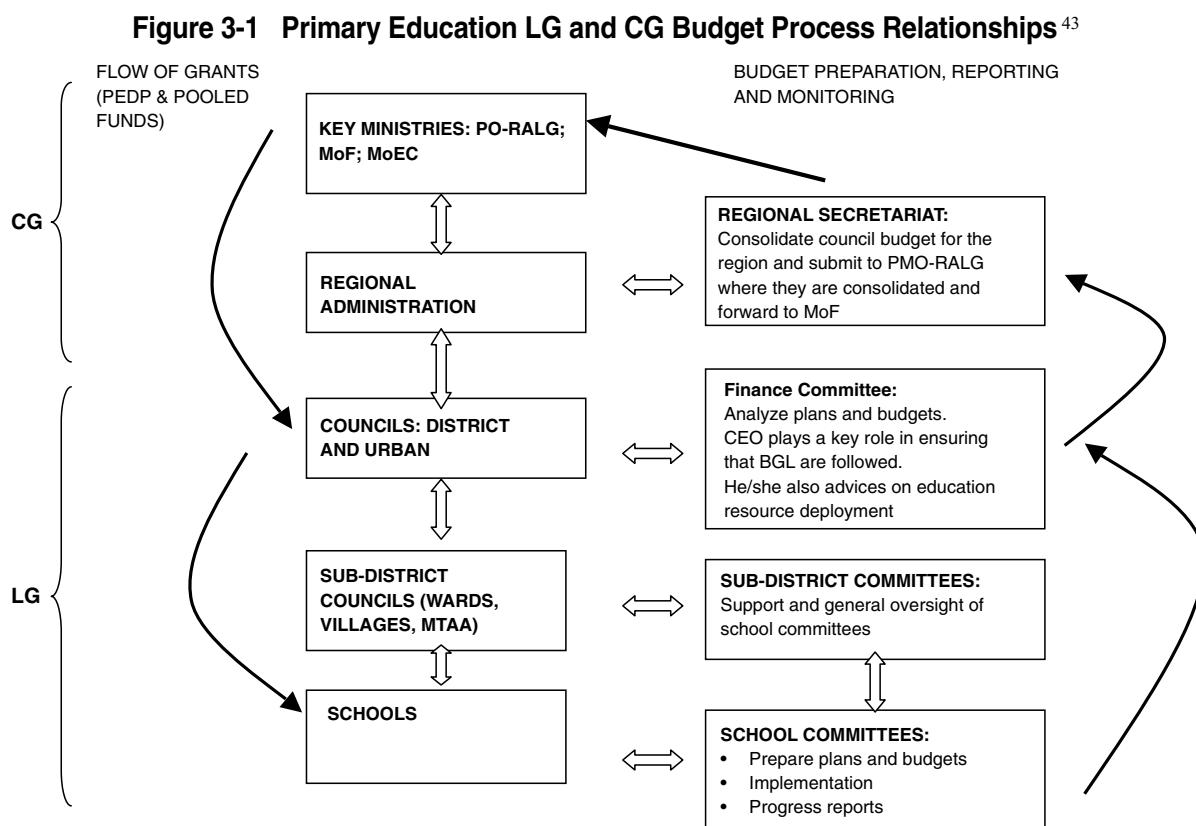
The budget guidelines that trigger the beginning of the preparation of the budget are issued in December/January. With budget guidelines issued in January it implies that LGAs have only about three months to prepare their budgets. This is a short period to have effective consultations and review of the previous years' budget and for strategic interaction within the council and especially with the concerned communities. Furthermore, the budget guidelines will need to be changed in future if they are to respond to the MKUKUTA outcome orientation especially with regard to sector objectives, targets, outputs and outcomes. This means that education sector priorities are vying for funding in competition with other social sector priorities and therefore in a continued state of contestability. Figure 3-1 gives an illustration of the budget process relationship between central and LG.

The biggest challenge is to deepen reforms by addressing weakness in the budget process including proper sequencing of activities in the budget cycle and enhancement of dialogue around the budget. This is the most important instrument in the service delivery cycle and the one which has the least local

level involvement. With a new focus on budgeting for the whole sector, it becomes critically important to enhance the coordination and collaboration amongst various providers of education services.

There are mainly two issues which hamper local service delivery processes, namely: 1) delay and unpredictability in the flow of resources to the local governments mainly caused by delays in reporting and the related requirements. This can often lead to delays of one to 2 quarters of disbursements of funds as the previous quarters disbursements have to be accounted for before release of new funds, and 2) the multiple channels of flow of education resources (i.e. from MoF, PMO-RALG and MoE) and the related reporting requirements puts increasing transaction costs and strains on limited staff resources/capacity at school and especially at council level. This calls for the need to harmonise channels of resource transfer and reporting.

Although the government has been undertaking CB for school committees, there are concerns that some SCs may not be working effectively and that some communities have limited understanding of the roles beyond school construction⁴². The issue of monitoring not alone school construction but also education quality is of utmost importance (Figure 3-1).



⁴² Education Sector Situational Analysis: Draft Report p. 34. The PER PMO-RALG for 2004/2005 also acknowledges limited participation by some communities.

⁴³ See p. 18, PER December 2005

3-5 HR Issues

More than 30,000 new teachers have been recruited over the past 3 years but still the pupil-teacher-ratio remains very high at over 50 pupils per teacher as can be seen from Table 3-7. During the budget process, budgeting for personnel including teachers continues to be heavily guided from the CG level. MoE is at the moment recruiting teachers and posting them to councils without commensurate resource increases. There is at the moment some disconnect between the formula-based financing mechanism for LGAs and staffing practices under the Public Service Act in terms of resource allocation and utilisation. Consequently, in some LGAs PE expenditures dominate the grant transfers and therefore dominate other expenditures.

Table 3-7 Primary Education – Number of Teachers

	2002	2003	2004	2005	2006
Total no. of teachers	112,860	115,340	121,548	135,013	151,882
Government	112,109	114,660	119,773	132,409	148,607
Non-government	751	680	1775	2604	3275
Teacher/Pupil ratio	1:53	1:57	1:58	1:56	1:52

Source: BEST, June 2006

Councils are still not allowed to cater for the management of pre-primary education, primary education, secondary education and adult education in accordance with the functions given to them under the LGA in terms of hiring and firing teachers. Local education planning and the power to establish and manage public schools should in principle be transferred to councils as should the power to make local regulations as regards private schools. One issue, which continues to create friction between local councils and the centre, is the fact that TSCs at the local level - if at all required - should be appointed by and fully accountable to the respective local authorities. These semi-autonomous bodies are reporting to the centre and not responsible to the local level. The combination of the LGs being the employer of teachers and other educational staff with the establishment of semi-autonomous committees/boards seems to be a contradiction.

The education sector is grappling with how to address issues such as local recruitment of teachers and the fact that certain areas are so remote that it is almost impossible to attract potential jobseekers. Under the LG management system it will be necessary to find solutions on how to move teachers to areas with a shortage of qualified teachers, to mobilise and possibly to introduce hardship allowances or special contracts for teachers working in difficult-to-access areas, to offer incentives for volunteers, to boost infrastructure development to high Pupil-Teacher Ratio (PTR) districts and manage retrenchment of poor performing and unmotivated staff.

3-6 Trends in Service Delivery Outputs and Outcomes

The GoT has recorded some success in service delivery outputs over the last few years. Some of these are mentioned below. Since the beginning of the implementation of the PEDP, there has been an overall increase in enrolment rates of more 30 %, which is a significant achievement.

Table 3-8 Key Outputs and Inputs⁴⁴

Inputs and outputs	2000	2001	2002	2003	2004	2005
Teachers on payroll in public schools		112,109	114,660	119,773	132,409	148,607
Number of pupils enrolled all primary schools		4,881,588	5,981,388	6,562,772	7,083,063	7,541,208
Gross enrolment rate (all) primary schools (GER) (%)		98.6	105.3	106.3	109.9	112.7
Net enrolment rate (NER) (all) (%)		80.7	88.5	90.5	94.8	96.1
Gender parity-primary schools (GPI)*	1.01	0.99	0.97	0.96	0.98	0.98
Pupil/ classroom ratio (%) (public)	72					78
Completion rate PSLE** (%)						
1) Total	22	28.6	27.1	40.1	48.7	61.8
Transition rate to secondary (%)						
1) Total	21.7	22.4	21.7	30.1	36.1	49.3

Source: Basic Education Statistics in Tanzania, 2002–2006, MoE

As can be seen in Table 3-8 both GER/NER have increased considerably since the introduction of UPE in 2001. At the same time the completion rate for the annual PSLE has more than doubled since 2001. This has largely been brought about by a lowering of examination pass benchmarks rather than by a considerable increase in the quality of teaching⁴⁵.

Under PEDP a number of classrooms have been constructed. This has of course not always been in line with envisaged guidelines nor quality of workmanship and mainly due to poor council/SC monitoring and supervision of procedures and work. Furthermore, the need for additional classroom construction is put at about 30,200 at the end of 2005 (Table 3-9).

Table 3-9 New Classroom Construction

Year	Target	Actual	%
2001/2002	13,868	8,817	63.6
2002/2003	13,396	10,771	80.4
2003/2004	14,203	10,334	72.8
Total	41,467	29,922	72.2

Source: Joint Review of the PEDP, MoEC and PO-RALG, October 2004.

⁴⁴ * GPI – Gender Parity Index

**PSLE – Primary School Leaving Examination

⁴⁵ This was stated during our field visits by education sector staff.

3-7 Impact of Governance Aspects on Service Delivery

3-7-1 Transparency and Equity

Equity has been a guiding principle in Tanzania since independence. It says in the NETP/1995 that:

- Government shall guarantee access to pre-primary and primary education and adult literacy to all citizens as a basic right
- Government shall promote and ensure equitable distribution of educational institutions

This has been reinforced through the current version of the poverty reduction strategy where goal number 3 is ‘ensuring equitable access to quality primary and secondary education for boys and girls, universal literacy among women and men and expansion of higher, technical and vocational education’.

In terms of inputs all indicators show a positive trend in Tanzania as enrolment rates are up, recruitment of teachers has been increased and more recurrent and capital funding are reaching the school levels. However, there are still considerable funds needed for construction of classrooms and for recruitment of teachers in the coming years. As Table 3-8 illustrates above the teacher/pupil rate remains very high even after a recruitment drive and upward trend of recruitment of new teachers during the past 5 years. However, some improvements have been noted in terms of availability of text books and materials overall throughout the country the past few years as the Capitation Grant gives more local responsibility for purchasing textbooks.

In terms of transparency some initiatives are being implemented to strengthen the monitoring and evaluation functions. In addition, all government MDAs and LGAs move to enhance transparency by drafting anti-corruption strategies and action plans that were completed for all LGAs and submitted for final government approval in June 2005. Transparency towards the local communities is still weak even though measures such as posting notices on notice boards in villages, schools and wards have been taken.

There seems to be a discrepancy between the need for equitable distribution of teachers throughout the country and one of the main points of decentralisation, namely the issue of recruitment and overall management of teachers at district levels. It was stated during our field visits that recruitment of teachers could be done by the local authorities but they are not given the proper tools in the legislation, or support from CG, to enable them to carry out this. CG plays the card of equity to ensure that recruitment and control over teachers remains at central level.

3-7-2 Participation

Through the adoption of the Micro-Planning Guideline in 2002, schools and SCs were more involved with planning and executing activities at school level. SCs in collaboration with sub-district councils play a key role in mobilization of resources. Accountability and reporting of these resources is poor. For instance, resources mobilized at the school level are not covered in school reports, for example, NGO contributions towards construction of schools. However, overall the reports focus more on financial resource inputs rather than outputs. The outcome orientation advocated through MKUKUTA requires that a bias towards outputs be adopted. This is not limited to the local government but also central government. The value of such reports for decision making in addressing identified weaknesses may need to be enhanced. PETS, which is an important instrument for monitoring and tracking expenditure flows, has been used in Tanzania (Research on Poverty Alleviation (REPOA) 2003) but under criticism from the government side.

Participation has become the cornerstone in all aspects of local development in Tanzania and the O&OD principle has been instituted as the participatory planning guide at local level. However, none of the visited districts had completed an O&OD exercise yet and there still seems to be quite some confusion in terms of conflicting planning guidelines traditionally used by the sector and how it will relate to the O&OD when conducted.

It was pointed out several times during the field visits that the local communities are confused in terms of contributing to several competing (TASAF II, LGCDG, Joint Rehabilitation Fund (JRF), PEDP etc.) and different development funding programmes at local level that all target potential school construction, health facilities, agriculture projects etc. And these fundings have various degrees of community contribution attached (from 15 % in kind contributions to 5 % in cash). While parents are contributing less in direct payment to schools, they argue that they contribute more as direct contributions to development projects. So as participation has increased over the past few years and the communities feel a larger degree of ownership of the local school and the elements of planning, it is obvious that most people feel that decentralisation has brought more involvement and participation into the educational system at village level. All the village assemblies we talked to during our field visits emphasised this point.

3-7-3 Accountability

A review of the Controller & Auditor General (CAG) reports on LGA accounts reveal improvements in financial management as evidenced in the trends in the number of clean certificates issued, adverse audit reports and disclaimer reports. (PMO-RALG PER for FY 2004/2005).

The recent education sector review showed, that audit reports from 2003 (most recent available) taken for one district in 5 regions, that the main problem was the statements of expenditure, which should consolidate reports on actual utilisation of PEDP funds by schools together with council records. Disbursements to school bank accounts from the district treasury have already been recorded as actual expenditures immediately upon transfer. This is because the schools did not compile or submit quarterly reports. Expenditure at school level was unknown which is a worrying sign.

In addition to the identification of any specific ‘irregularities’, there were a number of other general financial management issues that arose in several or all of the districts.

- Classroom construction: certificates not issued by district engineer to provide evidence of inspections, standard building plan not always followed.
- No cross-reference between cashbooks and invoices or receipts in primary schools.
- Lack of internal audit.
- No evidence of approval of fund requests.
- Incomplete or missing textbook and fixed asset registers.
- Cash payments without proper receipts.

These deficiencies occur despite regular and repeated training. The introduction of a centralized payment system has improved expenditure control, as commitments cannot exceed budgeted funds; and there is now more formal record keeping (interview with PMO-RALG). Currently only around 50 % of LGAs have computerized accounts; full roll-out of IFMS would help improve monitoring and reporting. For 2004–2005, about half of schools submitted a financial report, although this varied between none in seven regions and over 90 % in four regions (data from PMO-RALG), although no attempt appears to have been made to check them and they had not been verified. It seems that the problem goes beyond training and happens because of general lack of management at local levels.

3-7-4 Service Delivery Efficiency

The major areas of concern across the whole education system are: the efficiency of resource use, the relationship between inputs and outputs, and the effectiveness of graduates and the relevance of the education provided. Table 3-8 shows that the primary school enrolment rate has increased significantly over the past 6 years. The abolition of school fees has clearly been important but there is also the question of compulsion; some of those parents who have not enrolled their children in school have been fined. The primary PTR in Tanzania in 2001 was around 46:1 and has risen to 52:1 in 2005. But there are wide disparities in human-resource allocation, urban-rural differentiation and distribution across provinces and schools. At secondary school level the PTRs varied in 2000 from a high of 57 in Shinyanga to the lowest value of 26 in Lindi, and in 2005 from 74 in Shinyanga to 40 in Ruvuma and

Tanga. These differences need to be addressed so as to avoid further disadvantaging of the less favoured schools and provinces whilst shifting average PTRs to more efficient levels. This has a direct relation to the discussion regarding improvement in teacher's salaries and benefits and hardship allowance to enable a better and more equitable distribution of teacher resources over regions.

3-8 Key Lessons and Challenges

With the introduction of PEDP there is increased focus on reversing the negative trend within the education sector in terms of poor quality of teaching staff, lack of textbooks, lack of sufficient classrooms and attaining primary education for all. As demonstrated above these issues are now being addressed in terms of capitation grants to all schools, increased roll of SCs in management of funds and issues at school level, and the ambitious classroom construction programme.

Significant construction of new schools, classrooms, teacher houses, pit latrines, water tanks and desks is observed in many primary schools. PEDP review reports indicate that the number of government schools increased by almost 2,000 from 2000 to 2004. During 2003/2004 constructions of classrooms reached 72.7 % of the planned target. But this is still not sufficient to cater for the growing demands in view of the expanding school enrolment.⁴⁶

The PEDP process has demonstrated that increased community involvement in enhancing the quality of education has been real and tangible. PEDP is backed by huge financial resources from the government as well as development partners and enhanced by local participation in terms of labour, management and supervision and indirect school contributions. Consequently with more financial, material and human resources, new schools and classrooms have been constructed across all communities in Tanzania. The observed impact on improved GER/NER, availability of textbooks, enhanced school facilities is largely attributable to the adoption of the direct support to schools through the capitation and development grants mechanism with increased amounts of funds directly reaching the school level through LGs. These direct transfers, coupled with improvement in school management, particularly of financial resources, has led to increased levels of effective use of the available resources and therein impacts on school performance.

However, it is noted that this process has been with major problems such as misuse and non-accounting of expenditure at school level but this has to a large degree been explained by the confusion that dominated the early phases of PEDP, where many SCs/head teachers still did not know how to account for the increased inflow of funds. A key lesson from the process is that direct transfers to schools which involve community voluntary contributions such as labour makes grassroots institutions

⁴⁶ See Review of experiences with direct support to schools in Tanzania, January 2006 (CORDESIA)

more responsible to their schools and thus develop a sense of ownership which did not necessarily exist before.

The education sector has been successful in addressing the issue of UPE and the NER has increased over the years and is close to 100 %. However, the issue of quality of education is still very pertinent as the PTR is over 50 and there are more than 70 pupils per classroom even after the PEDP classroom construction programme. Simply addressing the enrolment issue has not solved the diverse differences that are found throughout Tanzania in terms of schooling disparities especially between urban and rural areas and especially remote rural areas where teaching resources are scarce.

There is growing recognition that increasing access to education is a necessary but not sufficient objective. There are other important objectives that have to be pursued by the Tanzanian education system. These are: (i) access to quality education for all children. (ii) school and training institutes able to generate measurable learning improvements.

Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS) is one of crucial cross-cutting issues affecting performance of the education sector. Government's response to HIV/AIDS in the education sector continues to receive special attention in the financial resource allocation from the national budgets but the impact of the disease is still felt at local level in terms of lack of available teachers.

4. DISTRICT HEALTH SERVICES

4-1 Sector Policy for Local Service Delivery⁴⁷

Responding to the deterioration of the health care system in the 1980s, the Tanzanian Government through the Ministry of Health and Social Welfare (MoHSW) supported by major development partners initiated a Health Sector Reform (HSR) in the early 1990s. The main aim was to improve the health of the Tanzanian population in general, and especially women and children, through improvement of the health care delivery system. The country's long-term development framework is laid down in the Vision 2025, published in 1998, while the medium term policy is being guided by the poverty reduction strategy, which now is known as The NSGRP (Mkukuta/2005).

Within the health sector, the government jointly formulated with the development partners the Programme of Work (1999–2002) and subsequently the Health Sector Strategic Plan (HSSP) (2003–2008). The HSSP carries forward eight strategic areas: (i) district health services, (ii) secondary and tertiary hospital services, (iii) the role of the central Ministry of Health (MoH), (iv) Human Resources Development (HRD), (v) central support systems, (vi) health care financing, (vii) public private partnerships and (viii) the MoH-donor relationship.

In addition, current activities within the health sector are directed by the MTEF, which operationalise the strategies articulated in the HSSP and NSGRP/MKUKUTA and aims at reflecting government and externally funded activities.

A decentralised and participatory approach to planning and service delivery is implemented within the decentralised administrative and political framework accelerated by the LG Reform since 2000, championed by the PMO-RALG. Comprehensive Council Health Plan (CCHP) creates the basis for decentralised management and the council basket funding mechanism.

4-2 Division of Responsibilities for Local Service Delivery

In common with other countries in the region, Tanzania has a pluralistic health sector, encompassing a variety of providers ranging from traditional healers, through voluntary agencies, to an increasingly significant private for-profit sub-sector. Health policy and implementation are organised according to the three administrative levels of government. At the centre is MoHSW, based in Dar es

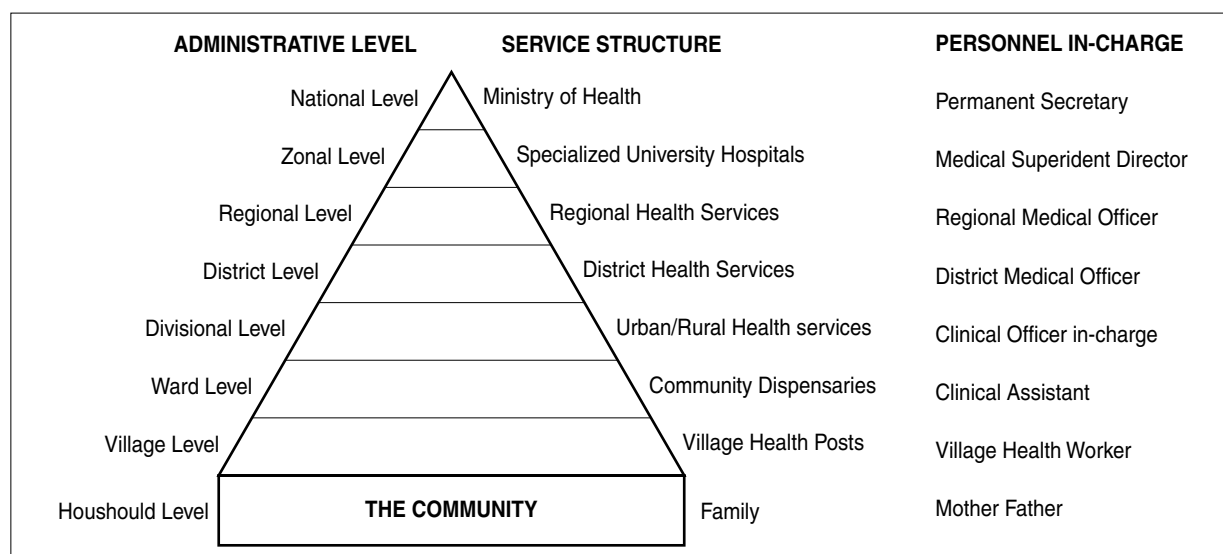
⁴⁷ The following sections rely on the following documentation: National Health Policy, Ministry of Health, October 2002; Second HSSP July 2003–June 2008, MoH April 2003; Technical Review Report 2006, Final Report April 2006, Independent Report for MoHSW/PMO-RALG; Technical Review of Health Service Delivery at District Level, Final Report March 2003; HSPS III Programme Document, Danish International Development Assistance (DANIDA) July 2004; Country Health Profile, January 2006, DPP/MoH; Review of the State of Health in Tanzania, Independent Review by Swiss Tropical Institute, April 2005. PER, MoH FY 2003, 2004 and 2005.

Salaam, and responsible for the development of sectoral policy and the regulatory framework, monitoring and evaluation of policy implementation and sectoral impact, as well as overall management of the reform process. However, devolution has necessitated a close working relationship with PMO-RALG, which bears responsibility for service delivery. The basket financing committee and the annual sectoral joint review are co-chaired by the permanent secretaries of MoHSW and PMO-RALG in recognition of this shared responsibility for health services.

At the regional level, a regional medical officer (RMO) forms part of the RS, whose role is to provide supervisory and technical support to councils, and to perform a regulatory function through ensuring adherence to national policies and guidelines. In addition, the RMO is responsible for the regional hospital. There are no elected representatives at the regional level, which functions as an arm of PMO-RALG. The regional administration under PMO-RALG is struggling with their new roles and functions as supervisors monitoring the implementation under a reformed decentralised government system - no longer implementers themselves.

The various councils, however, have administrative, executive as well as legislative powers and elected councillors sanction all council plans, budgets and regulations. Councils are responsible for the planning, management and delivery of services up to and including district hospital services. Council Health Management Team (CHMT) receives both a block grant from CG and a district basket grant, funded through sectoral budget support. These are allocated to preventive and curative budget sub-votes at the district level, and to dispensaries and health centres in the periphery. Health services in the public sector are delivered through a typical pyramidal referral system, with the dispensary serving, at least in theory, as the entry point, with subsequent referral to health centres and district hospitals. An illustration of the system is given in Figure 4-1:

Figure 4-1 Health Service Delivery Institutions



The council level broadly equates to the priority poverty reduction area of primary health, both as services most directly respond to the conditions from which the majority poor suffer, and as they are relatively easily accessible by the poor, with over 90 % of the population living within 10 km of a health facility⁴⁸. Table 4-1 described the various roles of central, regional and district council levels fo planning and provision of health services.

Table 4-1 Levels and Roles within the Health Care System

Level	Roles
Central	<ul style="list-style-type: none"> • Policy formulation, health legislation, regulation and control • Resource mobilization and allocation, coordination and inter-sectoral linkages • Public health related intervention • Provision of clinical services through management of level three hospitals including referral specialized and the national hospital • Training of key professional health cadres and monitoring quality of training • Monitoring and evaluation of health services countrywide • Supervision and inspection of provision of health services • Health research • Management of executive agencies
Regional	<ul style="list-style-type: none"> • Interprets policies into actions • Provision of technical support to the districts • Supportive supervision and inspection of district health services • Link between districts and central MoHSW in matters regarding standards and quality of health care both public and private
Council	<ul style="list-style-type: none"> • Health service provision at level one which include the district hospital, other hospitals, health centres and dispensaries • Preparation of CCHP and regular reporting on implementation • Coordination, supportive supervision, monitoring and inspection of all health facilities and activities in the council • Management of resources • Ensuring communities are responsible in taking care of their own health and also the safety of medicine and equipment in their health facilities

Ward and village level have very little direct responsibility in health planning and service delivery. The CCHP process is very much driven from the district level by the CHMTs and with no or very little input from the ward and village levels.

4-2-1 National Health System

The referral system is made up of three levels: dispensaries, health centres and hospitals (district, regional and consultant). Table 4-2 gives an overview of various types of health facilities and their ownership arrangements.

Health services boards and various community health committees (health facility committees (HFCs), community health fund committees etc.) Have been formed to achieve community

⁴⁸ Household Budget Survey 2000/2001.

Table 4-2 Facility Type and Ownership

Facility type	Type of ownership				
	Government	Voluntary	Parastatal	Private	Total
Specialized hospitals	6	2			8
Regional hospitals	17				17
District hospitals	61	19	1		81
Other hospitals		74	8	34	116
Health centres	300	82	5	47	434
Dispensaries	2,788	613	164	843	4,408
Total	3,172	790	178	924	5,064

Source: HMIS database 2003, HIR section, Policy and Planning Department, Ministry of Health

involvement in health service delivery and also contribute to the formulation, monitoring and evaluation of health plans (at least in principle). The health service boards function as an advisory board to the council.

The liberalization policy during the 1980s resulted in allowing ‘private-for-profit’ practice to complement faith-based organisations working within the private health sector. NGOs also operate in the private health sector. The government has supported the work of voluntary agencies through substantial subsidies. Voluntary agencies run 40 % of all health facilities and provide 40 % of hospital beds. The private organisations also provide care in health centres and dispensaries, although to a lesser extent. Since the government’s re-legalised private medical practice, the for-profit private sector has grown considerably, albeit in the urban areas.

Dispensaries serve a population of 6,000 to 10,000 people. A health centre 50,000 and a district hospital between 200,000 to 250,000 people. The regional hospital serves as a referral centre to between 4 and 5 district hospitals and the 4 consultant hospitals serve several regional hospitals. However, the referral system is not working well due to chronic under-funding and lack of professional resources.

4-2-2 District Health System

The health service at the district level has been devolved to local authorities to increase their mandate in health service provision. Under the devolved arrangement the health units, including the district hospital, provide services under the supervision of the council health service boards and HFCs. Voluntary agencies, faith-based organisations, private sector and parastatal organisations provide services through contractual arrangements with the district.

As health service provision are increasingly being decentralised it is the duty of the councils through council health service boards, CHMTs, council hospital governing committees and facility

committees, to ensure that health facilities and services provided are of acceptable quality. Furthermore, these facilities have to be managed by qualified personnel according to staffing level in line with MoHSW policy guidelines and standards.

Since its adoption by the government, PHC has been the cornerstone of the national health policy. In its endeavour to ensure success in delivery of essential health care in the country, the government through PHC puts emphasis on:

- Community involvement through active participation in identification of problem areas, planning, implementation, monitoring and evaluation of health care services;
- Multi-sectoral collaboration by establishment of committees involving other sectors such as water, agriculture, education and ministries such as community development, women affairs and children, etc.
- Equity and accessibility to health care by ensuring that every individual has the right to health care, and equitable distribution of health resources in the country;
- Empowerment through decentralisation of health services to regions and districts to ensure effective coordination, implementation, supervision and provision of quality health care to the community
- Providing promotive, preventive, curative and rehabilitative interventions to all individuals and families with their active participation.

The policy states that “the community must be involved in taking care of its own health. Participation of the community in decision-making must therefore go beyond the Council Health Service Boards. The community should be more involved in planning, implementation and evaluation of all health programs from village to national levels. The community will be responsible for the safety of medicine, medical supplies and equipment in providing security to their health facilities.” However, real practical involvement of communities have in practice been limited.

4-2-3 Summary Responsibilities for Health Service Delivery

Table 4-3 summaries the main responsibilities in health service delivery:

Table 4-3 Overview of Responsibility in Health Service Delivery

Level	Responsibilities
Community health services	<ul style="list-style-type: none"> • The communities have an obligation to their own health. • The village government should recognise and enhance the pivotal role of communities in directing local health services. • The communities will have the mandate to choose their own community health worker who will be the main linkage between the community and the nearest health facility. • The community health worker responsibilities will include health education, and assisting in relevant public health interventions.
Dispensary services	<ul style="list-style-type: none"> • The dispensary committee and dispensary management teams will be established. • Dispensaries shall provide comprehensive PHC services which will include the following: <ul style="list-style-type: none"> (i) Health education and IEC to people being served by the dispensary; (ii) treatment of diseases; (iii) Reproductive and child health services, and family planning; (iv) Integrated management of childhood illnesses; (v) School health services including HIV/AIDS, immunization services to children and mothers; (vi) continuation of treatment for TB, leprosy, mental and other diseases in collaboration with higher level facilities (rural health centre in particular), outreach services and mobile clinics with special focus to nomadic communities; (vii) prepare dispensary health plans and monitor their implementation; (viii) where appropriate provide expertise and supervision of health care activities in the villages served by the dispensary; (ix) prepare progress reports for submission to the relevant committees established by the council; (x) and refer patients with complicated conditions to higher levels as necessary following the established referral system.
Health centre services	<ul style="list-style-type: none"> • A health centre under the local authority through the health centre committee and management team, shall provide promotive, preventive, curative and rehabilitative services, act as the first referral centre from dispensaries in its catchments area, keep health service data and records according to given guidelines.
District hospital services	<ul style="list-style-type: none"> • The district hospital under the council through the hospital governing committee and hospital management team shall: <ul style="list-style-type: none"> ◦ provide health care to the catchment's population; ◦ act as referral centre for patients from lower level health facilities of the district; ◦ conduct teaching and training of middle and operational level health cadre, ◦ conduct action oriented research programs in the district, ◦ give supportive supervision and inspection and provide technical skills to lower health facilities in the district.
Regional hospital services	<ul style="list-style-type: none"> • The regional hospital under the management of regional secretariat through the regional hospital board and hospital management team, shall have the following functions: <ul style="list-style-type: none"> ◦ provide all services offered at district level but at a higher level of expertise; ◦ offer second level referral services from level one hospitals; ◦ conduct teaching and training of middle and operational level health cadre; ◦ conduct health research programs including operational research of health systems research in the region; ◦ provide technical skills to lower health facilities in the region and offer specialized treatment in medicine, surgery, obstetric/gynaecology and paediatric, and may include eye, dental, obstetric, mental diseases and orthopaedics, and trauma.
Specialised / consultant hospital services and national hospital	<ul style="list-style-type: none"> • Referral hospitals will be equipped with the best mix of qualified specialists and consultants as well as sophisticated modern medical equipment so that they are able to handle cases which are currently being referred abroad. • The MoHSW will develop specialised services unique to each hospital and acquire appropriate equipment to cater for patients who are currently being referred abroad. Referral hospitals must have adequate wards and facilities to cater for the care of specializations. • The hospitals shall offer all medical services offered by level two hospitals but at a higher specialist level. They will also conduct the training of high and middle level health personnel, health research, provide consultancy on various health and medical issues, and conduct outreach visits to other hospitals in the zone to offer specialists support services to the medical staff and Health Services.
Treatment abroad	<ul style="list-style-type: none"> • A team of 3 consultants shall be required to give their recommendations to the MoH for treatment of patients abroad.
Traditional and alternative health care	<ul style="list-style-type: none"> • The traditional and alternative health practitioners will be accountable to their own prescriptions, remedies and therapies; • The village community government will appraise, assess and recommend in a particular locality traditional practitioners for registration by an approved authority; • There will be legislation to provide for regulation of practitioners, therapies and remedies and other related treatments.
Public private partnerships	<ul style="list-style-type: none"> • Public/private partnerships include non-governmental, non-profit making institutions, faith groups, community associations and common-interest groups, private for-profit health facilities and providers, patient-support groups, as well as projects and institutions from outside the health sector including the media, employers, environmental protection groups, refugee relief groups and other civil society groups.

IEC: Information Education Communication

4-3 Local Service Delivery Financing

4-3-1 Funding Levels

Funds for central and council level activities are disbursed based on approved health plans and cash flows. Implementation is being monitored on quarterly basis using the quarterly progress implementation and financial reports. Table 4-4 gives an overview of budgeted and actual expenditure between 2002 and 2005.

Table 4-4 Total Health Expenditure in Tanzania, FY 2002–FY 2005

(TSH billion)

	2001/2002		2001/2002		2001/2002		2001/2002
	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Recurrent							
AGO	8.97	5.29	6.92	5.53	6.62	10.56	10.12
MoH	61.60	58.99	82.16	72.32	87.47	87.08	138.99
Region	7.06	6.58	7.86	7.82	12.06	11.90	9.68
LG	46.26	46.28	57.66	57.48	66.14	63.77	82.26
Total rec.	123.89	117.15	154.60	143.14	172.28	173.31	241.04
Development							
MoH	32.07	21.12	34.07	29.03	42.28	41.44	56.69
PO-RALG					0.34	0.34	0.68
Regions	2.35	1.28	4.99	2.48	3.19	2.70	9.38
LG	1.70	1.45	1.75	1.70	2.31	2.32	5.02
Total devt	36.12	23.86	40.80	33.21	48.12	46.79	71.77
Total on budget	160.01	141.01	195.40	176.36	220.40	220.10	312.81
Off budget expenditure							
Cost sharing		1.24		1.67	1.67	7.48	7.48
Other foreign funds	66.14	79.37	49.25	59.11	68.99	82.79	132.86
Total off budget	66.14	80.61	49.25	60.77	70.66	90.27	140.33
Grand total	226.16	221.62	244.66	237.13	291.06	310.37	453.15

Notes: AGO spending on National Health Insurance Fund (NHIF). PMO-RALG spending on PHC rehabilitation administration costs (actual rehabilitation included under LG). Basket funding included as recurrent or development as appropriate.

Source: MoH PER data FY 2005

As can be seen from the above table allocations within the health sector have been rising slightly over the past years but the significant increase in MoHSW recurrent spending, which is the largest single element both within the on-budget and total figures. This is not in the least due to on-going vertical programmes to cover Anti Retro Viruses (ARVs) and other HIV/AIDS spending within the sector and the health sector basket funding. Significant real increase is also seen in the allocation to LGAs which account for the second largest element within the on-budget component.

In terms of discretionary funding, Table 4-5 shows that the split between PE recurrent and OC recurrent funding has remained stable at about 2/3 to 1/3 for that last 3 years.

Table 4-5 PE & OC Elements of Health Expenditures at LGA Level

(%)

	All councils			Urban			District		
	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005
PE	67	71	67	69	73	72	66	71	66
OC	33	29	33	31	27	28	34	29	34

Source: MoHSW PER FY 2005

4-3-2 Funding Sources and Modalities

a) Funding sources and modalities at CG level

The following are the funding sources for health care at CG level:

- CG central and local taxes: (i) government block grants, (ii) government capital development fund, (iii) centrally funded vertical health programs, (iv) local council contributions.
- International bilateral and multilateral aid: (i) basket funding (foreign sources), (ii) district health infrastructure funds, (iii) externally funded health development projects.
- Out-of-pocket payments and health insurance: (i) cost sharing and user fees, (ii) the Community Health Fund (CHF), (iii) the NHIF.
- Private sector: (i) private sector investment and services

b) Funding sources and modalities at the district level

Health sector basket fund

The health sector basket fund (with a ‘central basket’ for MoHSW recurrent expenditures, and a ‘district basket’ for LG expenditures through district grants that can be spent by district councils) was set up in 1999 as a joint donor financing mechanism. Allocations are made on a per capita basis (\$ 0.5 per capita and year). 10 % of the district funds are earmarked to finance community-based health activities.

Cost sharing and user fees

User fees were introduced in 1993 with four main objectives: (i) to curb unnecessary use of health facilities for non-essential health care services, (ii) to generate additional resources to complement government budgetary allocations, (iii) to improve availability and quality of health services, and (iv) to improve equity and access to health services. In order to maintain the policy principles of equity, universal access and affordability, a range of health services was defined that would remain free to users (“exemptions”), and procedures were introduced where poor patients would not have to pay standard service fees (“waivers”)

Community health fund

The CHF is a decentralised voluntary health insurance scheme (pre-payment scheme) that operates at district level which was first introduced in 1996. The scheme targets members of formal and informal sectors, and is designed to include the poor: village councils are encouraged to enrol poor members of the community in the scheme and waive contributions, while at the same time seeking compensatory funding / sponsorships. Annual membership fee for households / families is 5,000 TSH. A matching grant for pooled district CHF (100 %) is provided from the government budget. The collected contributions from each health facility in the council are kept in a separate bank account with the District Medical Officer (DMO)'s office.

Membership benefits cover basic health care services; membership fees, on the other hand, cover only a fraction of the cost of this benefit package, making continuing subsidies a necessity. The MoHSW target is to set up CHFs in all 127 councils of Tanzania. By the end of 2005, 68 funds were operational. The scheme struggles with low enrolment levels (on average 10 % of the population in participating districts), and problems of financial management and record keeping. In most districts revenue from user fees is far higher than income from CHF membership fees.

National health insurance fund

The NHIF is a compulsory, comprehensive health insurance scheme for public sector employees and their dependants that started operations in 2001. It covers at present about 3 % of the population of Tanzania, with a target to eventually enrol 15 % to 20 %. The NHIF runs a large surplus: in FY 2004/2005 contributions of TSH 24 billion were collected, with claims reimbursements totalling TSH 4.2 billion (equivalent to 1.8 % of total recurrent public health expenditure).

In 2005 the NHIF had service contracts with over 3,300 public and almost 600 private (mainly faith-based) health facilities. Almost 70 % of these were submitting claims, with large variation between districts. The total of NHIF claims and reimbursements to dispensaries is still very small, but the NHIF is beginning to provide a significant part of hospital income (20–50 % of total fee income, mainly at faith-based hospitals).

Fairness and appropriateness of the accreditation process has been disputed, and accreditation/certification are not based on strict quality assurance processes. Work is under way to improve accreditation, member registration, claims processing, and health facilities reimbursement procedures.

Micro health insurance schemes in urban areas

A number of small voluntary schemes, many of them set up and run by cooperatives, churches or local communities are operating, mainly in urban areas. The schemes usually contract with a single provider. In a similar way, mutual health insurance schemes exist that have developed around groups of

common interest. Examples are UMASIDA (a mutual health scheme catering for the informal sector and self-employed people in urban areas) and VIBINDO (part of the International Labour Organisation (ILO) Strategies and Tools against Social Exclusion and Poverty (STEP) program to organise the informal sector). The schemes receive support from churches and charitable organisations. There are at present over 20 schemes in operation.

Private health insurance

A number of private health insurance companies (NIC, AAR, MEDEX, Strategis) operate in Tanzania. They sell voluntary health insurance policies, and are mainly used by companies buying contracts for their employees. Business is based on private commercial insurance company models. The private health insurance industry appears to be developing fast.

In summary, Tanzania is following a mixed type of financing within the health system. In line with fiscal decentralisation the MoHSW/PMO-RALG has developed a formula for resource allocation from central to local government. The formula is used for government grant as well as basket funds. Criteria considered in the allocation are population (70 %), under-five morbidity (10 %) poverty (10 %), access to health facility (10 %). Domestic funds make up the larger part of the recurrent budget, while foreign development funding almost exclusively makes up the capital budget. Off-budget funds still make up roughly 30 % of the total health budget.

The government funding is channelled through four sources, namely the Ministry of Health Budget, the Ministry of LG budget, revenues of the District and Urban Councils from levies and other locally generated sources and finally the Prime Minister's budget.

4-4 Local Service Delivery Procedures

The CHMTs at the district level are preparing the CCHP which in principle should involve all providers / stakeholders involved in health related activities. Involvement varies by district but CHMTs make an effort to include other stakeholders/providers in developing their plans, but this is not consistent, nor comprehensive. Involvement is mainly at the planning stage, and most often limited to district basket or project resources only. In principle the CCHP should include activity plans of faith-based, private for-profit providers and NGOs but these are often conspicuously absent in most CCHPs.

Bottom-up planning has been adopted as the guiding principle for council planning in Tanzania. However, some council's have completed village level O&OD participatory planning exercises, while many others haven't. Therefore, many CCHP's do not reflect at all the needs of various facilities within the districts. Generally, various assessments of CCHPs show that community involvement in the

planning process and assessment of community needs is absent. (See Technical Review of Health Service Delivery at District Level, March 2003). The same findings apply for inter-sectoral planning, medium-term planning and investment (capital) planning, which are all but absent from the CCHPs reviewed in 2003. An effort has been made during the last years to make the CCHPs more inclusive but the situation from 2003 is still the rule and not the exception.

The same assessment of the districts in 2003 also pointed out that developing the CCHPs required between 1 and 2 months full-time CHMT involvement. Part of this was of course due to the new nature of the planning but to spend more than 1-2 months on planning only is far too cumbersome. Ownership of the council health plan by the councils is still limited. Input from the DED's office is mainly at the level of accounting and financing aspects. On the other hand, the district treasurer and accounting staff spent relatively more time on health than on other sectors, mainly because of additional requirements of the district health basket funds. Most districts have separate sector planning formats and as well as reporting formats and very few have overall integrated strategic council plans that try to provide linkages between sectors.

Council account no. 6 is a joint account. It receives different types of revenues such as block grants, cost sharing revenues, district own contributions and receipts in kind (e.g. drugs). However, the basket restrictions on expenditure necessitate separate accounting of funds to meet the audit requirements and accounts are therefore audited twice by donors and by Auditor General. Most councils, especially those operating manual accounting systems, are unable to account and report the basket expenditures separately to adhere to restrictions and meet audit requirements. This is because the capacity to code the expenditures and keeping separate documentation is lacking in the councils. This causes delays and errors in reporting.

The quality of supervision remains an issue of concern. Guidelines for supervision were issued by MoHSW/PMO-RALG in late 2004, however, the concept of supportive supervision remains an issue with several CHMT members and RMOs. Even a simple follow-up tool consisting of 1 file per facility in the supervising office, which can be consulted prior to a visit, and a standard form which indicates the reason for the supervisory visit, the specific areas, the observations, the action to be taken, by whom and when and signatures of supervisor and supervised staff, does not exist in most councils.

Supportive supervision has to be strengthened through cascading the supervisory systems, but this requires proper training of health centre staff in supportive supervision (a capacity that is still weak at CHMT level in many districts) and would need additional financial and staff inputs.

4-5 HR Issues

Human resources for health (HRH) have been described as being in a crisis mode for the past 5 years. The HRH agenda aim for right sizing of a multi-professional workforce, better quality of staff training, a more balanced approach to the allocation of human resources across service levels and geographical areas, and workforce incentives and remuneration packages.

The number of staff working in the CHMT, Regional Health Management Team (RHMT) and health facilities is inadequate, with only about 30–40 % of required levels being filled according to the 1999 establishment guidelines. Shortage of staff especially exists at health facility level leading to increased workload to the available staff. Generally, the workforce is unevenly distributed in favour of urban centres as compared to rural areas and as such HRH stands as a major challenge to health sector. There have been a number of initiatives being carried out by the MoHSW, including raising the number of trainees in MoHSW run institutions and university graduates, but still more effective collaboration is needed between the MoHSW and other stakeholders such as PMO-RALG, MoF and Department of PSM to assure effectively, development and retention of health staff.

In the context of public service reforms, MoHSW is included as beneficiary of the selective accelerated salary enhancement (SASE) scheme. However, these approaches have mainly been applied at Headquarter (HQ) and not field levels and thus not motivated LGA workers in the health sector. Not only is there a current shortage of staff, it is being estimated that the need for additional staff double by 2015. Interventions relating to HIV and AIDS are expected to take about 40 % of staff time. Table 4-6 gives an overview from 2003 regarding the shortage of staff per region.

Due to the continued problems relating to recruitment of HRH staff in the districts - and especially in the remote and poorer districts - the MoHSW has proposed to address the staff shortage problem by introducing central recruitment of health workers from 2006/2007 onwards and the recruited health workers will be transferred to selected councils as per need.

Table 4-6 Distribution of Health Workers by Region

Facility type	Expected	Survey	Shortage	Population	Employees / 100,000 population
Mtwara	1,642	1,429	213	1,128,523	127
Dar es Salaam	3,559	3,045	514	2,497,940	122
Mara	2,644	1,965	679	1,368,602	144
Kigoma	2,215	1,509	706	1,679,109	90
Tabora	2,673	1,923	750	1,435,636	134
Singida	2,238	1,460	778	1,090,758	134
Tanga	2,926	2,099	827	1,497,656	140
Manyara	2,061	1,202	859	1,040,461	116
Shinyanga	3,178	2,268	910	2,565,494	88
Kagera	3,135	2,132	1,003	2,033,888	105
Mwanza	3,586	2,540	1,046	2,465,502	103
Kilimanjaro	4,235	3,187	1,048	1,381,149	231
Ruvuma	2,400	1,344	1,056	932,035	144
Dodoma	2,586	1,514	1,072	1,698,996	89
Lindi	2,496	1,390	1,106	791,306	176
Coast	2,418	1,298	1,120	889,154	146
Morogoro	3,172	2,026	1,146	1,499,284	135
Arusha	3,089	1,734	1,355	1,292,973	134
Mbeya	3,943	2,366	1,577	2,070,046	114
Iringa	3,142	1,543	1,599	1,290,252	120
Rukwa	2,982	1,232	1,750	1,141,743	108

Source: MoHSW – Health Employees in the 2001/2002 National Survey compared with expected numbers based on the 1999 approved manning levels

4-6 Trends in Service Delivery Outputs and Outcomes

4-6-1 Trends in Service Delivery Outputs

In general Tanzania can be said to be making some headway in terms of attaining the MDGs within health. Tables 4-7 and Table 4-8 illustrate that maternal mortality rates as well as infant mortality rates (IMRs) and under 5 mortality rates (U5MRs) are decreasing. However, the jury is still out in terms of the reliability of the background data for these figures but the trend is evident. Especially the figure on maternal mortality rate is very unreliable as there is no systemic collection of data in this area.

In terms of budgetary allocations to health the trend over the past 5 years is one of stable allocations with a slight increase in the percentage of health recurrent grants as compared to total recurrent allocations (Table 4-9).

Table 4-7 Health Outcome Indicators 2000–2004

Indicator	2000	2001	2002	2003	2004
Maternal mortality rates per 100,000 live births (Est.)*	250	251	246	222	
Deliveries at health facilities** (%)			55	62	60
HIV sero-prevalence (among blood donors)** (%)	11.25	12.05	10.7	10.05	8.95

Source: * Annual Reproductive and Child Health Report, 2004.

** Annual Health Statistical Abstract April 2006

Table 4-8 MDG Health Targets

MDG indicator	Pop. Census 2002	TDHS 2004	Target by 2015
IMR	95 deaths per 1000 live births	68 deaths per 1000 live births	Reduce by 2/3 (63 %)
U5MR	153 deaths per 1000 live births	112 deaths per 1000 live births	Reduce by 2/3 (102)

TDHS: Tanzania Demographic and Health Survey

Table 4-9 Budgeted Health Transfers and Basket Funds to LGAs, FY 2000/2001–2004/2005

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
Health grants (TSH million)	29,112	35,468	43,685	48,856	63,574
% Total grants	16.21	17.64	17.68	16.79	17.57
% Total recurrent	2.86	3.16	2.93	3.03	3.27
Health basket (TSH million)	2,186	10,103	10,094	16,516	18,697

Source: Local Government Fiscal Review November 2004, p. 76.

4-6-2 Trends in Service Delivery Outcomes

Despite some improvements and progression towards reaching the MDGs, much work still remains to be done. About 48 % of the Tanzanian population is living below the basic needs poverty line. Income poverty is widespread over the whole country, but is particularly prevalent in rural areas. Young children, youths, women, the elderly, those in large households, subsistence farmers, herders and small-scale fishermen are most at risk of falling below the basic needs poverty line. The country has been able to work towards the eradication of poverty by successfully maintaining a stable macroeconomic growth.

- Between 1990 and 1999, HIV prevalence increased from 5.5 % to 9.4 %. In 2002, the prevalence fell to 7.8 %, thus reaching the development goal of < 8 % by 2015.
- While 92 % of urban households were using safe water in 2000, this figure was only 56 % in rural households. This means in order for the national average to reach the millennium goal of 82 % using safe water, this disparity in clean water access must be addressed.

- It is unlikely that Tanzania will halve the proportion of people suffering from hunger by 2015. The number of moderately and severely underweight children has risen slightly between 1991 and 1999, from 28.8 % to 29.4 % respectively.
- Child and IMR have dropped in both the poorest and least poor groups between time periods 1994–1999 and 1998–2002. However, the country is unlikely to reduce the U5MR to below 48 per 1,000 live births. The proportion of orphaned children has increased between 1994 and 2001 by about 15 % to 20 % due to HIV and AIDS related deaths.
- There was improved maternal health between 1994 and 2001, reflected by a fall in maternal mortality ratios, an increase in births taking place in health facilities, and a drop in fertility rates.

The health care delivery system has been marked by reform and improvement. There has been an expansion of health services to the rural areas facilitating greater access to the rural population. By 1980, about 45 % of the population lived within 1 km of a health facility, 72 % within 5 km and 93.1 % within 10 km of a facility. However, there are still geographical inequalities in access to health services that can be attributed to its under-developed infrastructure.

The health expenditure constitutes 4.5 % of the GDP. In the PER 2005 it is estimated that about 10 % of public expenditure goes to health and corresponds to USD 7.42 per capita per annum. However, including donor funds, it is USD 11.57 for 2005 (USD 8.12 in FY 2004). The recommended per capita expenditure by the World Development Report 1993 is USD 12 per capita while the Commission for Microeconomics and Health recommends USD 35 per capita. The Abuja target for health expenditures is 15 % of government expenditure. All of the foregoing standards set by international organisations suggest a shortfall in health expenditures.

4-7 Impact of Governance Aspects on Service Delivery

4-7-1 Transparency and Equity

Tanzania has had a large degree of equitable distribution of health facilities dating back to the 1960's and 1970's when the very large health facility construction programme was first launched. This programme basically ensured that no Tanzanian (in principle) was more than 10 km from the nearest dispensary. The JRF was set up in 2004/2005 to address the need of rehabilitating the old and decaying health infrastructure countrywide. In these terms financial resources LGAs have been receiving and expending about 1/3 of all on-budget expenditures since 2001 (Table 4-9). However, development funding for health has remained low and has only recently been slightly addressed by the introduction of the JRF and the LGCDG systems.

In terms of equitable distribution of health staff then as demonstrated in 4-5 there are great variations over the whole country. It is quite evident that remote areas like Rukwa, Dodoma and Iringa regions have great difficulty in attracting qualified health staff and the shortages of staff are also more pronounced there. The discussion has been on-going for many years regarding the introduction of an incentive scheme (hardship allowance) for recruiting and retaining health staff in remote and less accessible areas but until now no concrete steps have been taken.

The discussion is on-going in Tanzania regarding policies of universal and equitable access to health services, and the exclusion of the poor from health services as a result of cost sharing policies. Studies on the impact of user fees on the use of health services by the poor, however, do not give a clear-cut picture. A review of available evidence (*Maternal Health Financing Profile 2002*) describes how outpatient visits to public hospitals declined by half in the year after introduction of fees, as did the number of attended births. Utilization of (paying) private health services remained constant, however. While user fees do appear to be one of the factors influencing the poor people's decision making on use of health services, the effect is apparently smaller than predicted. Over 50 % of all patients in public hospitals are either exempted, or their fees waived.

A recent report (*Equity Implications of Health Sector User Fees in Tanzania, 2004*) concludes that less than expected income was generated from user fees, and that this has led to only limited quality improvement in some services. The report also observes large variations in revenue collection, weak management of cost sharing programs at facility level, and difficult to apply waiver policies and procedures. In addition, user fee collection and accounting mechanisms were not transparent, and frequently fees were collected but not registered.

User fees appear to contribute to between 20 % and 65 % of facility health budgets. Overall, however, in FY 2005 the total contribution from all cost sharing schemes (this includes user fees and the CHF) was less than 2 % of the global health resource envelope. At council level studies that estimated the contribution of user fees to the district health budget found average contributions of 10.5 % (2002) and, for a different sample of districts, 3 % (2003). There are indications that revenue from user fees has declined between 2002 and 2005.

In Fair's Fair - Health Inequalities and Equity in Tanzania, April 2006, Paul Smithson argues that: "Spatial variations in health outcomes (infant and under-five mortality) are even larger than socio-economic ones. What is clear is that the best districts tend to be clustered together, and the worst districts also tend to cluster together. This is all the more puzzling because they do not show a clear association with income poverty at the regional level. This is not to say that wealth is unimportant for health. Rather it suggests that the factors at work operate on quite a large scale. Possible candidate explanations include diet (in turn related to soil types, rainfall and farming systems), infant feeding and

child rearing practices (in turn related to ethnic group), malaria transmission intensity, and perhaps other factors such as water and sanitation. A better understanding of the underlying causes of these regional variations is a priority topic of research, as it would allow a targeted policy response to narrow the differences.”

4-7-2 Participation

Participation is still somewhat limited within health in terms of overall planning. The CCHPs are not completed after elaborate participatory planning exercises and the O&OD planning exercise in the councils has not been instituted in all councils yet. HFCs have been set-up in almost all facilities and through the mechanisms and guidelines adopted for the JRF HFCs have been actively participating in the rehabilitation of selected facilities in various councils through local procurement and disbursement of funds to contractors for rehabilitation. In principle each HFC operates an account for that purpose. In these terms a level of community oversight and influence on the running of the health facilities has been instituted. However, it has been demonstrated that until now most CCHPs have been completed mostly by CHMT members and with little community involvement. The issue of how to fully integrate the CCHPs into the council development plans will in future need attention.

It is being argued that participation could be enhanced by making communities aware of what resources are available for their area (transparency of budgets allocated to each facility in the district by publishing this information). This issue of building awareness and initiating informed discussions at facility level with local communities could be a first step to building local capacity. These types of efforts could also lead to a more appropriate way to initiate community and facility staff involvement before investing in building planning skills of facility staff/ communities.

In the districts visited by the team, it was evident that under the decentralisation process the establishment of the HFCs has had a positive impact on the felt participation of the communities in the day-to-day running of the health facility, but it is still not having any influence on the planning of the health service delivery targets, which remains very much under the control of the central ministry and its staff in the regional administrations. The contributions from the CHF is still after many years not showing signs of considerable growth giving an indication of the general distrust in the population to a scheme which is not very transparent.

4-7-3 Accountability

Accountability at district level has somewhat improved over the past years. A MoHSW and PMO-RALG audit of the council health basket fund for the period January 2003 – June 2004 issued qualified opinion on 52 LGAs and disclaimer of opinion on 61 LGAs. The percentage of disclaimers issued

during that eighteen-month period was less than the previous twelve-month period and was therefore a slight improvement in the financial accountability of LGAs. The report points to the EPICOR IFMS system as being behind some of the improvements. However, up to June 2006 only roughly half of the councils in Tanzania have introduced the IFMS computer system, and of these some continue to maintain manual systems in parallel.

In terms of accountability to the LGAs and local communities, this has been considerably strengthened during the last few years with the gradual process of decentralisation of some limited health expenditures to facility level, the introduction of the committees, as well as increased ability to order much needed drugs through the new INDENT system of online ordering of drugs through the medical stores department. The main lines of accountability are still upwards in the system but a gradual change can be seen.

4-7-4 Service Delivery Efficiency

Due to the general reduction in development expenditures since 1980s, there has been deterioration in the health infrastructure, and performance given poor or no maintenance of equipment and buildings, inefficient drug supply, low salaries, unmotivated staff, inadequate supervision and poor management. Some of these issues are now being addressed by increased levels of funding (Table 4-10) up from USD 7 in 2002 to USD 11 in 2005.

Table 4-10 Overall MoH Data FY 2002–FY 2005

	FY 2002 actual	FY 2003 actual	FY 2004 actual	FY 2005 budget
Nominal (TSH billion)	221.6	237.1	310.4	453.1
in USD million	237.3	236.9	288.0	423.2
Per capita TSH	6,637	6,889	8,747	12,389
Per capita USD	7.11	6.88	8.12	11.57
In real terms (TSH billion, FY 2001 prices)	211.4	216.7	273.1	382.8
Per capita TSH	6,331	6,296	7,698	10,466
<i>CPI deflator</i>	<i>104.8</i>	<i>109.4</i>	<i>113.6</i>	<i>118.4</i>
<i>USD exchange rate</i>	<i>934</i>	<i>1,001</i>	<i>1,078</i>	<i>1,071</i>
<i>Population</i>	<i>33,390,850</i>	<i>34,420,722</i>	<i>35,482,358</i>	<i>36,576,73</i>

However, with more than 20 years of severe under spending in the sector and with the growing investment needs in new technology, improved buildings, need for enhanced teaching materials and the ever growing training needs, the health sector in Tanzania is still lacking far behind. Service delivery improvements at the local level are still only marginal.

4-8 Key Lessons and Challenges

- In many ways the decentralisation of the health sector in Tanzania was at the forefront of the Local Government Development Programme (LGDP) process as the sector embraced the concept early on. However, the results so far have been mixed. The sector still has a relatively centralistic approach to planning and delivery of certain services at hospital level as well as planning of these activities. With the persistent crisis in terms of recruitment, then HRM has been recentralised due to recruitment problems at the local levels.
- Local councils have so far benefited from a redistribution of health allocations in favour of primary and secondary care services, and an increase in donor funding leveraged through the health baskets. As pointed out by the health sector review report of 2006 the PER of October 2005 reports “the LG element of the budget has increased by almost TSH 19 billion (28 %) (but) the central allocation has increased much faster, by 51 %, at the expense not only of the share assigned to LGAs but also to the regional level. This, coupled with the fact that the central level allocation is the largest in absolute terms, has driven the increase in the sectoral on-budget total.” This means that despite of many years of decentralisation within the health sector it still remains centralised in the sense of funds allocation for various health activities.
- In addition to the sheer numerical shortage of skilled health cadres there are a number of other challenges in tackling the HRH problem. One core challenge is the inequitable distribution of the existing HRH workforce, with a tendency of more health workers per population in urban and advantaged regions as compared to rural and less advantaged regions. Regardless of the urgent need to deploy more staff to these areas, the existing processes for recruitment are overly bureaucratic with inter-ministerial disconnects between MoH, PMO-RALG, PSM and MoF. This has led the MoH to recentralise the recruitment of health workers in future.
- The basket finance partners and the MoH found in 2005 that there was no evidence to encourage a change in existing policy on cost-sharing, by eliminating user fees for all people for all services at public health centres, dispensaries and clinics. They found that there is not evidence that fees are the main deterrent to utilization of primary services by the poor. It was stated in a joint note for the 2005 Review that the poor often cite “costs” which encompass transport, lost time at work as a deterrent, but they also cite perceptions of quality, preferences for traditional medicine, health workers attitudes as some of the reasons for not accessing services. Often the costs referred to are more likely to be hospital costs rather than the cost of primary services. Although not a large amount against total health expenditures, income from fees are an important source of funding at the local level. It looks like there are increased levels of funding coming from private insurance schemes but this is very much an urban phenomenon and In this regard it is worth noting that

there doesn't seem yet to be a lot of pressure/demands on the local health services from organised user groups.

- The 2005 health sector review basically believed that the ratio between public and private health services stands at roughly 60 – 40. In urban areas the contribution of private health care is definitely higher; rural areas show a large variety in relative contributions. The private sector is not easy to define and consists of a vibrant mix of a large number of different service providers and actors. Public Private Partnership is a reality in Tanzania, albeit limited in concept and practice and definitely insignificant to realise the paramount objective to promote equitable access to health services of an adequate quality to the whole population. This has led to calls for a more assertive MoH which engages the private sector and plays a better role in regulating and supervising. There is need to take health services provided and utilised as the centre of gravity, to be distinguished from the current arrangement that are based on ownership and function and leads to differentiation in registration, quality assurance, resource sharing, etc. It was found that there is a need for guidelines that allow for more equitable funding and resource sharing arrangements at the council level that would maximise public health output by effectively tapping the potential of all providers, public and 'genuine' providers.
- So the challenges for the health sector at local level remain many but a few are mentioned here:
 - The JRF is basically a development funding mechanism very similar to the LGCDG system. It would be practical to merge the two systems in the near future.
 - Health expenditures are still very centralised even at LGA level. Maybe in future more should be done to include more user group funding for health and to let increasing amounts of funds be utilised and accounted for at the facility level. This would include using more CHF as a vehicle for attracting and retaining funds at the facility level.
 - The HRH crisis/challenge remains enormous. Not only in terms of recruitment of additional health workers but also to distribute these in a more equitable way throughout the country. The issue of incentives and added value through improved skills upgrade of already existing staff needs to be addressed urgently.

5. AGRICULTURE

5-1 Sector Policies

The Agricultural Sector Development Strategy (ASDS) was approved by the government in August 2001 after a consultative process that began in 1998 after the preparation and finalization of the agricultural and livestock policy and the cooperatives development policy of 1997 - and thus immediately after the approval of the LG reform policy.

The ASDS envisages an agricultural sector that, by 2025, is “modernized, commercial, highly productive and profitable, and utilizes natural resources in a sustainable manner”. The ASDS has identified five strategic issues: (i) strengthening the institutional framework, (ii) creating a favourable environment for commercial activities, (iii) clarifying public and private sector roles in improving support services, (iv) strengthening marketing efficiency for inputs and outputs, and (v) mainstreaming planning for agricultural development in other sectors.

An Agricultural Sector Development Programme (ASDP) developed jointly by the four agriculture sector lead ministries (ASLMs⁴⁹) provides the overall framework and processes for implementing the ASDS. Development activities at district level are to be implemented by LGAs, based on district agricultural development plans (DADP), which are part of the overall district development plan (DDP). The ASDP is the tool for implementing the ASDS and provides the government with a sector-wide framework for overseeing the institutional reforms and investment priorities. The ASDP seeks to clarify public and private roles in improving support services including agricultural research, extension, training, regulation, technical services and finance⁵⁰. The private sector is envisaged to increase its role in providing a wide range of demand-driven support services to farmers. The public sector will gradually - but increasingly - limit its role to financing the provision of public goods and services, and target poverty reduction interventions. The ASDP has three broad pillars: (i) support at local level, (ii) support at national level, and (iii) support for cross-cutting and cross-sector issues.

The policy has a very significant focus on decentralisation reflected in explicit policy statements of shifting public sector funding from central government to LGAs: the ASDP makes a commitment of transferring 70–80 % of all public finance under the ASDP to districts and sub-district LGAs.

⁴⁹ ASLM include the three sector line ministries: the Ministry of Agriculture and Food Security (MAFS), Ministry of Water and Livestock Development (MoWLD) and Ministry of Cooperatives and Marketing (MCM), as well as the PO-RALG.

⁵⁰ See ASDP Framework and Process Document (ASDP), Final Draft (March 2003).

Box 5-1 ASDS: Salient Features

- Sustained agricultural growth target of at least 5 % per annum, to be achieved through the transformation from subsistence to commercial agriculture, as a core element of the Poverty Reduction Strategy.
- Transformation to be private sector-led through an improved enabling environment for enhancing the productivity and profitability of agriculture, with the removal of constraints to private sector involvement.
- Sector development to be facilitated through public/private partnerships, including increased contract farming (vertical integration), with a delineation of public/private roles.
- Focus on participatory planning and implementation, using the framework of the DADPs, which are part of the DDPs.
- Decentralisation of service delivery responsibilities to LGAs.
- Mainstreaming of cross-cutting and cross-sectoral issues in agricultural development operations.

5-2 Division of Responsibilities for Service Provision

Table 5-1 provides an overview of the entire ASDP and the role of different elements of government in its implementation. Districts are foreseen to be main responsible for the implementation of the field based activities referred to as sub-programme A in the table below. Indicatively 75 % of the entire ASDP financial resources are expected in the ASDP to be allocated for district's implementation, planning and budgeting through their DDPs.

Districts are thus responsible for planning and implementing the following through their DDPs (and subset of these plans focusing on agriculture referred to as DAPs):

- Investments supportive of enhanced agricultural production,
- Local level policy and regulatory framework,
- Local level research and advisory services,
- Private sector development and
- Cross cutting issues.

A reform is envisioned of the organisation of the management of advisory services (extension reform), whereby farmers groups are strengthened to articulate demand for services and strengthened directly to manage service contracts from private providers rather than rely on public extension staff and in this manner ensure that the provision of services become more responsive to farmers. The strategy foresees that for the majority of extension service provision for smallholders this will continue to be financed by central or local government, whereas there will be increasing private sector involvement in delivery to complement public extension providers.⁵¹

⁵¹ ASDS p. 32.

Box 5-2 Historical Background to Agricultural Extension Reform

During the early 1990s, agricultural services consisted primarily of centralized, supply-driven public services through the then Ministry of Agriculture and Cooperatives (MACs). Crop and livestock services were integrated, and organised around three main domains, namely research, training and extension. Technical services were handled separately. The technology transfer model, inherent in the Training and Visit (T&V) extension system, was soon found to be unsustainable due to the high costs of service delivery. Extension approaches barely took into account the concerns, needs and involvement of farmers. The majority of the farmers, as a result, either did not access the services, or often found them irrelevant. The situation worsened, largely due to government dominance in the management of extension, while coordination with the private sector, church-based organisations and other NGOs - as well as farmer-led initiatives - was often minimal.

Decentralisation of research was initiated in the early 1990s with the establishment of seven agricultural research zones; however the linkages between the zones and clients still needs further strengthening. To address this, the farming systems approach (FSA) was adopted in research operations, followed by the introduction of the "Client-Oriented Research Management Approach" (CORMA) in selected zones. Over the last decade, private research organisations have been established for supporting the development of the tea, coffee and tobacco industry, namely the Tea Research Institute of Tanzania (TRIT), the Tanzania Coffee Research Institute (TACRI) and the Tobacco Research Institute of Tanzania (TORITA).

From the late 1990s, changes in the policy environment created room for private sector participation in the provision of agricultural services⁵².

⁵² From Tanzania Agricultural Services Programme Document Draft 2004.

Table 5-1 Division of Responsibilities for ASDP Implementation

Sub-programmes	Main components	Proposed sub-components
A. Agricultural sector support and implementation at district and field level (through DADP/DDP) (indicative funding allocation: 75 %)	A.1 Investment and implementation The production and processing of agricultural outputs; indicative funding allocation: 70–80 % of Sub-programme A	May include amongst other: <ul style="list-style-type: none"> • Irrigation and water management • Range management • Livestock development and health • Better land husbandry • Crop production and protection • Mechanisation • Storage and post-harvest • Agro-processing
	A.2 Policy, regulatory and institutional framework Supporting enabling environment at LGAs for all farmers	<ul style="list-style-type: none"> • Policy and regulatory framework • District institutions • Community empowerment • Agricultural information • Advocacy
	A.3 Research, advisory services and training establishing the support services needed for agricultural growth	<ul style="list-style-type: none"> • Client-oriented research • Animal and plant multiplication • Advisory services • Training of producers • Service provider training
	A.4 Private sector development, marketing and rural finance Supporting the commercialisation of agricultural growth	<ul style="list-style-type: none"> • Private sector development • Market development and infrastructure • Producer organisations • Financial institutions and services
	A.5 Cross cutting and cross-sectoral issues	<ul style="list-style-type: none"> • Same list as sub-programme C
B. Agricultural sector support at national level (Indicative funding allocation: 20 %)	B.1 Policy, regulatory and institutional framework Creating a national enabling environment for all farmers and other actors in the sector	<ul style="list-style-type: none"> • Policy & regulatory framework • Commercial sub-sector development • Agricultural information • ASDP management • Advocacy
	B.2 Research, advisory services, and training	<ul style="list-style-type: none"> • Research • Animal and plant multiplication • Extension/advisory services • Training and education
	B.3 Private sector development, marketing and rural finance	<ul style="list-style-type: none"> • Marketing; rural finance • Private sector development
C. Cross-cutting and cross sectoral issues (Indicative funding allocation: 5 %)	Managing links between agriculture and other sectors, may include amongst other: Rural infrastructure and energy; civil service and LGA reform; Land Acts' implementation; health (HIV/AIDS, Malaria); gender; education; environmental management; forestry and fisheries; water	

5-3 Local Service Delivery Financing

It is only recently that development partner and Government have come together to finance the implementation of the ASDP through joint financing modalities. Funding for district level interventions has otherwise mainly been provided through donor funded area based programmes. Although no systematic overview has been provided of funding levels across areas of intervention and districts, it is generally acknowledged that this has led to a unequal geographical allocation of resources, where some districts (e.g. Iringa Rural District) have benefited from several major programme interventions (e.g. from DANIDA and WB) and others have received no donor supported interventions.

The government allocations to LGAs for agriculture are small compared to other sector transfers and mainly cover salaries. Agriculture sector spending at LGA level only constitutes some 3 % of total LGA expenditures⁵³.

Government transfers to LGAs has over the last years remained relatively stable and only included:

1. Recurrent transfers of approximately 12 billion annually of out of which more than 9 billion was spent on salaries.
2. Approximately 4 billion annually for development funding - referred to as DADP funding⁵⁴; until recently a very earmarked development grant from MAFS transferred to LGAs for a rather limited range of eligible investments (see 5-5 for experiences).

When the ASDP becomes operational this funding pattern will change significantly as development partner funding increasingly will be provided through an agriculture sector window of the LGCDG other agriculture sector fiscal transfers integrated into the overall LG fiscal transfer system.

Thus future financing for district agricultural development and services will in addition to LGCDG include three enhanced fiscal grants⁵⁵:

- DADG,
- Agriculture Extension Block Grant (AEBG) and
- Agricultural Capacity Building Grant (ACBG)

⁵³ See Chapter 2 of this report for comparisons of sector level funding.

⁵⁴ Agriculture Sector Public Expenditure Review for FY 2003/2004 p. x, note that DADP funding only recently is included in LGA MTEF - previously under MAFS and thus not captures in LGA finance statistics published by PMO-RALG.

⁵⁵ URT, ASDP, Guidelines for District Agricultural Development Planning and Implementation (draft) June 2006 and PMO-RALG Guidelines for the Preparation of LGA medium Term Plans and Budgets 2006/2007 – 2008/2009.

Each grant will have 2 elements: a standard or basic grant which LGAs receive irrespective of performance and additional/enhanced or top-up funds which LGAs receive based on improved performance. The basic grants will be government funded and the amount per LGA determined using a formula

- Number of villages (80 % weighting),
- Rural population (10 %) and
- Rainfall index (10 %).

The type and function of each grant are summarized in Table 5-2.

Table 5-2 Types and Functions of DADG, Extension Block Grant (EBG) and ADBG⁵⁶

Grant	DADG	EBG	ACBG
Standard (basic)	Discretionary fund to finance investment in infrastructure and productive assets. (TSH 38 million per year per LGA)	Finance salaries and operating costs of public extension staff at LGA level.	Discretionary fund to finance training and CB of LGA.
Enhanced (top-up)	Same as above. (Around TSH 120 to 210 million per year per LGA, depending on performance assessments and formula)	Discretionary fund to finance the cost of contracting private agricultural service providers.	Earmarked fund to finance farmer empowerment and capacity building for potential private sector service providers (only active for the first 2-3 years of implementation).

Irrigation projects can be financed by LGCDG and DADG. However, if the fund is not sufficient, it is possible to apply for additional financing through a District Irrigation Development Fund (DIDF). DIDF is a fund established at the national level to finance district level irrigation schemes on a competitive basis. To apply for DIDF, districts must meet DADG access conditions. Requests for DIDF financing will be submitted annually to MAFS, where requests will be assessed according to economic viability and other criteria (Table 5-3).

All LGAs will continue to receive the small basic allocations for agricultural extension and a small DADG but increased level of funding at LGA level depend on the LGA to fulfil some basic performance criteria, that will be assessed as part of the annual LGCDG assessment exercise.

⁵⁶ URT, ASDP, Guidelines for District Agricultural Development Planning and Implementation (draft) June 2006.

Table 5-3 Conditions for Receiving Enhanced Agricultural Financing

MCs	EBG	Level
1. District qualifies for CDG	PMO-RALG annual assessment report	Primary*
2. Position of DALDO filled	Establishment	Secondary*
3. Council has a DADP	DADP	Primary
4. Evidence of commitment to the participatory process	PMO-RALG	Secondary
5. Evidence of a commitment to reform agricultural extension services.	Obtain council minutes of resolution on reform	Secondary

DALDO: District Agriculture and Livestock Development Officer

**Primary*: Must be in place at the time of annual assessment

**Secondary*: Districts given additional time to satisfy these agreed actions (e.g. within 2 months of assessments.)

5-4 Planning and Implementation Procedures

DADP preparation guidelines were first issued by MAFS in January 2003 and implementation started in fiscal year 2003/2004. The process has been subject to various reviews and key findings of experiences can be summarised⁵⁷:

1. Several districts have undertaken some form of comprehensive participatory planning, including O&OD Planning. However, they only very rarely feed into the DADP plans that are funded, mainly because the DADP guidelines to the districts the first years have restricted investments to narrow range of so-called “quick wins” identified by ASLMS (mainly five standard investments: Irrigation, cattle dips, coffee pulperies, charco dams and Savings and Credit Cooperative Societies (SACCOs)). The instructions regarding this kind of targeting combined with late issuance of instructions and late communication of budget ceilings in reality de-linked DADP planning from the supposed participatory planning exercise. Thus the DADPs have to date mainly been developed by desk officers at district level.
2. The DADP investments were to a great extent implemented according to planned targets, but we observed substantial problems regarding:
 - a. Ownership of investments (e.g. unclear land and water rights in many irrigation schemes, unclear ownership of cattle dips),
 - b. Unclear distinction between public and private investments (e.g. funding tea plant stock to individuals farmer already familiar with the crop), and provision of grant financing for farmers investments even when such investments could have been financed on more

⁵⁷ PO-RALG, MAFS and Rural and Agricultural Development Advisory Group of JICA Tanzania Office (JICA-Rural and Agricultural Development Advisory Group (RADAG)): A Study to Review the 2003/2004 DADP Process towards Effective and Efficient Implementation of DADPs, Review of DANIDA ASDP and observations from DADP formulation mission 2005.

- commercial terms (e.g. coffee processing by well organised primary cooperative),
- c. Unclear poverty targeting,
 - d. Sustainability of investments - some DADPs included for instance rehabilitation of cattle dips which already had collapsed several times because of un-viability or poor management and yet DADP failed to establish proper management structures before rehabilitation with public funds,
3. The actual budget allocated for DADPs during FY 2004/2005 amounted to TSH 4 billion, or on average about TSH 35 million per district (about USD 32,000). This is a very small amount of money when considering that an average district would include more than 100 rural villages.
 4. Institutional arrangements for management of the DADP process were initially very unclear and not in accordance with LG reform policy. Thus funds were held under the vote of MAFS and only released to districts once the ministry had approved a specific list of projects by each district.

District agricultural extension services and investments were not planned and delivered through any form of inclusive planning process. This in part because the level of funding is very low, but also

Table 5-4 Sample of Typical DADP Projects⁵⁸

(TSH 1,000)

District	Project/activity category	Funds
Bagamoyo	Irrigation scheme rehabilitation	25,000
	Construction of 1 charco dam	15,000
	Strengthening of SACCOs	5,000
Kibaha	Irrigation scheme rehabilitation	20,000
	Rehabilitation of 4 cattle dips	5,000
	Strengthening of SACCOs	5,000
Missungwi	Rehabilitation of 6 cattle dips	30,000
Hai	Central pulperies	47,000
	Rehabilitation of 4 cattle dips	20,000
Nzega	Rehabilitation of 4 cattle dips	20,000
	Strengthening of SACCOs	5,000
Uyui	Rehabilitation of 4 cattle dips	20,000
	Strengthening of SACCOs	5,000
Mtwara	Construction of weir	30,000
	Strengthening of SACCOs	5,000
Masasi	Irrigation scheme rehabilitation	30,000
	Rehabilitation of 2 cattle dips	10,000
	Strengthening of SACCOs	5,000

⁵⁸ DADP review op. cit.

more fundamentally because no efforts have been made effectively to include local councils and farmer groups in decision of the overall extension budget.

5-5 HR Issues

5-5-1 Distribution and Financing of Extension Staff

At the onset of the LG reform programme agriculture extension staff were transferred from MAFS to LGAs, but the process is often described as having been done hurriedly” or unsystematically. Data on extension staff in the districts appear highly unreliable and different sources quote different figures⁵⁹. However approximate 6,000 are considered a reliable estimate of extension staffs employed by districts - slightly less than one for every 2 villages.

From a cursory review of the central government allocations of agriculture extension staff salaries, it is clear that the existing allocations are unrelated to needs and for instance skewed in favor of urban areas rather than rural LGAs. While such discrepancies in allocations are found in other sectors (including health and education) then these are much more marked in the agricultural sector. Several urban LGs at present receive more funding for agricultural extension than rural districts!

An Agriculture Block Grant team has been established with representation from ASLMs, LGRP and MoF. The team has worked on determination of what would be an appropriate formula for distribution of available resources among LGAs. The appropriate formula for the sector has been determined as:

- Villages 60 %
- Rural population 20 %
- Rainfall 20 %

This formula will gradually be phased in for allocation of fiscal resources in LGAs for staff salaries and OC for agricultural extension. However, as explained in Chapter 2, it was in the beginning of the fiscal reforms decided to hold LGA “harmless” - i.e. no LGA should have their allocations reduced but instead gradually phase in the formula as the overall resource envelope increases.

However, the application of the formula in the agriculture sector will lead to a radical different allocation of resources across LGAs. See Annex 2 for details: some LGAs will require a ten doubling of funding and other a 90 % decrease if funding if financial resources for all extension staff salaries and

⁵⁹ See for instance the comparisons in MAFS: 2003: “Institutional Arrangements and Capacity Assessment of Public Sector Agricultural Extension in Tanzania” A Consultancy report by Faustin Maganga and E Jagga.

OC in the sector were allocated according to the agreed transparent formula rather than based on past historical allocations.

It seems necessary to reconsider the decision of holding “harmless” for the agriculture sector and instead undertake a central government directed reallocation of staff across LGAs, which will be more responsive to the needs and subsequently use that as basis for later locally managed staff restructuring. It should be noted that the introduction of formula-based allocations will imply that possible future LGA retrenchment exercises will increase locally available funding for services, rather than as present simply lead to reductions in PE budget allocations. Thus the LG fiscal reforms open up for new opportunities for funding activities envisaged under ASDP.

5-5-2 LGA Staff Restructuring

Within the ASDP it is envisaged that the extension system will in part be privatised and this for instance is reflected in a Memorandum of Agreement that CG/ASDP and LGAs sign regarding commitment on “Agricultural Reform”. While the practical modalities still are to be fully decided upon, it should be observed that the previous discussions on reform of the extension system reflected in the Agricultural Sector Support Programme (ASSP) foresaw substantial changes and staff reductions of the public extension systems within LGAs.

A general non sector specific restructuring exercise has in the meantime been ongoing in all LGAs starting with 38 LGAs in phase I of the LGRP in 2000 and now covering all LGAs. This exercise has also included the agriculture sector but not been clearly linked to the Vision of ASDP regarding a more privatised extension system⁶⁰.

As with other partially decentralised staff, the level of local accountability of agricultural extension staff to district, ward and village councillors is very limited and we found several complaints in the field.

District council chairman view on agricultural extension staff:

They are all corrupt - they are the most corrupt of all staff employed in my district. They have been around for 20 years and built their networks and know how to get money out of the system. I have no idea of what they are doing - funding is not going to the villages as supposed. I hear that some staff are on the payroll - yet they live in other districts and I don't see them here. There is nothing I can do (Moshi district council chairman - observations on agriculture sector).

⁶⁰ See LGRP Restructuring Manual and organisation structures of reorganised LGAs. See also discussion of Restructuring exercise in Steffensen, Tidemand and Mwaipopo 2004 op. cit. Chapter 5.

5-6 Trends in Service Delivery Outputs and Outcomes

5-6-1 Agricultural Production

There is broad consensus that the overall current growth of the agriculture sector has been inadequate to meet the poverty goals embodied in the Mkukuta⁶¹. Agricultural growth rates have lagged behind national average growth (Table 5-5).

Table 5-5 Mainland Tanzania: GDP by Economic Activity

1993–2004: % Growth Rates (At constant 1992 prices)

Economic activity	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Agriculture	3.1	2.1	5.8	3.9	2.4	1.9	4.1	3.4	5.5	5.0
Crops	3.1	2.0	6.8	4.2	2.3	1.8	4.5	2.9	5.9	5.3
Livestock	2.7	1.4	2.7	2.7	2.7	1.9	3.5	3.9	3.3	3.5
Forestry and Hunting	2.9	2.7	2.7	2.7	2.7	1.2	2.4	4.8	3.6	3.0
Fishing	4.4	3.9	4.0	4.1	3.7	3.5	3.2	6.4	7.0	6.5
Total GDP (factor cost)	0.4	1.4	3.6	4.2	3.3	4.0	4.7	4.8	5.8	6.2

Source: PO PP 2005: The Economic Survey 2004 and National Bureau of Statistics

Analysis of agricultural statistics (Table 5-6 and Table 5-7) shows that

- Production figures fluctuates - mainly because of rainfall - but with overall low growth rates,
- The sector is dominated by smallholders and growth from this sector has almost entirely been achieved through expansion of areas cultivated rather than from agricultural labour productivity,
- Productivity is constrained by lack of skills, access to technologies, inputs and credit,
- Productivity gains could be significant - reflected in substantial productivity differences between the large scale estates and smallholders (a factor 3 for tea per hectare for instance)⁶²

⁶¹ URT, Poverty and Human Development Report 2005 (available at www.repoa.or.tz)

⁶² URT, Poverty and Human Development Report 2005

Table 5-6 Food Crop Production⁶³

(thousands tons)

Crop	2002	2003	2004	Change 2003/2004 (%)
Maize	3,480	3,129	4,286	36.9
Paddy	1,069	921	1,030	11.8
Wheat	67	72	66	(8.3)
Millet/sorghum	757	986	937	(4.9)
Cassava	2,058	2,656	2,470	(7.0)
Beans	574	517	603	16.6
Sweet potatoes	1,025	1,197	1,245	4.0
Bananas	2,067	2,501	2,376	2.9
Total	11,097	11,979	13,213	10.3

Table 5-7 Cash Crops Production 2003–2004⁶⁴

(thousands tons)

Crop	2003	2004	% change 2003/2004
Cotton	190,153	344,207	81.0
Tobacco	32,693.62	51,972	58.9
Sugar	190,120	223,889	17.8
Tea	28,028	30,259	7.9
Pyrethrum	3,000	897	(70.1)
Coffee	46,205	51,970	12.5
Sisal	23,641	26,800	13.4
Cashew nuts	90,000	100,000	11.1
Total	603,841	829,994	37.5

5-6-2 Agricultural Services Provided

Meaningful national data on agricultural extension services are scarce. Box 5-3 illustrates how national reports try to summarise service delivery in the sector.

In LGAs districts plans and progress reports, the department responsible for production will list number of demonstration plots, farmer's days etc., but this provides limited meaningful data on effectiveness of the current extension system. Broad conclusions from service delivery studies undertaken by individual LGAs under the LGRP indicate that agricultural extension is by far the least appreciated service provided by LGAs of the three analysed in this report⁶⁵.

⁶³ PO-PP op. cit. 2005

⁶⁴ *Ibid.*

⁶⁵ There is no summary of all LGA Service delivery studies, so the impression is based on review of a sample and discussion with LGRP staff. This is further confirmed by the Citizen Survey cited in Repoa Brief 6, October 2006: Local Government reform in Tanzania 2002–2005: Summary of Research Findings on governance, Finance and Service delivery (www.repoa.or.tz) by Odd Helge Fjeldstad, Einer Braathen and Amon Chaligha.

Box 5-3 Report on Agricultural Extension Achievements

In 2004, agriculture and livestock training was strengthened by improving curriculum in order to meet real demand of stakeholders. Training in paddy irrigation practices was offered to 160 farmers. Government scholarships were offered for 400 trainees at diploma level, 3 for first degree and 4 for masters. Moreover, 58 farmers (38 males, 20 females) were given on-farm training, and 1,193 farmers were trained on demonstration sites (657 male, 536 female). In addition, 9 tutors' houses, 5 dormitories and trainers' offices were rehabilitated.

In 2004, a total of 1,271 livestock keepers were trained in improved animal husbandry at Buhuri, Madaba, Mpwapwa, Morogoro and Tengeru training institutes. Inspection of meat, and hides and skins was also strengthened and conducted in Dar es Salaam, Mwanza, Dodoma, Mbeya, Kilimanjaro, Arusha, Morogoro and Iringa. In addition, 120 meat, and hides and skins inspectors were trained in Central and Northern Zones. Moreover, 89 Mpwapwa bulls were distributed to Manyoni (16), Mpwapwa (4), Kiteto (6), Ngorongoro (32) and Longido (31) centres.

Presidents Office, Planning and Privatisation June 2005, The Economic Survey

<http://www.tanzania.go.tz/economicsurveyf.html>

Evaluations of pilots for using community-based grass root institutions to run demand-driven and participatory extension systems, including Farmer Field Schools (FFS) indicate that these approaches are more promising than the existing mainstream public extension system (Box 5-4). And based on these experiences, it is expected to undertake reform of the entire national system for agricultural service provision⁶⁶.

⁶⁶ The above summary/box is from ASSP op. cit. - adapted from URT/National Agricultural Extension Project (NAEP) II: Lessons from Experiences of NAEP II Micro-projects. Report prepared by NAEP II Team with the assistance of H.B. Lunogelo; Final Draft - February 2004.

Box 5-4 Review of Pilot Activities Under NAEP II

Thirty-five pilots were facilitated by the NAEP II. The pilot initiatives were designed to test modalities to improve agricultural extension service provision to communities, ranging from training and technical advice, to linking with input/output marketing services. Pilots involved different farm enterprises, such as crop, livestock, agro-forestry, beekeeping and aquaculture. They were designed with the participation of communities and other stakeholders. Typically, communities demanded for extension services, which were sourced from government agents, community trained extension advisers or Farmer Motivators (FAMOs).

In order to increase the interaction between advisors and farmers, the initiatives combined the use of group approaches and training of FAMOs. The establishment of FFSs in a number of pilots gave opportunities to enhance group actions and in-the-field learning, where members shared the associated costs. It also provided a ground for training FAMOs, whose services were highly appreciated by fellow farmers. Besides learning integrated approaches to profitable farming, farmers had the chance to learn-by-doing such skills as artificial insemination, poultry vaccination, pasture management, post-harvest handling, soil and water management, use of animal draught power, water harvesting and irrigation, home economics and human health. These practices reportedly contributed to increased yields, with optimal returns attained when applied in an integrated manner and where markets were available for the produce.

The pilots showed that, if well prepared, community-based institutions can be important players in effective extension service delivery. It was also found that various stakeholders regard FFS as a promising, cost effective method for client-oriented extension services, which responds to their demands, empowers them through group training and participation, and provides effective links between farmers, research and extension.

The review of NAEP II Pilots suggest that several have potential for up-scaling; providing however that some cautionary measures be taken:

- Adequate time must be allowed for the grassroots institutions to internalise their roles and gain experience as capacity building takes its course;
- LGAs should recognise the role of private sector, NGOs and CBOs in service provision, and take a proactive role in their CB; follow-up monitoring and backstopping of service providers.
- LGAs must complement community efforts with improving public goods and services (e.g. road networks, storage facilities and marketing systems, schools and health facilities).

The financial ability of most LGAs to support mainstream extension services is limited. Therefore, grassroots institutions should also contribute from their own resources if these new initiatives are to be sustained. This includes rewarding FAMOs for their services and sharing the costs of running FFS. Savings mobilisation and building of grassroots micro-finance institutions is critical for the sustainability of community-based initiatives, as is the careful selection of high value and marketable produce.

5-7 Impact of Decentralisation

Agriculture sector reforms aim for decentralisation of significant elements of the ASDP through districts and LGAs, however this is yet to be fully reflected in effective reform implementation. The following discussion will therefore in part discuss reform intentions addition to the practices to date.

5-7-1 Transparency and Equity

Previous years allocation of government funding to LGAs for the agricultural sector has been rather untransparent and unequal. Most of the funding has been for extension staff PEs and OC and based on centrally available information regarding the number of staff employed in each LGA, rather than some objective criteria. This has led to very unequal resource allocation where several urban LGAs receive higher level of funding than rural LGAs (Annex 2).

Development funding for the DADPs has from government initially been allocated on an equal share basis (same amount to all districts) rather than adjusted according to size of LGA, population or other need criteria. The majority of development funding has to date been transferred to districts from donors who have focused on selected district. This in turn has led to significant variation of funding across the country.

The future implementation of the ASDP seeks to address the above through transparent formula-based allocation of resources.

5-7-2 Participation and Accountability

Lessons on citizen and farmer participation are mainly derived from donor-supported projects⁶⁷ where farmer's involvements in e.g. FFS have proved promising, but where lessons yet are to be generated regarding other elements of future reform - in particular regarding farmer contracting of service providers.

Village level participation in planning for investments relevant to agriculture sector developments were promising in project interventions but appear to have been only marginal in planning for government funded DADPs to date. This will be addressed in future ASDP interventions.

⁶⁷ E.g. DANIDA Agricultural Sector Programme Support (ASPS) and Participatory Agricultural Development and Empowerment Project (PADEP) (see various review reports)

The decentralisation of agricultural extension staff to LGAs, which was affected in 1998–2000,⁶⁸ sought to enhance local accountability of staff to LGs and thus communities. The transfer of staff was however not accompanied by any substantial support or redeployment of staff, which from the onset of reform was considered distributed in a very unequal manner across districts⁶⁹.

During our fieldwork - in particularly in Moshi - district councillors complained bitterly of the performance of especially agriculture sector staffs that were charged as corrupt and absconding from work. The council felt unable to discipline staff even when some extension staff stayed permanently out of the district and rarely reported at work. The complaints by the council is also supported by the high numbers of complaints from the public regarding corruption, where the agriculture sector feature prominently.

However, accountability of agricultural extension staff to the LGs has not been sought strengthened by the sector. It is felt to be outside the responsibility of MAFS. Instead the sector now seeks several other very different kinds of accountability enhanced. The most novel, and probably risky, is the arrangement for public financed, but privately provided services as illustrated in Table 5-8.

Table 5-8 Accountability Arrangements for Different Financing and Provision Mechanisms

		DADG	
		Private	Public (LG)
Financing	Private	<p>Market: Farmers buy services and investments from private sector providers – choose providers in competitive market.</p> <p>Banks and other financial institutions provide capital for farmer investments. Companies provide input/extension packages to farmers (e.g. tobacco).</p>	<p>User fees: Clients pay (part of) service from public providers. Clients have a (limited) choice in selection of provider.</p>
	Public	<p>Outsourcing – private companies provide e.g. extension services (competition among companies mainly controlled by LGs).</p> <p>“Client sponsorship” – private groups receiving public funds and procure services on competitive market (may include public providers) = ASDP model.</p>	<p>Taxes & democracy: Citizens (farmers) pay taxes and demand services from LGAs.</p> <p>Extension staffs etc. are accountable to elected councillors (village, ward and district level) who can hire and fire as well as approve budgets and work plans of extension staff etc.</p>

⁶⁸ MAFS: Decentralisation of Agricultural Extension Services - Ministerial Presentation Agriculture sector Stakeholders Bunge Hall Dodoma 23–24 March 2001.

⁶⁹ *Ibid.* p. 12.

5-7-3 Service Delivery and Efficiency

Data on service delivery and efficiencies are not available in a form that allows discussion of trends over time. However, several service delivery analyses have indicated substantive dissatisfaction with the services provided by the public extension system⁷⁰. Extension staff employed in LGAs on the other hand complains about lack of financial resources. The reduction in public extension service budgets occurred simultaneously with the decentralisation of staff to LGAs and some sector staff expressed therefore a yearning for the good old days when the service was centralised. New technical approaches to the organisation of extension services with more emphasis on FFS (and linkages to research) have been undertaken in Tanzania on a pilot basis and overall considered as positive, but the evaluations does not allow for conclusion regarding cost efficiencies and remain to be up scaled under the future ASDP programme interventions.

5-8 Key Lessons and Challenges

District agricultural extension services and investments are not yet planned and delivered in an integrated manner that ensures local accountability to locally elected councillors and villages - nor farmers. Planning has among many LGAs over the years largely been implemented through discrete donor interventions and central government programmes. It is acknowledged that there are substantial opportunities to improve the transparency and ways in which DADPs and donor funded projects are designed in order to offer more room for local discretion and accountability. Furthermore it is recognized that the present project modalities for supporting district level activities lead to unequal and non-transparent distribution of resources among districts as well as high transaction costs for both central and local governments. Therefore, and in line with ASDP, it is acknowledged that there is a need for donors to work together with government in formulating and delivering a consolidated programme of support to the DADPs. This form of donor support to DADPs will be provided through the single ASDP basket fund in joint cooperation among government and development partners.

Through the limited decentralisation of development funds (DADP) and various project interventions a number of useful and promising lessons have been learned regarding:

- Planning of investments through Village Agricultural Development Plans (PADEP, DANIDA etc.), where critical issues have been how to ensure clear ownership and sustainability of investments and how to link agricultural planning with normal (O&OD) planning approaches,

⁷⁰ LGRP Service delivery Surveys undertaken as part of the LGA Restructuring exercise - surveys are carried out for individual LGAs but agriculture sector service delivery is consistently scored lower than other sectors - particularly education and health in these surveys.

- Organisation of extension services based on farmers groups (FFS) and linking extension to research (Eastern Zone Client-Oriented Research and Extension Project (EZCORE))

The ASDP basket is only really becoming effective this financial year and lessons remain yet to be generated on a number of critical aspects, including:

- How in practice to initiate the reform of the extension system through a gradual privatisation and farmer empowerment where public funding is to be provided to the farmers groups in an integrated manner through the existing agricultural AEBG system,
- An initial stage of the above process will be to address the very unequal allocation of agricultural extension staff across districts by a central government redeployment - the basic formula-based AEBG can otherwise not be effected.
- How to enhance district agricultural planning to be more strategic in outlook: addressing the local regulatory framework, restructuring its own public extension system and plan for infrastructure development and in a manner that facilitates agricultural development,
- How to ensure that the integration of agricultural development funding into the LGCDG system provides effective incentives to LGs for improvement of the sector performance. If the guidelines are relevant and clear to LGs and if the assessment team can assess LGs performance in a transparent manner, then the system will enhance LGs adherence to agricultural sector policies and overall improvements in the sector. However, there is also a risk that the assessment becomes superficial or corrupted.
- How to provide LGs with support and capacity building in an effective manner. There is a risk for complicating messages. In Uganda it was reported that facilitators themselves did not understand the rationale for some of the approaches under National Agricultural Advisory Services (NAADS) and in the development of some of the initial guidelines for ASDP it also appeared as if a very ideal rather than practical approach to planning was advocated. It has in principle been decided to provide support to LGs in the form of an enhanced CB grant. This will require very significant work by MAFS to ensure that training providers and training material is available for procurement by the LGs, otherwise funding for the CBG is unlikely to make an impact.

6. CONCLUSION

The decentralisation reforms in Tanzania must be understood as part of a broader governance reform towards economic and political liberalisation. The decentralisation reforms are in Tanzania often discussed narrowly as “LGRP” led by a reform team within PMO-RALG, but include in fact also much wider and bigger (in terms of financing) sector reforms where decentralisation of service delivery arrangement is but one component of wider sector reforms and service delivery programmes. Within these sector reforms decentralisation is interpreted differently from what is the official LG reform policy, where emphasis is on “decentralisation by devolution” whereas sector reforms in to a larger extent emphasize decentralisation to user groups or outright privatisation. Finally it should be noted that the intended “decentralisation by devolution” in Tanzania to date only has been partially implemented. This complicates efforts of establishing simple cause-effect relationships between specific reform elements and “impact”. Nevertheless, with these caveats, we seek below to summarise the status of the general decentralisation reforms, the impact of decentralisation on governance and service delivery, related key challenges and opportunities for future external support to decentralisation reforms.

6-1 Overall Progress and Challenges with LG Reforms

Recent implementation of the LG and decentralisation reforms can note the following key achievements and challenges.

6-1-1 Policy Development

The local government reform policy outlines a very clear ambition of substantial “decentralisation by devolution”. While the LGRP has sought to build further inclusive commitment among the different stakeholders to this policy, then it has not yet been possible to progress very fundamentally with a stronger policy and legal articulation of this commitment in e.g. a constitutional amendment or substantive review of LG legislation. On the contrary it can be argued that the current proposed amendment to the LG laws will undermine the policy ambition of decentralisation by devolution. The legal framework for LG personnel management has in a similar way not progressed in accordance with the LG reform ambitions. While the degree of LGA autonomy thus is debated, there is still broad consensus on the basic intentions regarding having LGAs as key responsible for service provision of most basic services including education, health and agriculture.

6-1-2 LG Finance

Substantial progress has been made in 2 key areas.

1. The development of a system for formula-based allocation of fiscal transfers for recurrent expenses. This system provides for a more transparent and equitable distribution of central government transfers from central government to LGAs for PE and OC. In principle it will also allow LGAs more discretion in local expenditure decisions, although that would require reforms of the way personnel and personnel budgeting is managed. Furthermore it is realised that phasing in of formula for especially agriculture will require a special efforts because the existing allocations are so different from what would be the outcome of practical implementation of the formula.
2. The introduction of the LGCDG systems for fiscal transfers of development funding to LGAs; this provides for a much more equitable and transparent allocation of resources to LGAs. It enables LGAs to plan and budget cross sectorally. The system provides incentives to LGAs for a compliance with a range of good governance practices including proper financial management, participatory planning etc. government and development partners have furthermore started to integrate various sector and project funding into the LGCDG.

In addition financial management procedures and reporting has improved although still a lot is to be done.

LGA own revenue has declined, but LGAs have been compensated and appears still to be able to adjust income at the margin. However it is realised that LGA own taxes need to be enhanced further not least to ensure a basic degree of LGA autonomy and local accountability of LGAs to their taxpayers.

6-1-3 HR

The legal framework for personnel management at LGA is unclear regarding the degree of LGA autonomy in staff management and the lines of accountability: are staff truly employees of LGAs or CG? In principle all staff (except the director) are appointed and employed by LGAs, but in reality key staff including finance staff are often transferred across LGAs by central government, just as CG has taken responsibility for recruitment/deployment of health and teaching staff.

Another significant problem with HRM at LGA level is how to attract and retain key qualified staff - in particular in remote and marginalised areas. Proposals regarding having elements of location allowances or other incentives such as SASE for LGA staff have not been developed or implemented to date⁷¹.

Some of the achievements recorded in later years include:

⁷¹ Interview with Dr. Ted Valentine, PO-PSM Consultant on pay reform issues and design of SASE. See also the reports on SASE in LGAs and report on staffing problems in LGAs by Valentine and Tidemand 2005.

- Completion of a range of training interventions and development of a modality for demand driven training at LGA level through the LGCDG system,
- Near completion of the LGA restructuring exercise.

6-2 Linkages between Sector Decentralisation and LGs

Each of the 3 sectors analysed in this study has in different ways worked within the general LG system to enhance service delivery but also pursued sector specific strategies to enhance effectiveness of local service delivery. In Table 6-1, we summarise some of the key differences in approaches of the sectors regarding their linkages with the overall LG institutional arrangements, financing, HRM procedures etc.

Table 6-1 Sector – LGA Linkages

Issue area	Education	Health	Agriculture
Integration in overall LG planning and budget system	Integrated in district plans but main inputs from schools and technical staff. Some involvement of villages and wards in determination of class room construction priorities.	Integrated in district plans but main input to planning from technical staff. Villages and wards request for infrastructures mainly.	In principle integrated in district plans, but previous years DADPs in reality stand alone project planning. Future interventions planned to strengthen integrated planning.
Transparent allocation of resources through formula	Formula-based allocations are under implementation	Formula-based allocations implemented.	Until recently dominated by projects with unequal national allocation of resources. Formula-based allocations from this FY.
LG prioritisation of the sector in LGCDG investments ⁷²	43 %	14 %	6 % (Roads 13 %, water 8 %)
CG prioritisation of sector in recurrent transfers ⁷³	60 %	16 %	4 %
Level of LG fiscal autonomy	Very limited discretion at LGA for management of education transfers	Very limited discretion	Until recently marginal scope for LGA prioritisation Substantial discretion at LGA level planned from this FY; districts and villages for making priorities for development funding.
User group management of recurrent funding	Substantial share of fiscal transfers managed at school level.	Very limited	Planned in future to have farmers group manage service contracts.
User group management of development funding	Substantial: the school management committee budget, procure and manage contractor	Recent introduction of grant for rehabilitation seeks direct management by user committees.	Some experience from DADP implementation and projects of user group managing cattle dips, nurseries etc.
Sector staffing at LG level – measures for local accountability	CG hire directly on behalf of LGAs, limited local control – limited merit based recruitment	CG hire directly on behalf of LGAs, limited local control – limited merit based recruitment	Recruitment staff. Still very uneven allocation of staff among districts – not addressed since initial staff was transferred to districts.
User group management of staff	Limited/nil	Limited/nil	Plans to have direct contracts with private agricultural extension suppliers

⁷² LGSP Semi Annual Report July 2006.

⁷³ See details Chapter 2.

Some of the noticeable features that stand out are:

- All sectors seek integration into the overall district plan and budget, but sectors do not to the same extent integrate the lower level LG system in budget prioritisations,
- All sectors have now started implementing a formula-based system for allocation of resources to districts - however, for agriculture there is a significant difference between the historical allocations and the formula - thus it is not possible gradually to phase the formula in - a more drastic redeployment of the staff across districts is required,
- The CG and LG sector priorities in budgets are fairly similar with strongest emphasis on the education sector and least emphasis on agriculture; although this emphasis is more pronounced at CG than LG levels.
- All sector transfers are quite earmarked - with limited discretion left to LGAs,
- In particular education have decentralised management of both development and recurrent funding to user groups, the agriculture sector will under reforms follow suit, but health sector have not yet in a similar way pursued this strategy.

6-3 Impact of (Sector) Decentralisation on Governance

As evident from Table 6-1 and the discussion in this report, the 3 sectors we have analysed interact in very different ways with the local governments. Although all sectors are operating broadly in adherence to the Local Government Reform Policy, Constitution and LG Act, they also aim in various ways to enhance the sector specific policies and strategies.

The impact of the sector specific efforts for decentralisation on governance has in a broad sense been **positive** regarding enhancing citizens participation in planning and delivery of services through sector specific user groups but **negative** regarding enhancing citizen participation in cross sector planning and budgeting through their district and village councils.

Only the LGCDG provides incentives for broader governance issues such as cross-sectoral planning, broad based citizen participation, general LG accountability, whereas the earmarked grants in the three sectors and their focus on up-wards accountability to the central government rather than downwards to the citizens, have tended to undermine LG autonomy and involvement of citizens in decision-making and supervision. The governance impact of the sector decentralisation reforms in selected thematic areas is summarised following.

6-3-1 Impact on Transparency and Equity

Transparency in allocation of financial resources

Broadly speaking all sectors have recently strived at distributing fiscal resources in a transparent manner through formula-based allocations across local governments. Especially for the health and education sectors the bulk of funding is now provided through formula-based grants to districts. For the agricultural sector, such transparent formula-based allocations are still in their infancy, but envisaged to change over the next years.

In all sectors it appears that the long-standing geographical disparities in service delivery between different regions have largely remained unchanged although the future more transparent and formula-based allocation of finance may contribute to changing this.

Transparency in allocation of HRs

The previous system of centralized allocation of personnel to districts has led to a very unequal allocation of staff. This is reflected in the discrepancy between the formula-based allocation of PE/OC and historical allocations. The agricultural sector is by far the worst in this manner, but the unequal distribution of teachers and health staff is also well known.

For all sectors there seem to be significant problems in allocation of staff to marginalized/remote areas - this is partly marginalized/remote districts having problems of attracting staff, but also a problem within each of the districts where some villages are better served than others. The problem appears common⁷⁴ but not well documented. CG and sectors have taken some steps to address the first kind of inequalities by assisting the districts in recruitment of key sector staff, however the latter problem is left to the districts to cater for. The districts in turn have limited scope and capacity to address these matters. The way decentralisation in practice has been implemented has not yet contributed to a significant impact on this problem; a complete decentralisation of HRM may worsen the problems. What is required is central support to marginalised areas (through e.g. allocation of staff resources according to the fiscal decentralisation formula and permission to LGAs to use part of their funding for special allowances or other benefits to critical staff).

6-3-2 Impact on Participation

The decentralisation of service delivery has opened opportunities for public participation, which were not available prior to the start of the process; both through the elected councils and through user groups within the various sectors. PMO-RALG has advocated for use of O&OD as the preferred

⁷⁴ Based on fieldwork interviews.

participatory planning methodology. This method is gradually rolled out to all LGAs and bring community and village priorities into LG planning. However, there is still great room for improvement, as most of the sector funding to the LGs is earmarked and mainly planned and budgeted for at the district level.

The sectors, in particular education, have tried to enhance transparency in resource allocation at user level and in this manner supported community participation and decentralisation below district level, reflected in school management committee engagement in class room construction and management. However, the sectors have only rather superficially sought to involve Village Governments and wards with some exception of agriculture although this effectively only have happened through project interventions (PADEP/the WB, DANIDA etc.). Only the LGCDG provides some room for real local budget priority setting at sub-district levels through the indicative budget figures announced at ward level. The fact that the Ward Development Committee (WDC) is not a real governance unit (LG council) and the very small size of village government are also constraining factors for devolution below district levels and thus effective participation through LG structures.

6-3-3 Impact on Accountability

Staff accountability

Staff has in principle been transferred to LGs, however as evident from the discussion in Chapter 2, LGs have at present only partial control over personnel management. This is inter alia reflected in:

- Frequent transfers of chief executives and finance staff across districts,
- CG recruitment of staff in health and education sectors rather than local merit based recruitment since the targets for recruitment in these sectors at present cannot be met rapidly otherwise,
- Employment stop for agricultural extension staff and very uneven deployment of the existing staff across districts,
- Limited application of staff appraisals (open performance appraisal system (OPRAS) etc.) and no council involvement in this process,
- Cumbersome procedures for staff discipline - even significant cases of poor staff performance (absent or drunk teachers etc.) are rarely effectively dealt with,

This and the fact that district councillors have limited insight into what is expected of district employees limit local accountability substantially.

Lower LGs and user committees have virtually no influence over staff and can do little if public

servant such as teachers, extension staff or health service staff abscond from work or show other forms of deviant behaviour.

Financial accountability

Financial accountability has improved at LG levels over the past years. This was recently documented by the PEFAR, which in 2006 assessed the performance of local governments in Tanzania. The evidence is found in fairly consistent trends in:

- The reports from the Auditor General,
- LGRP Financial management benchmarking exercise, and
- LGCDG assessments⁷⁵

Efforts have also been made to enhance LGs downward accountability by encouraging LGs to display key financial data (budgets and expenditures) to the public. A recent assessment by REPOA concluded⁷⁶:

- Councils conduct affairs by and large according to regulations and for instance display basic financial information for the public. However, data is often displayed in a manner that makes it difficult to use. Councillors, staff and the public also seem to lack skills in analysis of budgets and accounts,
- Many informants indicated that they distrusted staff and councillors and felt that the information they received was distorted,
- At village level the situation was worse as information quite often not even was displayed at village notice boards,

It was concluded that the situation in large part was “a problem of mindset”; councillors and staff did not really see it as their duty to share information on LG finances and another aspects of council affairs. Villagers and communities on the other hand didn’t see their access to information as entitlements.

The improvements to date of overall LG fiscal accountability have mainly been due to efforts by PMO-RALG and the LGRP. The sectors have mainly pursued more narrow upwards accountability for “their” funding, and in some cases, such as the early years of health basket funding, this led to some overemphasis on LG adherence to project specific and donor specific accounting requirements rather than holistic LG accounting, reflected in separate audits of one account rather than full audits of entire accounts. For PEDP financing it has proved a problem to have the account properly audited, as the

⁷⁵ For details see PEFAR Report 2006.

⁷⁶ REPOA Brief October 2005: Improving Transparency of Financial Affairs at Local Government Level.

procedures did not fully adhere to LG financial regulations. The decentralisation of education funds from districts directly to schools is nevertheless regarded as having reduced leakages and led to value for money.

6-4 Impact of (Sector) Decentralisation on Service Delivery

Decentralisation has not been implemented as the only mode of service delivery and multiple other factors, such as the level of public sector funding and externalities like general economic developments have impacted on the level of service delivery over the past 5–10 years. However, as evaluated in other studies, and if compared to the development prior to decentralisation, the system of LG service delivery is considered as a relatively effective vehicle for enhancing the service delivery and channelling of funds in particular for the education sector and some extent health services.

The response from communities and councillors on service delivery improvements were rather similar and in line with what also have been observed in surveys conducted by e.g. REPOA:

“We see improvements in education sector: class rooms are built and more children can afford going to school, we also see some small improvements in infrastructure of health and irrigation, but we are not satisfied with agricultural services” (parent and farmer Moshi District)

In the education sector both school enrolment and classroom construction have shown significant expansion. There is some evidence that the particular modality for classroom construction under PEDP enabled rapid and relatively efficient expansion of the number of classrooms although problems were recorded regarding the quality of some constructions. Thus a recent study on decentralisation to user group refrain from making firm conclusions on the impact of the particular institutional arrangements and instead concludes that the most significant explanatory factor for service improvements is the dramatic increase in funding⁷⁷. Improvements in health and in particular agriculture have been less spectacular and cannot be ascribed to decentralisation per se.

The general conclusion is that it is not possible to make a very direct link between the forms of decentralisation and impact on service delivery. However, it can be argued that the various forms of decentralisation have had a significant impact on some governance issues as discussed above and that this in turn will influence service delivery.

⁷⁷ D. Mushi 2006: Review of the experience with direct support to schools in Tanzania, a report by CODESRIA.

6-5 Why have Reforms Progressed in This Manner?

Put very simply, we suggest that the particular trajectory and elements of reforms over the last decade can be explained in the following schematic manner:

- The fundamental local government structure (the particular hierarchy of LGs, their number and size, the modalities for election of councillors etc.) is the outcome of a long historical and political process, which was presented in our report in 2004⁷⁸. These aspects of the reforms - including the recent amendment of the LG discussed in Chapter 2 are foremost influenced by the political leadership/the Chama Cha Mapinduzi (CCM) party, where donors and the bureaucracy have had less influence. The party abolished the LG in the early 1970s and introduced them again in the early 1980s. Fundamental aspects of the reforms such as possible full devolution of staff to LGs will require full backing of the political leadership, which seems not coming at present and substantive reforms in that direction should not be expected. The debate surrounding the amendment of the LG legislation gave the impression that central government and party officials felt it necessary and justified to have a close CG/party representation at local level.
- Technocrats and the donor community have to a larger extent influenced the sector policies, where donors have been significant or dominant contributors to many aspects of sector reforms. These reforms have therefore also to a large degree been influenced by what is considered “international good practices” and expert advice. Some of the reforms have been implemented only after long and heated policy debates. For instance views on agricultural policies and programmes differ significantly; where it can be argued that donors have played a significant role in driving a policy of privatisation of the agricultural extension service through. Other sector policies, such as UPE, have been less controversial. The general trend towards introduction of user groups have significantly influenced by donors and international advice.
- The LGRP resembles in this manner the sector programmes: it has since its inception in 1999 largely been donor funded and relied extensively on international advice. The depth of policy buy-in to these technical sector reforms, including the LGRP, is difficult to gauge, but it has time and again proved difficult for the government to coordinate the different reform initiatives and certain developments - like the recent legal amendments indicates that the policy intentions of the LGRP are not fully embedded in central government and party policy making processes.

⁷⁸ Steffensen, Tidemand and Eke 2004: A Comparative Analysis of Decentralisation in Tanzania August 2004, for the World Bank; see Chapter 2 herein.

- Wider reform coordination has been made more difficult due to basic capacity problems (number of qualified and available senior staff in the respective departments of policy and planning in ministries) and the sheer scale and numbers of the ongoing reforms in Tanzania makes overall reform coordination very challenging. Donors have a significant role to play in this regard as they are so dominant financiers of the various reforms and sector programmes. Officially all stakeholders share the same intentions of harmonisation as expressed in the joint assistance strategies etc., but at the same time many donors also have to maintain separate donor identities in order to serve their home constituencies. The fact that most donor funding also is tied up in sector programmes further complicates e.g. a move towards fiscal devolution of the development budget since this may complicate central sector investment planning that suits both central bureaucrats and donors with sector programmes so well. The progress in Tanzania on harmonising sector financing through the LGCDG is in this context surprising but may not be sustained.

6-6 Key Challenges for Decentralised Service Delivery

The key challenges for decentralised sector service delivery in Tanzania can be summarized as

- 1) Policy: Progress and clarification of the CG institutional arrangements for support to the policy of decentralisation by devolution. In this regard it is crucial that the current bill for amendment of the LG legislation is debated and refined in line with the principles suggested by Professor Shivji in his recent consultancy on the topic. However, it is also important that wider reform is carried out of the central government structures in support of LGAs. The Regional Administration Act deserves a general overhaul and it may be argued that CG representation below regional level (the current structures of DC and DSs) should have no or very limited role to play in general LG development planning and implementation⁷⁹.
- 2) Finance: Progress has been made in a number of areas of fiscal decentralisation but improvements still required in areas of:
 - a) A particular challenge for the sectors is the integration of development funding into the overall LGCDG system in a manner that will increase transparency, LG autonomy and harmonise reporting and planning procedures while still safeguard sector policies. Agriculture have progressed in this area but education and health still need to make headway
 - b) Effective implementation of the system of formula-based fiscal transfers for all sectors,
 - c) Sufficient financing of all LG responsibilities – LGs only receive a small share of total

⁷⁹ PMO-RALG/LGRP: Review of the Local Government Laws, The Regional Administration Act and the Organisational Structure of Regional Administration – a consultancy report by Professor I G Shivji and Professor B. S. Rutinwa (draft 2006)

government revenue in spite of being made responsible for the delivery of the bulk of basic services.

- d) Improve financial management and reporting -for effective downwards accountability as well as for effective CG oversight,
 - e) Development of technically sound and politically acceptable system of LG taxation subsequent to the recent abolishment of “nuisance taxes”.
- 3) HRM: Legislation for decentralised personnel management has been put in place, and although not fully compatibly with the policy of decentralisation by devolution, then the legislation includes substantial changes towards a more decentralised system, which need support to be operationalised. Other key aspects of HRM in LGAs that need attention and support are:
- a) The need for special attention to peripheral and remote LGAs where persistent problems are found for attracting and retaining staff;
 - b) The use of the CBG system in sectors; while agriculture has made some proposals in this regard, then other sectors like education and health still maintains a very centralised system of local CB.

6-7 Key Areas for Possible External Assistance

It should be noted that for each of the 3 sectors as well as for LG development/decentralisation the GoT has in collaboration with development partners established different forms of sector programmes through which all future development priorities are to be identified and through which development partners are requested to provide their assistance. In the LG “sub-sector”, this coordination has to date primarily been through the basket funded LGRP. However this is intended to be phased out by 2008 and future modalities for support to the generic aspects of decentralisation and local government reform await a planned Review early 2007 of the LGRP.

Within the very wide ranging interventions for improved local service delivery and decentralisation, then the 3 broad challenges discussed in Section 6-6 warrant primary attention. The institutional point of entry warrants special consideration; some issues may be addressed through PMO-RALG and or the particular sectors, others would require additional close involvement of other central institutions. PO-PSM is for instance a crucial stakeholder for interventions aimed at improved HRM at LGA levels.

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ANNEXES

Annex 1 LGCDG Design Principles

In summary the Local Government Capital Development Grant (LGCDG) system provides a general development block grant to all Local Government Authorities (LGAs) that fulfil certain Minimum Condition (MC). The grant (Local Government Development Programme (LGDP) - LGCDG) will on average provide USD 1.5 per capita to each LGA annually. The funds will be shared among LGAs according to a formula and the size of each LGA grant will annually be adjusted according to last years performance in order to provide strong incentives for LGAs to adhere to laws and policies - in particular regarding accountability and transparency in planning, budgeting, procurement and financial management and reporting.

Each LGA is given a discretionary Capacity Building Grant (CBG) of USD 35,000 – to give the LGAs the means to improve their performance.

Key features of the system are further elaborated below.

LGCDG formula

Under LGCDG the resources for development funding will be shared among LGAs according to a formula. The selection of the formula is based upon substantial technical work and discussion:

- Population: Weight 70 %,
- Size of the land area (caped⁸⁰): Weight 10 %, and
- Poverty, based on officially available statistics on the number of people below the basic poverty line: Weight: 20 %,

Poverty data will initially be based on regional statistics (with a distinction between urban and rural LGAs). However, it is expected that poverty statistics soon will improve and allow for more precise LGA poverty data.

Under LGCDG 50 % of the grant to Higher Level Local Government (HLG) (Districts and Municipalities) are to be further distributed notionally to Lower Level Local Governments (LLGs) (Wards, Villages and Mtaa) in the form of indicative planning figures. The formula for distribution at sub-district level is entirely population based as other data are too unreliable. Whereas the formula at district level is used for actual grant allocations, then the formula at sub-district level is only used in order to give the villages and wards a notional budget to work within.

⁸⁰ The formula adjusts for the situations where very large low density LGAs are assumed to have areas without any particular needs for infrastructure and services, a minimum of 20 people per km² is computed in the formula.

While 50 % is thus “kept at district level” for planning and budget purposes, this would not imply that these funds are not transferred to villages or community committees, but that the budget decision is made at district level based upon the usual inputs from bottom up planning exercise (Opportunities and Obstacles to Development (O&OD)) and the technical departments.

LGCDG menu

Through the LGCDG funds are availed to LGAs for a range of investments that fall under the mandate of LGAs. The investment menu for higher and LLG will differ according to the respective responsibilities and comparative advantages.

The menu of eligible investments is not exhaustive but includes the following elements as outlined in Table 1⁸¹.

Table Annex 1-1 Menu of Investments LGCDG

Sector	Examples of HLG Investments	Examples of LLG/Community Investments (Village and Wards)
Water	Boreholes, gravity fed piped water supply, extensions on piped water supply.	Shallow wells, Very small single village piped water supplies or minor extensions with no effect on overall system. Springs, latrines.
Education	New primary schools, teacher training centres.	Class room construction Class room rehabilitations, Furniture (desks, chairs), Teachers housing.
Health	All new health infra structures (health units and dispensaries), rehabilitation of larger health units, medical equipments.	Minor equipments for lower level health units (furniture, beds), minor rehabilitation village sanitation & cleanliness (garbage dumps etc.)
Agriculture and environment	Larger demonstration projects tree seedlings / nurseries.	Village demonstration plots, small-scale irrigation.
Roads	Rehabilitation and construction of feeder roads bridges.	Community roads, culverts on smaller roads, footbridges.
Security and justice		<i>Baraza ya kata</i> offices and equipment.
Administration	District offices.	Ward and village government offices, ward and village registers and databanks, ward and village notice boards, furniture, safe etc.

⁸¹ More examples (costed) are provided in Annex C of the Local Government Support Programme (LGSP) Design Report (Vol. III)

Under LGCDG - costs for the capital/development investments as well as up to 15 % as investment servicing costs are covered from the grant. The investment servicing costs include funds for planning, appraisal and supervision that the LGAs will incur as part of the investment.

Incentive based allocations

The government wishes to establish a link between the financing of Local Government (LG) and their performance in key areas of financial management, participatory planning, pro-poor budgeting, budget execution and the broader areas of local governance such as transparency and accountability, council functional processes and the involvement of LLG. This link first and foremost seeks to promote compliance with national policies, the legal and regulatory framework. Secondly, it introduces an incentive system through adjustment of the annual grant allocations to each LGA, upwards or downwards depending on their performance against a set of performance indicators. The indicators are designed to encourage LGAs to comply with policy guidelines and regulations aimed at improving the quality of services and promoting good governance.

The objective of the assessment is to establish the capacities and capabilities of the target LGAs in the specified functional areas that have been formulated into MCs and performance measures (PMs).

Minimum conditions (MCs)

Before the LGAs access the discretionary funds, they will have to meet a set of minimum requirements within functional areas that would ensure that funds transferred to LGAs are properly used and in compliance with the laid down Government of Tanzania (GoT) statutory and administrative requirements. The MCs are derived from GoT laws and Regulations and guidelines. The MCs, while seeking to ensure sufficient safeguards for the utilisation of the grant funds, are also designed to promote compliance with basic statutory and regulatory prescriptions for local government operations. These conditions are mainly quantitative (usually inform Yes/No questions) and are simple to evaluate during an assessment. This is in order to ensure that the funds can be used effectively, efficiently, sustainable and with integrity.

The functional areas include financial management, procurement, planning and budgeting, human resource management (HRM), project implementation and monitoring and evaluation among others.

Performance measures (PMs)

In addition to the assessment of MCs, a set of PMs has been elaborated as a means of introducing incentives for performance improvement by providing for adjustment in the yearly size of the grants received as a reward for good performance and sanction for poor performance. Unlike the MCs, the PMs are more qualitative and seek to evaluate the detailed performance of the LGA in key functional areas and compliance with broad policy guidelines on governance issues such as transparency and

accountability, participatory planning, pro-poor budgeting, which are critical for improved service delivery. Finally, as the PM give a very detailed scoring of the functionality of the major generic LGA functions it will in this manner guide LGAs in utilisation of the CBG as they strive for future higher scoring and associated incentives.

Annual assessment process

Assessment of the MCs and PMs will take place every year, preferably during the beginning of the FY (Sept./Oct.) in order to fit within the planning and budgeting cycle of the central and local governments. An assessment manual has been developed as a transparent tool. In order to ensure objectivity and high quality of output, Prime Ministers Office Regional Administration and Local Government (PMO-RALG) will contract a consulting firm with demonstrated capacity to provide personnel with relevant expertise and experience to conduct the assessment exercise and compile the assessment reports.

Table Annex 1-2 LGCDG Incentive Scheme

Performance "rating"	Reward/Sanction
Acceptable performance (attained minimum score to remain static)	Receives basic CG allocation for next FY
Very good performance (attained scores above the stated minimum for a bonus)	+ 20 % capital grants allocation for next FY
Poor performance (scored below the minimum to remain static)	- 20 % capital grants allocation for next FY
Non-compliance with MCs for access to CG	No capital grants
Compliance with MCs to access CBG	Receives CBG
No compliance with MCs to access CBG	No CBG
No compliance with MCs for both CG and CBG	No CG, no CBG

CG: Central Government

Capacity building (CB) arrangements

While the LGCDG system provides incentives for LGAs to enhance their performance within a range of governance indicators, it also provides the basic means to LGAs for enhancing their capacity in the form of a discretionary CBG. Thus from July 2005, all LGAs in Tanzanian mainland will receive a CBG. It is a discretionary grant that LGAs are responsible to plan for. The average amount of funding for each HLG will be USD 35,000 annually. It is intended that the discretionary grant will allow LGAs to enhance their capacities in areas critical for access to the development fund. The CBG is thus a critical element in the overall incentive structure that LGCDG aim to establish for the LGAs.

Some rules regulate the LGAs use of the grant. For instance a minimum of 40 % of the grant should be used for LLGs. In addition the LGAs have to adhere to the rules in Table 3.

Table Annex 1-3 Menu for the CBG (LGCDG/LGSP)

CB activities	Share of CBG
Skills development for councilors and staff	Min. 50 %
Technical assistance and other CB activities ⁸²	Approx. 15 %
Professional career development	Max. 15 %
Retooling	Max. 20 %

Within Local Government Reform Programme (LGRP), efforts are made to ensure that LGAs can purchase relevant quality training with parts of their CBG. Thus a system is gradually been put in place for quality assurance and for some standardization of basic training modules, e.g. for short skill courses on planning, financial management, contracting etc.

⁸² This includes Technical Assistance (TA), study tours to other LGAs within Tanzania etc.

Annex 2 Agriculture Block Grant Allocations (FY 2005/2006)

Discrepancy between formula-based allocations and actual allocations

Vote ID	Council	Type	Formula-based allocation (TSH)	Previous year/HH baseline (TSH)
702001	Arusha	Municipal Council	10,090,953	138,034,520
703001	Arumeru	District Council	194,924,858	11,766,560
703006	Monduli	District Council	87,679,239	150,101,952
703007	Ngorongoro	District Council	51,793,293	63,238,864
703084	Karatu	District Council	67,537,373	58,156,488
712023	Kibaha	Town Council	9,959,276	99,068,632
713008	Bagamoyo	District Council	110,673,505	188,461,104
713009	Mafia	District Council	23,582,180	58,855,472
713010	Kisarawe	District Council	80,248,452	123,363,656
713011	Kibaha	District Council	41,381,359	96,042,128
713012	Rufiji	District Council	116,428,505	86,974,680
713085	Mkuranga	District Council	127,037,673	77,121,720
722003	Dodoma	Municipal Council	63,882,422	226,114,200
723013	Dodoma	District Council	181,578,471	223,053,376
723014	Kondoa	District Council	205,751,294	176,400,432
723015	Mpwapwa	District Council	111,609,091	153,000,328
723086	Kongwa	District Council	96,101,266	108,070,040
732004	Iringa	Municipal Council	9,122,257	49,391,160
733016	Iringa	District Council	231,202,009	256,477,832
733017	Mufindi	District Council	147,142,031	118,464,008
733018	Njombe	District Council	223,736,004	160,676,984
733019	Ludewa	District Council	79,984,004	103,587,536
733020	Makete	District Council	94,960,251	70,912,608
742005	Kigoma/Ujiji	Town Council	10,858,309	72,316,504
743021	Kigoma	District Council	153,897,533	135,313,568
743022	Kasulu	District Council	191,720,957	127,837,320
743023	Kibondo	District Council	134,031,481	23,605,816
752009	Moshi	Municipal Council	8,012,973	72,079,592
753024	Hai	District Council	110,515,142	245,017,448
753025	Moshi	District Council	187,697,255	542,068,384
753026	Rombo	District Council	90,494,416	123,219,408
753027	Same	District Council	93,815,851	184,106,312
753028	Mwanga	District Council	64,620,568	150,263,048
762006	Lindi	Town Council	10,949,880	39,942,968
763029	Nachingwea	District Council	114,919,967	18,648,448
763030	Kilwa	District Council	109,411,145	113,637,680
763031	Liwale	District Council	43,578,021	26,403,416
763032	Lindi	District Council	142,018,979	111,280,000
763092	Rwangwa	District Council	84,381,902	37,205,792
772011	Musoma	Town Council	8,953,134	12,157,704
773033	Bunda	District Council	119,206,423	156,793,520
773034	Musoma	District Council	153,905,503	227,393,816
773035	Serengeti	District Council	94,837,124	132,837,120
773036	Tarime	District Council	215,900,145	151,011,328
782007	Mbeya	Municipal Council	16,312,893	129,154,896
783037	Chunya	District Council	100,257,118	114,395,736
783038	Ileje	District Council	79,624,280	141,529,440
783039	Kyela	District Council	113,918,599	94,106,584
783040	Mbeya	District Council	159,841,905	179,377,016
783041	Mbozi	District Council	248,851,960	198,323,320
783042	Rungwe	District Council	192,592,484	154,922,352
783087	Mbarali	District Council	124,121,888	133,382,600
792008	Morogoro	Municipal Council	12,260,294	236,370,056
793043	Morogoro	District Council	282,090,644	144,692,704
793044	Kilosa	District Council	204,601,108	138,646,040
793045	Kilombero	District Council	111,462,853	92,232,816
793046	Ulanga	District Council	87,634,195	171,512,328
802010	Mtwara/Mikindani	Town Council	11,203,957	50,205,272

Local Level Service Delivery, Decentralisation and Governance TANZANIA CASE REPORT

Vote ID	Council	Type	Formula-based allocation (TSH)	Previous year/HH baseline (TSH)
803047	Mtwara	District Council	132,922,981	96,699,512
803048	Newala	District Council	137,138,528	67,651,064
803049	Masasi	District Council	264,959,158	129,292,904
803088	Tandahimba	District Council	146,999,203	134,337,736
812012	Mwanza	City Council	27,464,924	131,236,872
813050	Ukerewe	District Council	109,588,980	294,146,736
813051	Sengerema	District Council	199,695,774	23,185,760
813052	Geita	District Council	289,182,992	124,985,016
813053	Kwimba	District Council	154,251,387	80,712,112
813054	Magu	District Council	181,924,232	123,311,656
813089	Misungwi	District Council	114,054,376	110,967,064
822015	Songea	Town Council	15,099,821	100,960,184
823055	Songea	District Council	169,588,867	187,788,952
823056	Tunduru	District Council	142,990,615	122,643,456
823057	Mbinga	District Council	248,651,390	140,213,944
832013	Shinyanga	Municipal Council	27,410,599	106,717,000
833058	Shinyanga	District Council	268,858,622	58,262,360
833059	Maswa	District Council	139,388,524	130,118,872
833060	Bariadi	District Council	214,275,428	188,105,944
833061	Kahama	District Council	280,754,114	71,508,736
833082	Meatu	District Council	109,314,718	128,544,000
833090	Bukombe	District Council	163,494,324	85,966,608
842014	Singida	Town Council	25,664,775	69,894,552
842063	ramba	District Council	162,258,336	150,016,672
843062	Singida	District Council	192,190,411	201,069,440
843064	Manyoni	District Council	93,146,188	128,136,528
852017	Tabora	Municipal Council	32,487,679	72,841,496
853065	gunga	District Council	143,949,005	126,971,208
853066	Nzega	District Council	193,264,855	132,716,480
853067	Tabora	District Council	135,556,283	116,838,384
853068	Urambo	District Council	152,775,953	101,996,440
853091	Sikonge	District Council	60,885,844	55,499,184
862018	Tanga	Municipal Council	35,793,613	101,861,344
862025	Korogwe	Town Council	9,745,243	60,810,360
863069	Muheza	District Council	208,074,024	215,239,648
863070	Pangani	District Council	36,604,840	68,732,976
863071	Korogwe	District Council	155,250,528	137,449,520
863072	Handeni	District Council	243,705,003	187,914,064
863073	Lushoto	District Council	248,724,620	188,749,288
872002	Bukoba	Municipal Council	14,716,869	2,288,000
873074	Karagwe	District Council	222,521,794	88,433,696
873075	Biharamulo	District Council	206,746,120	19,160,544
873076	Muleba	District Council	223,609,468	92,827,904
873077	Bukoba	District Council	252,844,947	27,584,856
873078	Ngara	District Council	159,452,574	97,877,000
882019	lala	Municipal Council	19,032,864	141,195,080
882020	Kinondoni	Municipal Council	21,585,669	208,203,944
882021	Temeke	Municipal Council	19,629,478	169,092,872
882022	Dar es Salaam	City Council	0	0
892016	Sumbawanga	Town Council	33,635,161	78,934,024
893079	Mpanda	District Council	171,249,827	64,757,368
893080	Sumbawanga	District Council	201,422,640	40,847,976
893081	Nkansi	District Council	100,993,720	81,597,256
952024	Babati	Town Council	11,517,577	70,710,744
953002	Babati	District Council	113,298,633	154,263,096
953003	Hanang	District Council	84,254,109	129,675,312
953004	Kiteto	District Council	64,967,534	100,766,120
953005	Mbulu	District Council	97,645,031	130,497,328
953083	Simanjiro	District Council	57,882,577	65,731,328
			14,000,000,000	13,997,863,152

Annex 3 List of Persons Met

Organisation	Person met	Position
Kilimanjaro RS	Mr. Reginald Zuberi	AAS Management support services Cluster
	Mr. Richard Kimicho	Project Manager Lower Moshi Irrigation Scheme
	Mr. Amos Michael	Trade Technical Advisor for AAS Economic Cluster
	Mrs. Ida Mkamba	Agriculture Technical Advisor
	Mrs. Ruth Malisa	AAS Social Services Support Cluster
	Mr. Bakari Mrisha	Agronomist Lower Moshi Irrigation Scheme
Moshi District Council	Mr. Mshana K. Msami	Ag. District Executive Director
	Mr. Lyatuu Urau A.M.	Agricultural Economist (For DALDO)
	Mr. James Q. Jorasin	District Treasurer
	Mr. Tober T. Richard	Planner (For DPLO)
	Dr. E.T. Ngomuo	DMO
Moshi LGA	Mr Stewart Lyatuu	Chairman Moshi District
Kahe East (WDC)	Mr. Iddi Rajabu Chongi	Councillor- Kahe East
	Mr. Kawina K. Kawina	WEO- Kahe East
	Mr. Makundi D.M	Agricultural Officer
	Mr.Kawamba B.J	Health Officer
	Mr. Allen G. Ngowi	Agriculture Extension Officer
	Mr. Eliamini B. Kimath	Village Chairperson- Kyomu
	Mr. Joachim M. Mmanyi	Village Chairpeson Kochakindo
	Mr. Azizi A. Mbagu	VEO- Kyomu
	Mr. Panaska I. Mmanyi	VEO- Kochakindo
	Mr. Ardhiwani R. Makabala	VEO- Kiterini
	Mr. Mustafa Mussa	VEO- Ghona
	Mr. SalumJuma	Village Elder- Ghona
	Mr. Anderson Kimath	Village Elder- Kyomu
	Mr. Chawewe M. Msangi	Village Chairperson- Ghona
	Ms. Sophia Japhari	Village Elder- Ghona
	Ms. Adella C. Minja	Ward Secretary
	Mr. Gabriel Mlay	Village Chairperson Soko
	Mr. Timotheo Kimath	VEO- Soko
	Mr. Idd S. Maeda	Village Elder- Ghona
Ghona Village Government	Mr. Elisante D. Chongi	Member- VG
	Mr. Bernard K. Mhina	Member-VG
	Mr. Godlove Kiema	Member-VG
	Mr. Hamza R. Mdee	Kitongoji Chairperson
	Mr. Rebman Jeremiah	Kitongoji Chairperson
	Mr. Omari Daudi	Imam

Local Level Service Delivery, Decentralisation and Governance TANZANIA CASE REPORT

Organisation	Person Met	Position
	Ms. Amina Eliamini	Member- VG
	Ms. Mariam Fadhili	Member- VG
	Mr. Gasper Kituli	Member- VG
	Mr. Mustafa Musa	VEO- Ghona
	Mr. Chawewe A. Msangi	Village Chairperson
	Mr. Fadhili A. Mrisha	Kitongoji Chairperson
	Mr. Wamu A. Kiema	Kitongoji Chairperson
	Mr. Fadhili Omari	Kitongoji Chairperson
	Ms. Zahirina Bakari	Member- VG
	Mr. Hamis G. Mbwambo	Member- VG
	Ms. Lucy F. Msabaha	Member- VG
	Ms. Melania P.Mjere	Member- VG
FFS-Kiterini Village	Mr. Nicholas Samweli	Chairperson UWASO
	Mr. Rasul H. Kitia	Secretary UWASO
	Ms. Christina Frank	Chairperson- Tumaini UWASO sub group
	Ms. Zubeda Hassan	FFS- Member
	Ms. Johari Ramadhani	Secretary Kishadaki Sub Group
	Ms. Amina Msangi	Chairperson Juhudi
	Mr. Dickson P. Kisima	Secretary Tumaini
	Mr. Samweli A. Mwanga	FFS- Member
	Mr. Mohamed A. Mdee	Chairperson Kishadaki
	Mr. Elianifaa Ngowi	FFS- Member
	Ms. Mary Claudi	Secretary Faraja
	Ms. Mwaisha A. Mpangala	FFS- Member
	Mr. Juma I. Msangi	FFS- Member
	Mr. Hassan Fadhili	FFS- Member
Mabiranga Primary School	Ms. Veida R. Urio	Head teacher
	Mr. Eliakimu Godrich	School Committee Members
Pumuan Dispensary	Mr. Abdiel Msheri	Secretary Dispensary Health Committee
	Mr. Christian Mbugwini	Village Chairperson
	Ms. Beatha Urassa	Dispensary Health Committee Member
	Ms. Joyce Mohamed	Dispensary Health Committee Member
	Mr. Elieza Chacky	Dispensary Health Committee Member
	Mr. Fadhili Saidi	Chairperson Dispensary Health Committee
	Ms. Yasinta Shayo	Committee Members
	Ms. Janet Swai	Committee Members
Education Officer	Mr. Amani Msheri	District Education Officer
YMCA	Mr. Stewart Lyatuu	Council Chairperson YMCA- General Secretary

Organisation	Person Met	Position
LGSP	Mr. Cosmas Takule	Project Manager LGSP
ALAT	Mr. S. Kimaro	Researcher ALAT
	Mr. B. Nchimbi	Secretary General
Ministry of Health	Dr Hingora	HSPS Programme Coordinator
	Anders Jepson	Senior Advisor
	Dr Kelya	MoH Reform Secretariat
Dodoma RS	Mr. Rugeiyamu Yunusu L.H.	AAS Social Sector support Service Cluster
	Dr. Maarifa Shaibu	AAS For Economic Development support Service Cluster
Mpwapwa DC	Mr. Charles G.N. Mwarabu	Trade Officer (For DED)
	Dr. M. Pathan	For DMO
	Mr. P.M.Mashauri	District treasurer
	Mr. J. Mugyabuso	For DHRO
	Dr. Richmond Urassa	DALDO
	Ms. Hawa I. Msonga	For DEO
	Mr. David M. Lussa	Recruitment Board Chairperson
Berege Dispensary	Mr. Zacharia Mahindila	RMA- Dispensary In charge
Berege Ward & Village	Mr. Isaka Masudya	Village chairperson/member WDC
	Mr. Amos K. Chipwaza	Acting VEO/member School Committee & VC
	Mr. Yese Z. Mchiwa	Member Village Council (VC)
	Mr. Vicent Kalinga	Member School Committee & VC
	Mr. Mdadi Sanga	Member Village Council (VC)
	Mr. Herry Kamwaga	Member VC & WDC
	Mr. Thomas Mesela	Member VC, WDC & Dispensary Health Committee
	Mr. Zacharia Malindila	Dispensary i/c, Member VC & Dispensary Health Committee
	Mr. Bathoromeo Nyheliga	Member VC,WDC & Dispensary Health Committee
	Mr. Simon Mangai	Member Village Council (VC)
	Mr. Medrsia Kamwaya	Member VC,WDC &
	Mr. Mathias Makwala	Member VC & WDC
	Mr. Peter Z. Mchiwa	Member VC & WDC
	Ms. Dina Y. Mwakitinya	Councillor Special Seats/ Member WDC
	Ms. Grace Sanga	Member VC & WDC
	Ms. Gres Kayamba	Member VC & WDC
	Mr. Issaya Kawaka	Member VC & WDC
	Mr. Nico S. Myui	Member VC & WDC
	Mr. Nguvumali Magawa	Member Village Council (VC)
	Mr Augustine Senya	Headmaster Member Village Council (VC)
	Mr. Raphael Madenge	Deputy Headmaster, Member school committee & WDC
	Mr. Lucas Makuyu	Dispensary Health Committee

Local Level Service Delivery, Decentralisation and Governance TANZANIA CASE REPORT

Organisation	Person Met	Position
Mpwapwa Councillors	Hon. O. Kitambawazi	Mpwapwa town ward: Social Services Committee
	Hon. A.M. Baharia	Mazae Ward- Finance & Planning Committee
	Hon. Sechelela Lutango	Mpwapwa town ward: Finance & Planning Committee
	Hon. Hadija Sengo	Mpwapwa town ward Finance & Planning Committee
PMO-RALG		
	Richard Musingi	Director Sector Coordination
LGSP	Cosmas Takule	Programme Coordinator
LGRP	Howard Clegg	PMO-RALG Advisor
	Joseph Mallya	Finance Outcome Manager
	Mr Kabagire	LGRP Program Manager
TASAF	Dr. Likwilile	Director
	Mr. A.M Kamagenge	Planning Research and Participation Specialist
Ministry of Education & VT	Mr. Mwaimu A.S.M	Ag. Director Policy and Planning
Ministry of Agriculture and Cooperatives	Mr Julius Zedekiah	Principal Economist, Directorate of Policy and Planning

VC: Village Council