

**IMPLEMENTATION (ACTUALIZATION) OF FISCAL
DECENTRALIZATION IN ILEMELA MUNICIPAL COUNCIL**

**IMPLEMENTATION (ACTUALIZATION) OF FISCAL
DECENTRALIZATION IN ILEMELA MUNICIPAL COUNCIL**

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**The Dissertation Report submitted to the School of Public Administration and
Management (SOPAM) of the Mzumbe University in partial fulfillment of the
requirement for award of the Degree of Masters of Public Administration**

2018

CERTIFICATION

We the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled '**Implementation (Actualization) of Fiscal Decentralization in Ilemela Municipal Council**', in partial fulfillment of the requirements for award of the degree of Masters of Public Administration of the Mzumbe University

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DEDICATION

I lovingly dedicate this dissertation to my lovely Mother, the late Felister Limi Isunha Malyagili (1961-2015) for her backing, praise and constant love which sustained me all through my life.

LIST OF ABBREVIATIONS AND ACRONYMS

APSP	African Parliamentary Strengthening Programme
ASDP	Agricultural Sector Development Project
CBOs	Community Based Organizations
CDCF	Constituency Catalyst Development Fund
D-by-D	Decentralization by Devolution
DFID	Department For International Development
GCC	Gaborone City Council
HLGA	Higher local government authority
HSBF	Health Sector Basket Fund
GPG	General Purpose Grant
IFTs	Intergovernmental Fiscal Transfers
IMC	Ilemela Municipal Council
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
LGAs	Local Government Authorities
LGCDG	Local Government Capital Development Grants
LGRP	Local Government Reform Programme
LLGA	Lower local government authority
MKUKUTA	Mkakatiwa Kukuza Uchumina Kupunguza Umaskini Tanzania
MPs	Members of Parliament
NGOs	Non-Government Organizations
OECD	Organization for Economic Cooperation and Development
PMO-RALG	Prime Minister's Office-Regional Administration and Local Government
PO-RALG	President's Office- Regional Administration and Local Government
PSRS	Public Service Recruitment Secretariat
R.E	Revised Edition

REPOA	Research on Poverty Alleviation
RF	Road Fund
RS	Regional Secretariat
RWSSP	Rural Water Supply and Sanitation Programme
SAPs	Structural Adjustment Programmes
SEDEP	Secondary Education Development Programme
TACAIDS	Tanzania Commission for AIDS
TASAF	Tanzania Social Action Fund
TDV	Tanzania Development Vision
TRA	Tanzania Revenue Authority
TSCP	Tanzania Strategic Cities Project
UN-HABITAT	United Nations-HABITAT
URT	United Republic of Tanzania
VEO	Village Executive Officer
WDCs	Ward Development Committees
WEO	Ward Executive Officer
WSDP	Water Sector Development Programme

ABSTRACT

This study focused on examining the implementation (actualization) of Fiscal Decentralization in Ilemela Municipal Council (IMC). Specifically the study tried to (i) explore if IMC has financial discretionary power and how does it make use of it, (ii) examine the extent to which the central government fulfills its obligation of supplying IMC with adequate unconditional grants and other forms of grants, (iii) and find out whether IMC passes its own budget reflecting its own priorities.

The study employed a case study research design, and a sample size of 71 respondents which included the municipal director, HoDs, WEOs, councilors, and Mtaa chairpersons. The study employed face to face interviews, questionnaires, and documentary review as methods of data collection.

Findings from the study show that IMC has no full authority when it comes to financial discretion as suggested by the 1998 policy paper on local government, that the central government has adequately been supplying IMC with grants in some areas/ sectors only, and that IMC does pass its own budget reflecting its own priorities but sometimes the priorities are neglected when IMC is ordered by the central government to implement something which has not even been budgeted earlier.

The study concludes that it is difficult for IMC to be free from excessive central government control as long as it keeps relying heavily on grants for its operations, and that being the case the possibility of the whole decentralization process to better off the services offered by IMC is very much limited.

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CHAPTER ONE

1.0 Introduction

This chapter provides a background that contextualizes the research problem. It states the research problem, the objectives of the study, research questions, and significance of the study, scope and limitations of the research. The chapter also provides the definitions of key terms and the sequence in which the study is organized.

1.1 Background of the study

The concept of decentralization can be traced back in the earliest Greek kingdom followed by Roman Empire which experienced decentralization on an enormous scale (Wildmalm, 2008). Decentralization developed by passing through a number of stages of transfer of authority and duties from central to lower governments. Despite decentralization reform being carried out globally, the processes and programmes seem to be different from developing to developed countries (Petak, 2004). Whereas developed countries perceive decentralization as a better opportunity for the provision of public service in a more economical way, developing countries see it as a means of macroeconomic uncertainty, ineffective governance, and also for tackling economic inefficiencies.

Olowu (2001) has explained the historical background of African decentralization into four phases. These are from 1945 to early 1960s, from early 1960s to late 1970s, from late 1970s to the end of 1980s, and from 1990s to present.

During the first phase of African decentralization (from 1945 to early 1960s), the British secretary of state for colonies was dispatched to Britain in 1947, and the British started pioneering for the development system of local government as a means to successful African administration. By the end of colonial period in Africa, there were elements of local government system which had been established in British colonies in Africa and in some of the French colonies (Ibid, 2001).

The key attributes of these elements included a well-defined local tax system, involvement of local governments in provision of basic services such as education, health, rural roads, water supply and extension services, and involvement of local governments in rural co-operatives and community development. This period to most of the scholars of local government and decentralization is described as the golden age of local government in Africa (Hicks, 1961)

The second phase of African decentralization covers the period ranging from early 1960s to late 1970s. In this period, African leaders who had led their nations towards independence sought to part ways with the colonial legacy. Local administrations were designed primarily for the maintenance of law and order, and for the implementation of centrally determined development plans. It was during this period as Mawhood (1983) observes that most African countries abandoned local autonomy in favor of central planning and greater control over public resources. A deconcentrated administration was left in charge of localities.

Phase three of the African decentralization period covers the period from late 1970s to the end of 1980s. During this period, many of the African countries experienced economic crisis of the 1970s and they had to seek for international finance mainly from the IMF and World Bank, and in turn they had to adopt SAPs which emphasized decentralization to local governments as possible mechanism to cut central government expenditures. Decentralization of responsibilities of services was sought not only to state created institutions such as local governments but also to community and religious groups such as churches (Hyden, 1983).

The fourth phase of African decentralization covers the period starting from 1990s onwards of which decentralization meant a deliberate attempt to create local governments that are genuinely participatory, responsible and accountable to the local people, and relate actively with other local economic actors other than the state controlled institutions. It was during this period that many African countries underwent a

number of local government reforms which were motivated by three main reasons. Firstly, the failure of centralized public sector management evidenced by economic, fiscal and political crises which resulted to the decline in state resources and put more pressure for economic, institutional and political reforms as part of the search for patterns of governance (World Bank, 1997). Secondly, the pressure from external donors. This was due to the fact that many African countries heavily relied on funds from donors for development expenditure, decentralization was considered as one of the key component of good governance. The European Union and other European donors for example initiated programmes of decentralized cooperation to the recipient countries to incorporate local government organs. Thirdly, decentralization proved to be an important instrument in national and international efforts at conflict resolution in many parts of the continent. It is thought to have played a part in the resolution of long time conflicts in South Africa, Ethiopia, and Mozambique.

As in many sub-Saharan African countries, the Tanzanian history of decentralization cannot be separated from local government. In Tanzania, LGAs were introduced shortly before independence (REPOA, 2008). Native authorities, district and town councils were main forms of colonial local government. The independent government abolished native authorities all over the country in 1962 and it was replaced by elected district councils (Ringo et al, 2013). By 1972, the elected district councils were abolished over the concern that political, economic and geographical disparities between the poorer and the richer councils would not help build a nation (Max, 1991). Instead, the government built capacity at regional level where staff and resources were deployed at regional administrations which were chaired by commissioners being appointed by the president and tasked with overseeing decentralized public service delivery. The 1972 decentralized system led to the decline of social and economic development as a result LGAs were re-introduced in 1982 but did not initially play a substantial role in service provision which still remained in the hands of regional administrations. The re-established LGAs also failed in some way in areas such as participation and responsiveness to the needs of the people.

By 1990s Tanzania had started embarking on a wide range of reforms which included the constitution amendment of 1992 which introduced the multiparty democracy. A vision for decentralization by devolution was set by the government in 1996 and this vision had to be actualized by LGRP which intended to allow LGAs to derive their legitimacy from the people, be accountable and transparent to their people in their operations, be more autonomous, and have a strong financial and human resource base (REPOA, 2008). Key aspects of the reform strategy were set out in the 1998 policy paper on local government reforms. These aspects include political decentralization which intended to transfer decision making power to local councils within the national legislation framework, financial decentralization which meant to give local authorities discretionary power over fiscal decisions and own source revenue generation, administrative decentralization which aimed at providing LGAs with discretionary power to recruit staffs and make sure that their staffs' allegiance is to their local councils, and the changed central-local relations for vibrant communication link between LGAs and central government ministries and departments.

Nevertheless, it is being argued that to have a fully devolved system of local government it becomes necessary for the LGAs to have a strong system of planning and management of their own revenue sources that will finance local service delivery and foster both bottom-up and bottom-down accountability. A vibrant revenue system for local governments is an essential pre-requisite for the success of fiscal decentralization. Local government authorities in Tanzania have been legally authorized to collect their revenue in very specific terms so as to support their own expenditure (Kakwesigabo, 2010). This study therefore intends to examine the implementation (actualization) of fiscal decentralization in Ilemela Municipal Council.

1.2 Statement of the Problem

The new local government system of Tanzania is based on the 1998 policy paper on local government reform. The policy paper clearly stipulates decentralization of government to include four main policy areas which are political decentralization, administrative decentralization, fiscal decentralization, and changed central-local relations (URT, 1998). According to the paper, fiscal decentralization is based on the principles of local councils' discretionary power i.e. power to levy taxes, and the central government's duty to supply local governments with adequate unconditional grants and other forms of grants. The principle also allows local councils to pass their own budget reflecting their own priorities as well as mandatory expenditure required for the attainment of national standards. Therefore, arguing from the 1998 policy paper, fiscal decentralization in Tanzania was meant to create LGAs with sound own source revenue, provide efficient level of funding for the delivery of mandated services, improve revenue generation, and efficient intergovernmental transfer.

Several studies have been undertaken to evaluate the effectiveness of fiscal decentralization in the developing countries. The UN-HABITAT (2010) for example conducted a study in Botswana LGAs taking Gaborone city council as the case study and concluded that fiscal decentralization i.e. the devolution of taxing and spending powers to lower levels of governments has helped the GCC to be financially strong as compared to other councils in Africa as GCC nearly meets most of its needs either through its own source collections or from the central government. Arikan (2004) and Syamsul (2003) hinted out on the importance of fiscal decentralization in combating corruption in the third world countries. Their studies found that effective and strong fiscal decentralization has better chance of getting rid of corruption due to citizens' involvement in the whole process of planning.

Frumence et al (2013) in their study conducted in Kongwa district in Tanzania found that decentralization has increased autonomy in mobilizing and utilizing local resources, and also people's participation in planning has been enhanced. Llato (2009) in his study

in Philippines concluded that successful fiscal decentralization requires a strong central government to lead a process. Brillantes et al (2009) in their in-depth study found out that fiscal decentralization has encouraged local government units in Philippines to take the lead in local development process.

Despite the fact that the 1998 policy paper on local government intended to create local authorities with sound own source revenue and efficient intergovernmental transfer, experience shows that the realization is yet to be achieved. The Controller and Auditor General's Report (2017) for example reported that in the financial year 2015/2016 the final budget for development grants for 151 LGAs was Tsh. 1,010,650,744,099 but the central government released only 390,525,992,297 equivalent to only 39 percent. That being the case there was an under-release of Tsh. 620,124,751,801 equivalent to 61 percent.

It is in line with the above mentioned challenging experience and having explored the existing literature and found that there is no much empirical studies which have been undertaken on the implementation of fiscal decentralization specifically in IMC, this study intended to examine on how the fiscal decentralization is being implemented in IMC.

1.3 Objectives of the study

1.3.1 General objective

The general objective of the study was to examine the implementation of fiscal decentralization in Ilemela Municipal Council.

1.3.2 Specific objectives

Specifically, the study intended to: -

- (i) Explore the way IMC exercises its financial discretionary power i.e. power to levy taxes and spend as enshrined in the 1998 policy paper
- (ii) Examine the extent to which the central government fulfills its obligation of supplying IMC with adequate unconditional grants and other forms of grants
- (iii) Find out whether IMC passes its own budget reflecting its own priorities

1.4 Research questions

- (i) How does IMC exercise its financial discretionary power i.e. power to levy taxes and spend as enshrined in the 1998 policy paper?
- (ii) To what extent does the central government fulfill its obligation of supplying IMC with adequate unconditional grants and other forms of grants?
- (iii) To what extent does IMC exercise its power to pass its own budget reflecting its own priorities?

1.5 Significance of the study

It is expected that findings from the study will help the PO-RALG to evaluate the effectiveness of the implementation of fiscal decentralization and improve its relationship with LGAs. To the LGAs, the study intends to give recommendations which in some way or another will help improve their fiscal autonomy which is an important

aspect of fiscal decentralization. The study also will act as a source of reference material to future researchers who wish to do a deeper analysis into this area.

1.6 Scope of the study

The study was carried out in Ilemela Municipal Council which is located within Mwanza city. The researcher is familiar with this area and that being the case the area provided an opportunity for in-depth study to be conducted.

1.7 Limitations of the study

The study employed a case study research design therefore; it became difficult to generalize the findings. Some respondents were reluctant in giving data, some seemed to be so busy with other activities, and others just lacked confidence. However, the researcher managed to collect all necessary data for the study as he spent some time to educate and convince them to take part in the study.

1.8 Definition of key terms

1.8.1 Local Government.

Local government is an arrangement of local administration under local communities that is structured to maintain law and order, provide some limited range of social amenities, and boost cooperation and participation of inhabitants towards the improvement of their living conditions (Adeyemo, 2005). Therefore, local government is that part of the government of the country operating at a local level, functioning through a representative organ, known as local authority or council, established by law to exercise specific powers within a defined area of jurisdiction (Warioba, 1999).

1.8.2 Fiscal decentralization

Satta&Pennick (2013) define fiscal decentralization as a system that involves transfer of fiscal responsibilities and local government finances from central government to sub-

national governments that lay emphasis on equitable and transparency revenue mobilization and capital development grants. Such transfer includes local decision making on the allocation of financial resources and authority to levy taxes at the local level.

1.9 Organization of the study

The study is divided into six chapters. The first chapter is an introductory chapter which encompasses background of the study, problem statement, research objectives, research questions, significance of the study, limitations of the study and definition of key terms. The next chapter reviews both theoretical and empirical literature reviews, conceptual framework, and knowledge gap, chapter three covers the methodology, data analysis, ethical consideration and validity and reliability of the study. Chapter four presents the findings of the study which were obtained. Chapter five gives an in-depth discussion of the findings presented in the previous chapter.

Summary, conclusion and policy implications are in chapter six. Attached with this work is the list of bibliography and appendices like questionnaire, interview guide, and organization structure.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the review of literature related to the study; it includes both theoretical and empirical literature.

2.1 Theoretical literature review

2.1.1 Local government system in Tanzania

The legal framework governing local government in Tanzania are the constitution of the United Republic of Tanzania of 1977 through article 145 and 146 and the two principal Acts of parliament namely local government (districts authority) Act Cap 287 R.E 2002, and local government (Urban authority) Act Cap 288 R.E 2002. Tanzania local government system is based on political devolution and decentralization of functions and finances within a unitary state (Ngwilizi, 2002). LGAs are holistic having a legal status while operating on the basis of specific and discretionary powers. Administratively, Tanzanian LGAs are comprised of the councilors and the permanent public officials' (Warioba, 2009).

Councilors are politicians responsible for policy and decision making in the council who are directly elected by residents in their respective wards and thus they are there to protect and advance their voters interests at the council. Moreover, an elected council is also a chairperson of WDC that exists in every ward. She/he has to report to his/her ward on decisions and policies arrived at the council. On top of that, the political side of Tanzanian LGAs also consists of special seat councilors representing their political parties, and members of parliament residing within the LGAs borders.

Permanent public officials consist of technicians and professionals from different arena. These are centrally recruited through the Tanzania Public Services Recruitment Secretariat (with the exception of council directors and HODs who are appointed by the President and Minister for local government). The Public Service Act No. 8 of 2002 through Miscellaneous Amendments No. 2 of 2013 also gives power to the PSRS secretary to delegate his power to LGAs for them to conduct recruitment for almost 22 lower cadres who possess education qualification below diploma level. Among other functions (of the permanent public officials), they are there to advise the councilors so that they can come up with sound judgments. They are also the main implementers of the policy decisions made by councilors.

The two principal local government laws namely the local government (District authorities) Act No.7 of 1982 and The Local government (Urban authorities) Act No. 8 of 1982 categorize Tanzania's LGAs into urban and rural councils. Urban local governments include city, municipal, and town councils whereas rural councils are made up of district councils which account for more than 79% of all local governments (ibid).

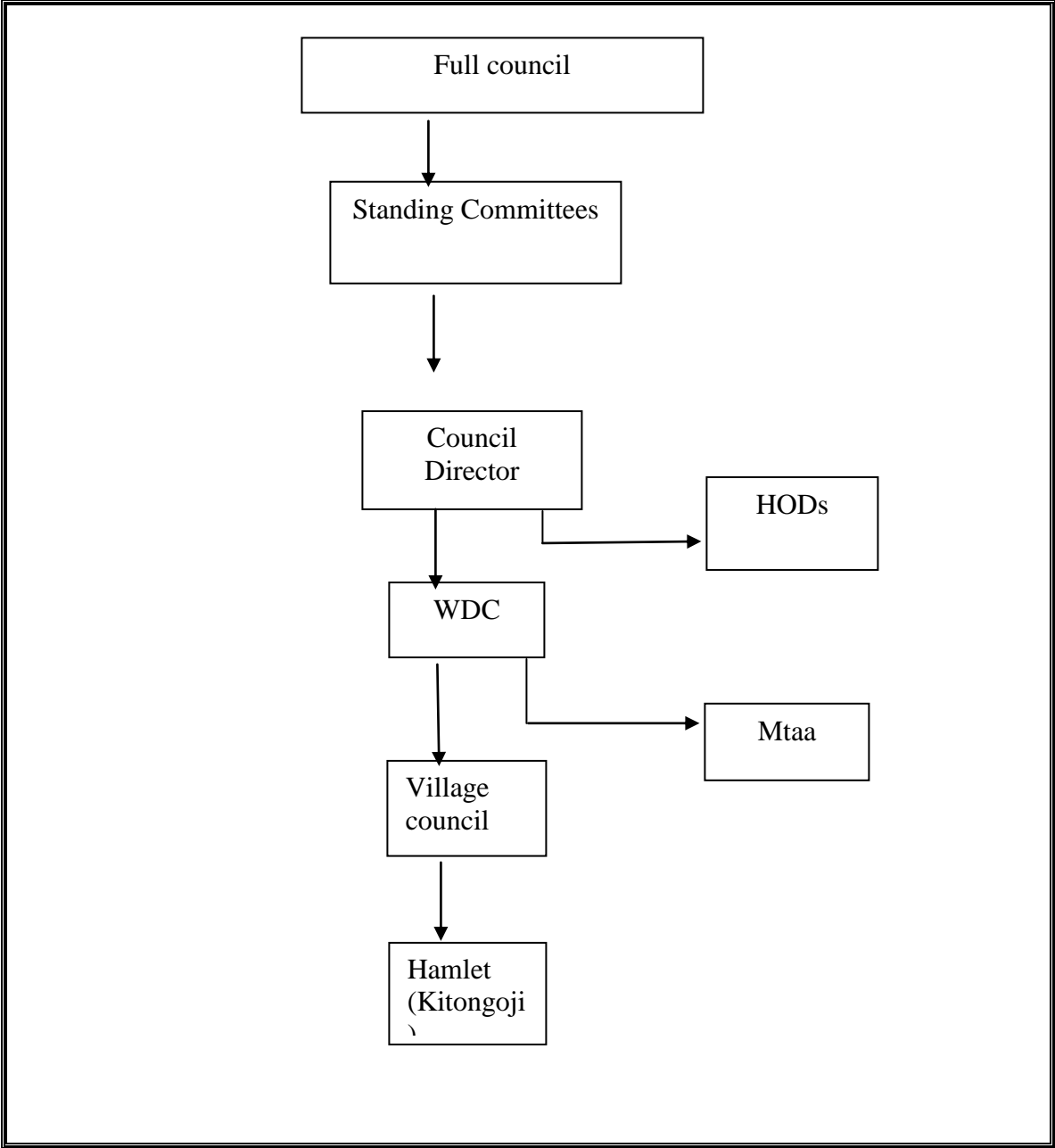
Under the higher level category of local governments there are lower level governments and administrative units. Administrative units (wards) unlike local governments are not corporate body rather than they serve as coordination units. The hamlet (kitongoji) is the lowest administrative unit found in rural councils which is led by elected chairperson and representatives who together form an executive committee. The lowest level of local government starts with the village which is made up of village council and village assembly. The village assembly is the highest decision making organ. The village council is comprised of the hamlet chairpersons and the elected village chairperson. Day to day administrative duties are performed by the VEO who is the secretary to the village council and is an employee of the higher local government authority.

The ward as mentioned earlier is not a local government but an administrative unit serving for coordination purpose. Village/Mtaa chairpersons and executives meet at the

ward level for planning purpose through an organ known as WDC which is chaired by elected ward councilor who also represents the ward to higher local government level. The WEO is the secretary to WDC. The major local government authority is structured at the district level. It is this level which is entrusted with major responsibilities of the local government. It relates directly with the central government and also provide guidance and direction to the lower local government.

Notwithstanding with the above structure of local government system, Tanzanian LGAs basically have three main functions as enshrined in the principal Acts of parliament i.e. local government (district authority) Act No 7 of 1982 and local government (urban authority) No 8 of 1982. These functions include maintenance of laws and good governance, promoting economic wellbeing and social welfare of people within their areas, and furthering economic and social development that conforms to national policies and plans within their areas (Sinde, 2016). Venugopal&Yilmez (2010) classified LGAs functions into two groups' namely mandatory and permissive functions. Mandatory functions are those which are performed by local authorities even though the responsibility for making policy and regulation lies to the central government viasectoral ministries. They fall in five significant sectors which are education, health, water, agriculture and roads. Permissive functions refer to those functions performed by local authorities on discretionary basis. Local authorities have power to decide and regulate them. Among them are management of market places, waste and sanitation etc.

Figure 2.1A simple administrative machinery for LGAs in Tanzania



Source: Warioba, 2009

2.1.2 Decentralization concept

Decentralization has been defined by many scholars in various ways. Renu (2014) defines decentralization to mean a transfer and distribution of functions and powers to lower levels of the government. The World Bank (2008) sees decentralization as a shift of responsibility and accountability for the delivery of public services to lower levels of government, with the aim of improving service delivery and local governance. Hughes (2003) cited in Kesale (2016) sees decentralization reflecting principal-agent theory where the principal authority (central government) delegates some of its powers, functions, and resources to the defined agencies such as LGAs. At local level the principal- agent theory can be perceived into two perspectives. Firstly councilors may be perceived as principal who have delegated the day to day administration activities to the agent (council director and his/her management team).

Secondly the theory perceives voters as the principal that have put their political power i.e. power to make decisions to councilors and in this case councilors become the agents to the voters. It is the expectation of the principal that agents should be able to carry out the functions delegated to them and deliver what it has been agreed on behalf of the principal as per agreed standard. In return, the principal is required to compensate the agents for good performance and impose sanctions for poor or unsatisfactory performance that fail to be justified.

The problem that normally arises in the principal-agent theory is that the agents in various occasions do not necessarily make decisions in the best interests of the principal hence it presents the principal with a need to control the agents.

Various scholars such as Bangura&Labbi (2006), Lane (1997), and Steunenburg&Mol (1997) have given strong argument in favor of decentralization. They contend that decentralization has potential in increasing effectiveness and efficiency in service delivery as local authorities are closer to the people therefore the likelihood of responding better to their preferences is high, decentralization as a mechanism for

bureaucratic control and cost reduction, and also decentralization as a means to increase participation in government affairs and improvement in resource mobilization and use. Other scholars such as Scott (2009) favors decentralization as it gives prospect for the enhancement of social cohesion by reducing clashes, wealth dissimilarities, and minimizing ethnic tensions.

However, despite the benefits associated with employing decentralization, there are some challenges which may arise in the implementation of it. One of the challenges as seen by Martnez-Vazquez & McNab (2013) is that the fact that decentralization places local authorities officers close to the individuals who are the recipients of services, there is a possibility of increasing corruption since it may be easier for people to lobby LGA officials than influencing central government officials.

2.1.3 Historical background of decentralization

Decentralization's roots can be traced back in the earliest Greek kingdom followed by the Roman Empire that experienced progressive decentralization reforms largely (Wildmalm, 2008). But the form and terminology which has been used in the reflection of reforms has been different according to time. Petak (2004) claims that deconcentrating of decision making power from central government to subordinate governments in dispersed locations was the main emphasis during the 1950s. In the 1970s, there occurred a new wave of public sector transformation globally and it involved the diffusion of power and duties over public service delivery from central to subordinate governments and private sector. Together with decentralization, emerged the new word, devolution which is regarded as the uppermost level of decentralization that involves transfer of both political and fiscal powers to subordinate government.

For the last two decades decentralization has been in the center stage of policy experts in many developing countries of Africa, Latin America and Asia because of various reasons. In Latin America for example decentralization was highly motivated with the need of getting rid of military rule and dictatorship which had established its roots over

there (Shah, 2004). In Asian countries such as China, decentralization was considered as a means for social cohesion, preservation of the communist party rule, and for faster growth of the economy.

Starting from the 1970s, decentralization of government functions became a global agenda to mean two forms in relation to public sector. Firstly it meant transfer of responsibilities from central government to subordinate governments (states and local councils) which was meant to reduce the central government's role and bring intergovernmental competition. Secondly decentralization meant assignment of tasks between governmental and non-governmental sectors to include market forces.

As in many third world nations, Tanzania made several attempts to decentralize its government functions as early as from 1972. This aimed at dealing with interregional development gaps and public services accessibility between urban and rural areas and within the rural areas. However, the introduction of reforms could not leave behind the ending of the local government structure inherited from colonial rule. This structure was seen inconsistent with the decisions of the then new government. As a result, at the time of implementing the reforms, several challenges emerged following the abolition of LGAs, and consequently the programme ended just after 10 years. From 1972 to early 1980s, government functions were implemented through regional planning committees coordinated by the central government. LGAs came to be re-introduced in 1982.

Another reform under the name of D by D came to be initiated in the late 1990s and its main aim was the enhancement of local authorities functioning. The reforms are on progress and their long-term goals among others include poverty alleviation, improving quality and access to public services especially to the poor, and ensuring equity in public services.

The 1998 policy paper provides the foundation of the ongoing reforms. The policy pinpoints four main aspects of D by D. The first aspect is political decentralization with the aim of devolving decision-making power to councils within the national legislation

framework. Secondly, fiscal decentralization with the intention of providing councils with discretionary power over financial decisions and own-source revenue generation. Thirdly, administrative decentralization aimed at providing LGAs with discretionary power over staff recruitment and local decisions and to make sure that the staff's allegiance is to their local councils. Finally, the policy intended to bring changes to central-local relations by providing clear communication links between councils and central government ministries and departments. The policy paper identifies the minister in charge of local governments as the coordinator of other central government ministries in communicating regulations and guidelines to the councils.

Currently, over 80 per cent of developing and transition economies implement decentralization as a result of disappointing centralized strategy to stimulate development and poverty reduction. Thus in third world nations like ours, decentralization reforms focus on transfer of power and responsibilities to subordinate governments in seeking community participation development projects implementation, involvement of private sector in development programmes, and enhancement of political stability (Crook & Manor, 2000)

2.1.4 Types of decentralization

The World Bank (2002) has classified decentralization into three types. These are political decentralization, administrative decentralization, and fiscal decentralization. Political decentralization is meant to give citizens or their elected representatives more power in public decision making. Through political decentralization citizens and their elected representatives are given more influence in the formulation and implementation of policies. Detailed decisions are therefore made by local representatives. The main form of political decentralization according to World Bank (2002) is devolution where there is the transfer of substantial responsibility, decision making, and resource and revenue generation to a local government that has a significant degree of local autonomy. Devolution is seen in most cases a comprehensive form of decentralization.

Administrative decentralization entails the attribution of decision-making authority to lower levels of government with respect to public policies and the delivery of public services (Lameck, 2017). Deconcentration is the main form of administrative decentralization and entails the transfer of power to central government officials who are dispersed and relocated across the country, such as District Commissioners, Division officers etc.

Fiscal decentralization refers to the distribution of decision making authority about local income and expenditures (Lameck, 2017). It is assumed that when LGAs have the authority to make decisions on levying taxes locally and the authority to spend the revenue generated from those taxes, it is a sign of the decentralized system. On the contrary, when LGAs are assigned local taxes mandate without being given the power to control rate and base of taxes or the power to alter taxes, the system is considered centralized (Eaton & Schroeder, 2010).

2.1.5 Decentralization by Devolution (D-by-D)

Decentralization by devolution is the aspect of decentralization whereby the central government confers or recognizes self-governing capacities on local communities (Olowu, 2002). In other words it is said to be known as an inter-governmental delegation of responsibilities and discretionary authority. Any programme of D-by-D will involve the transfer of legislative, political, administrative and financial authority to plan, decisions making, and management of public functions and services from the central government to local authorities (ibid). Under D-by-D it is also possible to involve NGOs and CBOs in the management of local services.

2.1.6 Decentralization by Devolution in Tanzania

Tanzania's D-by-D is based on the policy paper on local government reform which was endorsed by the government in 1998 (URT, 1998). The reforms enshrined in the policy paper placed out devolution of functional responsibilities against

the deconcentrated system of governance which was earlier there and which was still in place despite elected local authorities being re-introduced in the 1982. The 1998 policy paper identifies four main aspects of D-by-D.

The first aspect is political decentralization with the aim of devolving decision-making power to councils within the national legislation framework. Secondly, fiscal decentralization with the intention of providing councils with discretionary power over financial decisions and own-source revenue generation. Thirdly, administrative decentralization aimed at providing LGAs with discretionary power over staff recruitment and local decisions and to make sure that the staff's allegiance is to their local councils. Finally, the policy intended to bring changes to central-local relations by providing clear communication links between councils and central government ministries and departments. Line ministries had to change their roles and functions and become policy makers, capacity builders and supporting figures, while closely conducting monitoring and assuring quality within the local government legislation framework. The minister in charge of local government was identified by the policy as the coordinator of other ministries in communicating regulations and guidelines to local authorities.

2.1.7 Local government reform programme I & II

Local government reform programme (LGRP) began in 1998 with the aim of transferring resources from the central government to local government, and devolving and decentralizing power to create more autonomous LGAs (Repoa, 2008). The reform was developed and approved by the GOT to guide structured attainment of the declared vision of the future LGAs following the formulation of the vision and subsequent government endorsement of the local government reform agenda (Ngwilizi, 2002). The general objective of the LGRP was the improvement in quality of and accessibility to public services provided through or facilitated by LGAs.

The programme had six components and all of them aimed at contributing to the achievement of overall goal (ibid). These components include governance, local government restructuring, finance, human resources development, institutional and legal framework, and programme management. Governance aimed to establish broad based community awareness of the participation in the reform process while promoting principles of transparency, accountability and democracy, local government restructuring was purposely adopted for enhancing LGAs effectiveness in the delivery of quality services sustainably, finance was for increasing LGAs resources availability, and improve efficiency in using them, human resources development was meant to improve accountability and efficiency of human resource use at local government level, institutional and legal framework was meant to establish the enabling legislation to support local government reforms effective implementation, and programme management was to support the effective and efficient management of LGRP and the work of the reform team.

In realizing the implementation of the above mentioned six reform components, the reform introduced major changes in areas like central-local relations, human resource management, organizational structure and functions, promoting good governance within the LGAs, and the management of finance. In the area of finance management the government intended to provide conditional and unconditional block grants to LGAs to allow them become more autonomous in planning and budgeting for service delivery in line with local needs and priorities while making them comply with the policies and standards set at national level. Apart from providing block grants to the LGAs, the source of public revenues were to be revisited and divided between the two levels of government on a more rational basis and in line with expenditure responsibilities of each level in ensuring that LGAs are becoming financially stronger and sounder. LGRP were to be implemented using five strategies, These included strengthening accountability, defining roles and responsibilities in relation to the LGRP, making appropriate changes in the legal framework (here the Regional Administration Act No. 19 of 1997 was

enacted and the 1982 local government Acts were amended in 1999), programme phasing, and designing programme budget and funding arrangements (Ngwilizi, 2002).

Through LGRP I, several achievements were recorded. These include increased awareness on the meaning, vision, mission and objectives of local government reform particularly the whole issue of D-by-D, increased peoples participation in planning and implementation of socio-economic development initiatives, increased implementation in grassroots civic elections, improved LGAs' own source revenue collection as from TSHS 49.3 billion in 2005/06 to TSHS 79.6 billion in 2007/08, and introducing and applying opportunities and obstacles towards development (O & OD) planning methodology (URT, 2013).

LGRP I also had several challenges which were observed during the implementation. The challenges included lack of common vision and commitment to a model of D-by-D where some central government institutions became reluctant to devolve power, functions, and resources to LGAs, inadequate capacity of LGAs to effectively implement the reforms, and disproportional distribution of financial resources between central and local governments hence the government had to embark on LGRP II.

Local government reform programme II (2009-2014) was the continuation of LGRP I (1998-2008) to pursue local government reform in the spirit of D-by-D (URT, 2012). It was the general expectations that LGRP II would lead to the achievement since actors (PMO-RALG) would have gained management and implementation capacity and that structures and system would be in place and operational at central and local level. The overall goal and purpose of LGRP II was to support autonomous and empowered LGAs as primary and accountable lead actors of socio-economic development in line with the National Strategy for Growth and Reduction of Poverty II (MKUKUTA II). LGRP II consisted four components which were enabling environment for D-by-D, capacity development of LGAs, enhanced citizen participation and accountability, and programme management and accountability.

Strategically, the reforms (LGRP II) aimed at eliminating the policy, institutional, legal, organizational and operational bottlenecks to the realization of D-by-D policy at all levels, assisting LGAs in building their capacity and become efficient and effective organizations as the primary, inclusive and accountable lead actors in the planning, implementation and delivery of basic social services, socio-economic development and poverty reduction interventions in their jurisdictional areas, enhancing citizens participation and demand for accountability and integrity for efficient and effective use of public resources, and timely achievement of efficient and effective implantation of the reforms. The total programme budget was estimated to be TSHS **66,639,076,467** which was to be financed through government of Tanzania development budget and development partners through basket fund.

2.1.8 Concept of fiscal decentralization

Fiscal decentralization involves transfer of responsibilities, power, and authority from the central government to lower levels of government (Kokor, 2003). Fiscal decentralization is a core component of decentralization and if local governments need to effectively function they need adequate level of revenues raised locally or transferred from the central government (Willy, 2010). For fiscal decentralization to be effective, there are necessary conditions which have to be met. These include elected local council, significant local government expenditure responsibility, significant local government revenue capacity, locally appointed chief officer, budget autonomy, and transparency (JICA, 2012). Other desirable conditions are freedom from excessive central government control, expenditure mandates, unconditional transfer from the central government, and borrowing power. Fiscal decentralization is the engine that drives the whole decentralization process of which in the absence of a well- designed fiscal decentralization, the other dimensions of decentralization have no or little impact.

2.1.9 Fiscal decentralization in Tanzania

The 1998 Tanzania policy paper on local government reform views fiscal decentralization basing on LGAs power to levy taxes, intergovernmental transfer of fund from the central government to LGAs, LGAs power to plan and pass their own budgets which reflect their own priorities, and mandatory expenditure for national standards attainment. Hence fiscal decentralization becomes an important form of local governance which allows LGAs to mobilize local revenue legally. Fiscal decentralization in Tanzania covers facts such as non-assignment of unfunded responsibilities or mandates to LGAs, encouraging LGAs to set their own priorities through the introduction of unconditional grants and development grants, provision of unconditional grants in an equalizing manner by compensating LGAs with weak resource base, and having grant system which allows national policies to be executed through local councils.

Fiscal decentralization in Tanzania intended to increase intergovernmental fiscal transfers, to increase the generation of own source revenue in local councils, and to make the delivery of service more equitable and efficient (World Bank, 2013). Before D-by-D, the financing system was uneven. The commitment emanating from internally generated funds or from the central government which could allow local councils to effectively execute their functions was very little. There was little commitment from internally generated funds or from central government that would allow LGAs to execute their functions effectively (ibid). Besides, the central government grants allocation to local authorities was mainly on ad hoc and discretionary decisions as a result some LGAs received more than others. Thus reforms intended to make correction to such misshapen in the financing of local government. As a result the government declared in 2006 that “substantial progress has been made in recent years on transforming the previously highly discretionary transfer system into a more objective, transparent, stable and pro-poor funding mechanism for local governments” (URT, 2006).

For LGA to qualify for central government grants, there are minimum conditions which has to be met. These act as control mechanisms in the system of allocating grants to discourage laziness in councils' financial management practices. Usually LGAs are assessed annually by external self-regulating teams based on criteria which are known. The criteria include fiscal capacity, management of finance, transparency and accountability, planning and budgeting, interaction between higher local government levels and lower local government levels, procurement, implementation of projects, and council function processes. It is only 25% of the discretionary CDG, 50% of sector specific grants, and 100% of the CBG given to the LGA which has failed to meet the minimum conditions (URT, 2008)

2.1.10 Theory guiding the study

This study was guided by the traditional theory of fiscal decentralization as propounded by Wallace Oates in 1972 (Sinde, 2016). The theory focuses on explaining the way fiscal system in multilevel government must be designed to establish optimal government. According to this theory each government level should do what it can do best. The central government should be responsible for stabilizing macroeconomic policies, distribution of income, and monitoring and balancing provision of public goods when there arise a possibility of negative spill over between local authorities (Ibid). Local public goods should be provided by LGAs because their closeness to people give them advantage of knowing local preferences and needs. Also the cost of extracting information on local preferences and needs will be reduced by LGAs proximity to people.

On the other hand the central government should take charge of providing services which meaningfully benefit individuals of all jurisdictions. Thus projects which require large capital like electricity and transport infrastructure such as railway construction, airports etc. are better managed by the central government because of the possibility of economies of scale (Smoke, 2001). Concerning income distribution, it is deemed not

possible for LGAs to fulfill their functions fairly if they are to entirely finance themselves. Fiscal inequalities among them will prevail if they will be left to finance themselves independently unless they all have the same fiscal capacity something which is difficult to realize in any country (Buchanan, 1950). Therefore, intergovernmental grants play an important income distribution role to ensure that a satisfactory level of key public services is offered in all jurisdictions. That being the case, for fiscal decentralization to be effective there should be appropriate assignment of expenditure functions between different levels of government, appropriate assignment of tax revenues, and fund transfer systems which are efficient.

2.1.11 LGAs power to levy taxes

It is being argued that for fiscal decentralization to be effective, LGAs should have autonomy in levying taxes. They should legally be able to mobilize revenues and determine how to spend them at local level without interference (Chapman, 1999). Tanzanian LGAs have been given power to enact by-laws and collect their own revenues. This is according to section 13 (1) of the local government finance Act Cap 290 R.E 2002. Under the said provision, LGAs have the mandate to raise certain revenues from taxes, levies, and fees. In addition to that, LGAs also do collect revenues on the basis of other Acts of parliament such as The Business Licensing Act No. 25 of 1978, and The Liquor License Act No. 28 of 1968.

Despite the fact that LGAs have been given discretion to set by-laws which enable them to collect their own revenues, literature suggest that there are two contrasting views when it comes to their revenue mobilization ability from the sources allocated. Some authors such as McCluskey (2005) sees many of the revenue sources available to LGAs are insignificant hence there are rare collection. To him the administration costs tend to be higher as compared to actual proceeds. However, McCluskey's view is perceived differently by Bird (2011) who sees LGAs as agents in providing devolved services of the central government something which results in heavily relying on central

government grant instead of generating their own finances hence he calls upon local government financing system which is designed in a way that slackness in generating own source revenue is discouraged. Even though LGAs have been given discretion to set by-laws and collect their own revenues, their power is within a specified limit set by the central government. LGAs are strictly prohibited from collecting levies, taxes, or fees which are not listed below:

Table 2.1: Tanzanian LGAs source of revenue

Taxes on Property	Administrative Fees and Charges
Property rates	Market stalls / slabs dues
Taxes on Goods and Services	<i>Magulio</i> (on markets) fees
Crop cess, (a tax levied on farm produce, maximum 5% of farm gate price)	Auction mart fees
Forest produce cess	Meat inspection charges
Taxes on Specific Services	Land survey service fee
Guest house levy	Building permit fee
Business and Professional Licenses	Permit fees for billboards, posters or hoardings
Commercial fishing license fees	Tender fee
Intoxicating liquor license fee	Abattoir slaughter service fee
Private health facility license fee	Artificial insemination service fee
Taxi license fee	Livestock dipping service fee
Plying permit fees	Livestock market fee
Other business license fees	Fish landing facilities fee
Motor Vehicles, Other Equipment and Ferry Licenses	Fish auction fee
Vehicle license fees	Health facility user charges
Fishing vessel license fees	Clean water service fee
Other Taxes on the Use of Goods, Permission to Use Goods	Refuse collection service fee
Forest produce license fees	Cesspit emptying service fee
Building materials extraction license fee	Clearing of blocked drains service fee
Hunting license fees	Revenue from sale of building plans
Muzzle loading guns license fees	Building valuation service fee
Scaffolding / Hoarding permit fees	Central bus stand fees
Turnover Taxes	Sale of seedlings
Service levy	Insurance commission service fee
Entrepreneurial and Property Income	Revenue from renting of houses
Dividends	Revenue from renting of assets
Other domestic property income	Parking fees
interest	Fines, Penalties and Forfeitures
Land rent	Stray animals' penalty
	Share of fines imposed by Magistrates Court
	Other fines and penalties

Source: Sinde (2016)

Apart from having limited sources of revenues, recently there has been a trend where the central government has been taking some of the LGAs revenue sources and hand them over to Tanzania Revenue Authority. A good example can be drawn from property tax which has been taken from being collected by LGAs and it is now being collected by the central government through TRA since financial year 2015/2016. LGAs also have lost some of their revenue sources which have been abolished by the central government in the financial year 2017/2018. The abolished fees and levies include permit fees issued by LGAs on various activities such as permit fee charges on slaughtering places, permit fee on transportation of livestock, and also fee on establishing pharmacies (Daily News of 9 June 2017). Produce cess which was one of the source of revenues especially to rural councils have been reduced from 5 percent to 3 percent for cash crops and from 5 percent to 2 percent for food crops. Transportation of crops of less than a tone from one LGA to another have to now enjoy exemption from produce cess.

2.1.12 Intergovernmental Fiscal Transfer

Intergovernmental fiscal transfers play an important role in local government financing. According to Shah (2006) IFTs finance about 60 per cent of sub national expenditures in developing countries, about a third in OECD countries, 29 per cent in the Nordic countries and 46 per cent in non-Nordic European countries. It is very important to design the IFT systems because when these systems are wrongly designed they may create effects to tax revenue performance of LGAs and distort the purpose of grant system (ibid). In the absence of a well-designed fiscal transfer programme, successful decentralization is hard to achieve.

It is understood that a sound IFT system is comprised of such features as promotion of budget autonomy at the local level, provision of adequate revenue to local government, enhancement of equity and fairness, and provision of positive incentives to encourage higher tax efforts (Shah, 1997).

However, there is no appropriate uniform pattern of transfers which is universal. Transfers have to be designed so that LGAs have a clear mandate, adequate resources, and sufficient flexibility to make decisions, and be accountable for results. In practice, IFTs are meant to play three vital roles which are internalization of spillover benefits, equalization of LGAs fiscal needs, and improving the whole system of tax system (Oates, 1999). In internalizing spillover benefits, it is believed that without IFTs, LGAs are likely to give priority to financing activities which benefit their residents and accord low priority to services which also benefit residents of other jurisdictions limiting spillover benefits to citizens of other jurisdictions.

Secondly, IFTs are used to make the spending needs of LGAs equal. Gaps in fiscal ability among LGAs mean they have different capabilities in financing their functions and if are left with more power to raise revenues, fiscal disparities will increase because of district differences in tax bases. It is common that urban LGAs are better known to have stronger tax bases than those in the rural. In most cases expenditure responsibilities devolved to LGAs in many countries tend to exceed their capacity in own source revenue collection, hence a well-designed grant allocation system is vital in addressing disparities in the fiscal capacity of any country.

Thirdly, IFTs play an important role in improving the tax system within a country (Bahl, 2000). This is because administratively, the central government has the capacity to assess and effectively collect most of the sources than LGAs; therefore the transfer system can be used to distribute the proceeds to LGAs.

In Tanzania, a formula based grant allocation system was introduced in 2004 and became operational in 2005/2006 (Sinde, 2016). The formula is for allocation of recurrent block grants and capital development grants. LGAs also receive GPG grants which are meant to compensate for local taxes which were considered as nuisance and abolished in 2013.

2.1.13 LGAs budget process

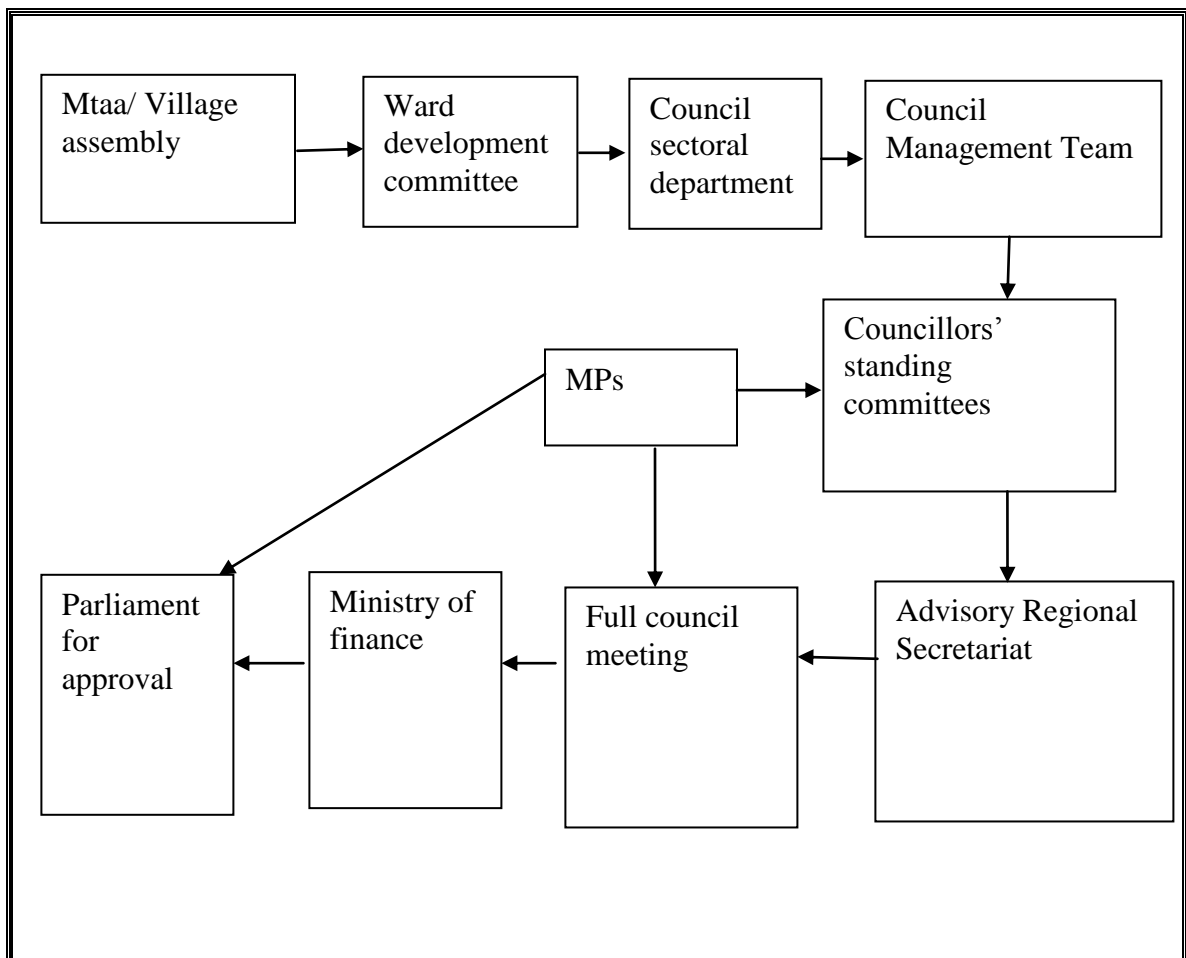
A budget and budgeting process are essential components for any organization simply because they are considered as the basis for the attainment of long term targets. The Tanzania budgeting process of LGAs is guided by the local government financial Act Cap 290 R.E 2002 and various guidelines issued from time to time. The Act spell out the procedures for the preparation of revenues and expenditure estimates while practical procedures such as format and ceilings are provided by other guidelines. The budgeting exercise involves processes that are supposed to provide linkage between national development goals and policies with local priorities. Specific policy guidelines for each particular sector are normally issued by individual ministries and these guidelines are normally in alignment with TDV 2025, ruling party election manifesto, National Strategy for Growth and Reduction of Poverty, and situational analysis from LGAs (URT, 2012).

From the general perspective, it can be said that it is the central government that sets national targets and budget priorities and incorporates LGAs inputs which are to be achieved annually.

In Tanzania LGAs, planning and budgeting process begin when the plans of villages and mtaas are consolidated and coordinated by ward development committees (Parliamentary Center, 2011). WDCs prepare and submit to district/urban authorities the ward plans which indicate the expected sources and levels of funding. These plans are integrated with projects which are developed at council level and discussed by the respective sector standing committees of the council, then a draft council plan and budget is prepared by the council director and submitted to respective regional secretariat where it gets scrutinized by sector representatives with the aim of making sure that policies as described in the planning and budgeting guidelines have been adhered to. The RS provide written comments and advice on how the council plan and budget can be improved.

The council director then convenes finance and administration standing committee meeting where the draft council plans and budget is tabled indicating how the comments and advice from the RS have been dealt with. The council plan and budget is submitted to the full council meeting where it is discussed and passed. The plan and budget is then incorporated into a regional plan and budget before it is submitted to PO-RALG and Ministry of Finance.

Figure 2.2: Formal LGAs budgetary process



Source: Extracted from parliamentary center 2011

2.2 Empirical literature review

Llato (2009) undertook a study on fiscal decentralization and local finance reform in the Philippines and found out that even though Philippines local government units have been given power to raise local own revenues for financing their expenditure, they still depend largely on the internal revenue allocation as principal source of revenue. This was due to the fact that their fiscal autonomy was constrained by the local government code of 1991 which limits their power to set local tax rates and preserve the more revenue productive taxes in favor of the central government.

Asian Development Bank Institute (2016) conducted the study in Viet Nam local government and among the conclusions it came up with were that local fiscal policies play a large role in Viet Nam's growth and development. It was also found that the Viet Nam's central government has granted local authorities more financial resources including sharing parts of its revenue with them. However, the study also noticed several issues hindering the effectiveness and efficiency of fiscal decentralization in the country. These include expenditure assignment among tiers of government, various measures and regulations that limit local government autonomy in carrying out expenditure revenue management, and deficiencies in minimum standard for expenditure outcomes. Regarding IFT, existence of many national and provincial targeted programmes with overlapping objectives and targets was seen as something which limits the efficiency of the system in the country.

Petak (2004) on his study on decentralization in Central European countries found that fiscal decentralization become inefficient if it allows soft budget constraints. Soft budget constraints was found to be undermining decentralization efforts and devolution of decision making process because LGAS remained relaxed and did not seek other ways of achieving fiscal needs.

The UN-HABITAT (2010) for example conducted a study in Botswana LGAs taking Gaborone city council as the case study and concluded that fiscal decentralization i.e. the

devolution of taxing and spending powers to lower levels of governments has helped the GCC to be financially strong as compared to other councils in Africa as GCC nearly meets most of its needs either through its own source collections or from the central government.

Frumence et al (2013) in their study found that decentralization has increased autonomy in mobilizing and utilizing local resources, and also people's participation in planning has been enhanced. This is because through decentralization people get a chance to participate in deciding on their affairs either directly or through their representatives.

Brillantes et al (2009) in their in-depth study found out that fiscal decentralization has encouraged local government units in Philippines to take the lead in local development process. Through devolution, LGAs have opened up opportunities to be innovative and come up with programmes and projects that are targeted towards the improvement of people's welfare. For example the Albay province managed to institutionalize the community based disaster preparedness and mitigation plan.

Arikan (2004) and Syamsul (2003) hinted out on the importance of fiscal decentralization in combating corruption. Their studies found that effective and strong fiscal decentralization has better chance of getting rid of corruption due to citizens' involvement in the whole process of planning.

Wunsch (2008) carried out a literature based study attempting to find out the causes of Africa decentralization failure. He found that failure in reforms occurs in four main areas namely planning and capital investments, budgeting and fiscal management, personnel and fiscal management, and finance and revenue. In planning and capital investments the study found that LGAs' resources have been consumed a lot yet LGAs have lacked authority and sustained national and local levels of grassroots disempowerment. In budgeting it was revealed that LGAs are seriously encountering the problem in managing their affairs in undertaking budgeting activities.

It was further established that central government interference in budgeting process was another reason for poor budgeting.

Ng'eni&Chalam (2016) carried out a desktop study based on secondary data on fiscal decentralization and fiscal autonomy in Tanzania LGAs and concluded that LGAs over-reliance on IFT might compromise their fiscal autonomy.

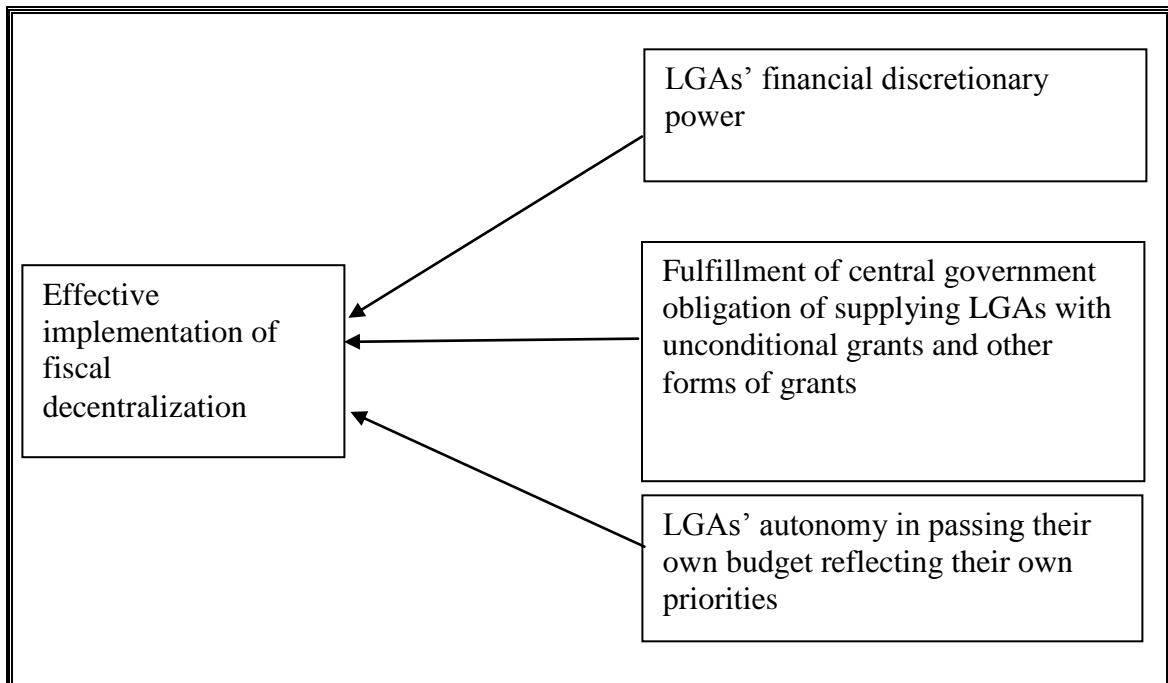
Kesale (2017) conducted a qualitative study on how councilors perceive their exercise of fiscal decision making authority taking Tarime Town Council as his case study and found that 56% of the respondents were unhappy with the expenditure authority they have, labeling it limited as most of the central government grants received had specific conditions. However when it comes to revenue generated by the council itself (own source revenue), the study found out that the council enjoyed full expenditure authority.

2.3 Research Gap

A critical review of the above mentioned past literature have tried to explain on the effectiveness and impact of decentralization implementation globally. However, most of the studies were carried outside Tanzania where the socio-economic conditions do differ with that of Tanzania. In addition to that, the above mentioned studies assess effectiveness of decentralization implementation as a whole unlike this study which focuses only on one aspect of decentralization namely fiscal decentralization as it is understood that local autonomy (political decentralization) without financial self-sufficiency is not possible.

2.4 Conceptual framework

Figure 2.3: Conceptual framework



Source: Author based on literature reviewed, 2017

The relationship between dependent variable (Effective implementation of fiscal decentralization) and independent variables (LGAs financial discretionary power, fulfillment of central government obligation of supplying LGAS with adequate unconditional grants and other forms of grants, LGAs autonomy in passing their own budget reflecting their own priorities,) is shown in this model. It is assumed that effective implementation of fiscal decentralization is determined by LGAs financial discretionary power i.e. power to levy taxes and spend, central government fulfillment of its obligation to supply LGAs with unconditional grants and other forms of grants adequately, and LGAs' autonomy in planning and passing their own budgets which reflects their own priorities.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter discusses the research design, research area, population of the study, sampling and sampling procedures, methods of data collection, and data analysis methods.

3.1 Research design

A case study design was employed to examine the implementation of fiscal decentralization in Tanzania. This type of research design was employed because of its ability of explaining the particular setting with all its complexity. Case study is also a useful approach because of its ability to investigate a contemporary phenomenon within the real life context, particularly when there is no clear boundary between the incidence and context (Yin, 2009). The study also adopted case study design because case study design allows using combination of techniques such as interview, questionnaire, observation and documentation which can facilitate collection of data. Case study design was also selected because it is the most flexible research design which can produce interesting and valuable results in its own right, and it requires a considerable amount of information, and therefore inferences are based on a much more detailed and comprehensive set of information.

The nature of the study also called for case study research design to be employed. The study among other things investigated the actions of the power holders (councillors & permanent public officials) who were unable or unwilling to reveal an accurate account of information especially if adverse outcomes are likely to happen and that being the case, missing information had to be supplemented by other means.

3.2 Research Area

The study was carried out in Ilemela Municipality which is located within Mwanza city in Mwanza region in the Southern shore of Lake Victoria. Ilemela Municipal Council is one of the LGAs in Tanzania which is populated by 343,001 residents (NBS, 2012). Administratively the municipal is divided into 1 division, 19 wards of which some have urban nature and others are semi-urban, and 171 Mtaas. The major ethnic groups are Sukuma, Zinza, and Kerewe and their major economic activities include agriculture (mainly subsistence), fishing, trade and some of the residents are employed in industries and also by the government and Non-Governmental Organizations. The area (IMC) was chosen because firstly it is one of the LGAs in Tanzania and the study focused on looking at the actualization of fiscal decentralization in Tanzania's LGAs. Secondly, from the reviewed literature I did not come across a similar study which had been conducted in the chosen area since the council was established in October, 2012).

3.3 Target population

The study used different groups of people. This included the municipal director, different heads of departments and units whom the researcher believed would provide useful and relevant information for the study, councilors, ward executive officers, and also Mtaa chairpersons.

Table 3.1 Expected population of the study

S/N	Respondent category	Number
1	Municipal director	1
2	Head of departments and units	19
3	Ward Executive Officers	19
4	Councilors	26
5	Mtaa Chairpersons	171
	Total	236

Source: Ilemela municipal council profile 2016

3.4 Sample and sampling procedure

Hyndman, (2008) & Marczyk et al. (2005) defined a sample as a subset of the population to be studied. Similarly, sampling is the selection of a subset of individuals from within a population to yield some knowledge about the whole population, especially for the purposes of making predictions based on statistical inference (Scott & Wild, 1986; Black & William, 2004). Its main advantages are cost, speed, accuracy and quality of the data. A good sample should be truly representative of the population, result in a small sampling error, viable, economical, and systematic, whose results can be applied to a universe with a reasonable level of confidence (Kothari, 2004).

3.4.1 Sample size

The total target population of the study was 236 comprising of 1 municipal director, 19 head of department and units, 19 WEOs, and 171 Mtaa chairpersons. This study used a sample of 71 respondents which is equivalent to 30.05 per cent of the target population. This is in line with Krishnaswami (2002) who recommends a population sample of 30 per cent as being enough of the entire population.

Table 3.2 Distribution of sample size

S/N	Respondent category	Number	Expected number of respondents from each category	Actual respondents	% of target population
1	Municipal director	1	1	1	0.42
2	HODs	19	8	4	1.69
3	Councilors	26	10	8	3.38
4	WEOs	19	8	8	3.38
5	Mtaa chairpersons	171	53	50	21.18
	Total	236	80	71	30.05

Source: Researcher's conceptualization, 2017

3.5. Sampling Techniques

Sampling technique provides a range of methods that enables the researcher to reduce the amount of data needed by considering only data from a subgroup rather than all possible cases or elements for the purpose of this study both probability and non-probability sampling techniques were used to obtain the sample size.

3.5.1 Purposive sampling

Teddle & Yun (2007) see purposive sampling as one of the non-probability sampling where by certain units or cases are selected based on specific purpose rather than randomly. In this study, the municipal director and HODs from planning, finance, and internal audit departments were purposively selected as it was believed (by the researcher) to have relevant information about the study

3.5.2 Simple random sampling

This is the way of selecting subjects in which every element in the population has an equal chance of being chosen (Sekaran, 2003). In this study, councilors, WEOs and Mtaa chairpersons were obtained by using simple random sampling technique. In this study, respondents from the group of WEOs and councilors were obtained by writing their ward names on pieces of paper and then those pieces of paper were mixed thoroughly in a container and then drawn as lottery. Thus, by using this method WEOs from Ilemela, Nyakato, Sangabuye, Kiseke, Bugogwa, Kirumba, Nyamhongolo and Kitangiri wards were drawn in the sample. Mtaa chairpersons' respondents were obtained by using the table of random numbers. Since there were a total of 171 "Mitaas", and 171 is a three-digit number, each Mtaa was assigned a three-digit number beginning with 001 to 171. Then the researcher randomly started from the left side of the table selecting the three digit numbers (ignoring repetitions and those out of range i.e. those out of 171) until a total number of desired 53 "Mitaas" was obtained. Thus, by using that method, a total of 53 "Mitaas" as shown in table 3.3 were drawn in a sample.

Table 3.3 “Mitaas” which were drawn into the sample

S/N	Mtaa’s Name
1	Balyehele
2	Nyagunguru
3	Sabasaba
4	Lumala
5	Ihangijo
6	NHCMashariki
7	NHCMagharibi
8	NHC
9	Nyafula
10	Ilekako
11	Lwashi
12	Igalagala
13	Kabusungu
14	Imalan’gombe
15	Kabambo
16	Greenview
17	Nsumba
18	Zenze
19	Nyabusalu
20	Igogwe
21	Buganda
22	KayenzeNdogo
23	Semba A
24	KimaniIwentemi
25	Kigoto
26	Kirumba Kati
27	Kabuhoro
28	Kabuhoro B
29	Ibanda
30	IbandaBusisi
31	Nyamadoke
32	Nyamhongolo
33	Mtakuja
34	Kashishi
35	Kaguhwa
36	Iwelyashinga
37	Kitangiri Kati
38	Kitangiri B
39	Kileleni
40	Mwinuko
41	Mihama
42	Chabakima
43	Nyanda
44	Zembwela
45	Nyasaka A
46	BwiriZiwani
47	Mkudi
48	Nenetwa
49	Kiloleli B
50	Nyamanoro C
51	Chamwenda
52	Lutongo
53	Kabangaja

3.6 Data collection methods

Data are facts, figures and other relevant materials, past and present that serve as bases for the study and analysis (Krishinaswami, 2002). The study used both primary and secondary data collection methods to solicit information which is relevant.

3.6.1 Primary data collection methods

These are first-hand information which have not been previously collected. The researcher used the following primary data collection methods: -

3.6.1.1 Questionnaires

A questionnaire is a document in which a list of questions appears for formal social enquiry. The researcher prepared the questionnaires related to the research questions and those questionnaires were handily delivered to the selected respondents (WEOs and Mtaa chairpersons). This was done after clarifying the purpose of the study to the respondents. Respondents were left to fill in the questionnaires and within the agreed time the researcher contacted them and went to collect the filled in questionnaires. It was during this time (during questionnaires collection) the researcher managed to personally ask respondents on what they had written in the questionnaires and the answers were used in analyzing data. The questionnaires had both open and closed ended questions to allow the respondents indicate the appropriate answers. This method was mostly used to WEOs and Mtaa chairpersons to solicit information regarding their involvement in the preparation and implementation of the LGAs budget.

3.6.1.2 Interviews

This method was used to collect primary data from respondents especially the municipal director, heads of departments and councilors who are normally very much busy that telling them to fill the questionnaires could not be appropriate. The researcher conducted face to face interviews with the above mentioned respondents and during the interview

he (the researcher) asked the respondents if he could electronically record the conversation and all the respondents refused and the researcher had to respect that. Interview guide was used to guide the interview process, and to collect rich information from the respondents the researcher guided the respondents to give their views with minimum interventions, probing more questions as the respondents responded.

3.5.2 Secondary data collection methods

3.5.2.1 Documentary Review

The researcher adopted this method to collect secondary data and modify literature review section. Documentary review was taken into account with the aim of envisaging certain secondary information relating to the objectives of the study. Various documents concerning the implementation of fiscal decentralization were consulted by referring to various files to collect relevant and required information. The documents reviewed included proceedings of council meetings, council budget books, budgetary guidelines released by the President's office-planning commission, IMC development projects implementation report Vol.1, CAG reports and different journals and publications which are concerned with fiscal decentralization in Tanzania.

Table 3.4: Summary of respondents, sampling technique, data collected and methods used in data collection

S/N	Specific respondents	Sampling technique	Information/ data sought	Data collection method
1	Municipal director and HODs	Snowball sampling technique	<ol style="list-style-type: none"> 1. Grant allocation, grant flow and disbursement. 2. Autonomy in spending. 3. Autonomy in revenue mobilization 	Face to face interview
2	Councilors	Simple random sampling	<ol style="list-style-type: none"> 1. Their autonomy level in revenue mobilization. 2. Their autonomy in passing budget which reflects their council's budget 	Face to face interview
3	WEOs	Simple random sampling	Their involvement in the preparation and implementation of LGAs budget	Questionnaire
4	Mtaa chairpersons	Simple random sampling	Their involvement in the preparation and implementation of LGAs budget.	Questionnaire

Source: Researcher's conceptualization, 2017

3.6 Data analysis methods

The data collected were cleaned in order to determine inaccurate, incomplete, or unreasonable data and then improved the quality through correction of detected errors and omissions. The qualitative data obtained from open data collection instruments such as interview, observation and documentary review were analyzed through content analysis technique, where by data were sorted into themes and analyzed to identify similarities and differences of data. The technique enabled the researcher to reduce large amount data.

3.7 Validity and Reliability

3.7.1 Validity

Hamersley (1990) defines validity to mean the extent to which an account accurately represents the social phenomena to which it refers. Neuman (2003) sees validity as truthful or the bridge between construct and the data, and hence concludes that it is the correct correlation between data and conclusion. In case study research, triangulation is

always considered a key method to realize internal validity. To attain validity, the study used a series of different techniques to collect data on the same phenomena. Also the application of random sampling was used to reduce the researcher's biasness in the selection of respondents.

3.7.2 Reliability

Reliability is concerned with making sure that if the work was repeated in the same context, with the same methods and with the same participants, similar results would be obtained. In this study reliability was ensured through comparing the findings from the research instruments with a similar study. Furthermore, the tools were pre-tested during the pilot study which included 15 respondents and feedback obtained was used to improve the tools.

3.8. Ethical Respect

Ethical consideration is the way a researcher should describe how she/he will protect and cause no harm to his/her respondents'. To ensure ethical conduct of the study, the researcher first of all obtained a letter from Mzumbe University which introduced him to the desired organization (Ilemela Municipal Council) and which was also used to seek permission to conduct this study. During data collection the researcher assured the respondents that the information given was to be treated with high level of confidentiality.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.0 Introduction

This chapter presents the findings on the Implementation of Fiscal Decentralization in Ilemela Municipal Council. The chapter starts by presenting the findings on response rate followed by demographic characteristics of the respondents. The third part of the chapter presents the findings basing on the specific research objectives while attempting to answer the research questions which guided the study.

4.1 Response rate

The researcher distributed 61 questionnaires to the sampled respondents within the study area. 58 questionnaires were returned and analyzed. This represents a 95% response rate. Also the researcher managed to conduct interview with 13 respondents among 19 whom information from them were planned to be extracted through interview. This is equivalent to 68.4 response rate.

4.3 Demographic information

The researcher also collected demographic information of the respondents focusing on sex and work experience (length of service).

4.3.1 Categories of respondents by sex

Demographers and social scientists have always been interested in the sex of the respondents as it influences the prioritization of different services and that being the case sex was taken into consideration during this study. The sex categorization of the respondents is as shown in the table below:-

Table 4.1: Respondents' categorization by sex

Municipal Director		HoDs		Councillors		WEOs		Mtaa Chairpersons		Total	
M	F	M	F	M	F	M	F	M	F	M	F
1	0	4	0	7	1	5	3	48	2	65	6

Source: Field data (2018)

The findings presented in the table above show that male respondents were 65 which is equivalent to 92 % of all respondents, and female respondents were 6 equivalent to 8% of all respondents. This indicates that the number of women in political and executive decision making bodies at local level is still very low.

4.3.2 Distribution of respondents by work experience

The study also was interested in knowing the work experience of the respondents' i.e. how long have they served in LGAs. The finding is presented in the following table below:-

Table 4.2: Distribution of respondents by work experience

S/N	Work experience (years)	Frequency	Percentage
1	1-5	24	34
2	5-10	26	37
	10-15	11	15
4	More than 15	10	14
Total		71	100

Source: Field data (2018)

Table 4.2 above indicates that majority of the respondents (37%) have been serving in LGAs for period ranging from 5 to 10 years. This study sought that there was a need to find out the work experience of respondents as this would provide description of the respondents' experience and familiarity with the subject being investigated. The fact that majority of the respondents had served in LGAs for the period ranging between 5 and 10 years was pleasing to the researcher as that meant the sampled respondents had relatively enough experience.

4.4 Findings of the study

This section presents and discusses the findings obtained in the field. The findings are organized and presented basing on the study's specific objectives.

4.4.1 IMC Financial discretionary power

The first specific objective of the study was to explore if IMC has financial discretionary power i.e. power to levy taxes and spend as enshrined in the 1998 policy paper on local government. The associated research question was "Does IMC has financial discretionary power and if it does how does it exercise it". This area was considered important because the policy paper (1998 policy paper on local government) of which the new local government system in Tanzania is based on propagates for local councils discretionary power i.e. power to levy taxes and spend. In this objective, three main issues were raised which were (i) if the council has full authority in setting local tax rates, (ii) if at all there are revenue sources which they thought they could charge higher so as to enhance their revenue but regulations constrain them, and (iii) if the recently given order from the central government to LGAs to set 60 percent of their own source collection for development and 40 percent for expenditure is consistent with the requirements of the aforesaid policy. To obtain information which could address this objective and its associated research question, the researcher conducted structured interviews with the Municipal Director, HoDs, and councilors

4.4.1.1 Does the council have full authority in setting local tax rates?

The findings from the study revealed that all (13) of the interviewed respondents which is equivalent to 100% said that IMC has no full authority in setting local tax rates. Respondents especially the councilors were of the view that IMC does not have full authority in setting local tax rates and that such function should be left to them (councils) as local councils tend to know the local environment better than the central government. *"Full authority? If we could have full authority we couldn't be charging*

forty thousand as liquor licensing fee for a hotel like.....(name withheld) but because the fees are set by the central government, we have no option” (comments from one of the interviewed councilor- translated from Swahili). In a similar way, one of theHoDs who is involved in revenue collection was quoted saying “I cannot say that we do have full authority because most of the tax rates such as business licenses fee, liquor licensing fee etc are automatically set by the central government, and even in those sources which the council do set the rates through by-laws, their applicability are subject to the approval of the central government” (translated from Swahili).The aforementioned statement was also supported by the rest of the interviewed respondents and from the general responses, the study found out that IMC have no full authority when it comes to setting local tax rates.

4.4.1.2 Are there revenue sources which the council think could charge higher so as to enhance revenue but regulations constrain them?

Askedif there were sources which the council thought could charge higher so as to enhance the council revenue but regulations constrain them, 85% of the councilors interviewed said there are plenty of those sources and went ahead to mention the few of those sources which included fish produce cess, liquor licensing fee, and parking fee. One of the councilors interviewed was quoted saying “*LGAs are the ones closer to the people than the central government and that places us in a better position to be knowing the ability of our people to pay certain sources than the central government” (translated from Swahili).*

Another councilor who also was of the view that there are several revenue sources which the council could charge higher so as to enhance revenue but regulations constrain them complained on the central government tendency of not involving LGAs when making decisions on matters which in one way or another affect LGAs operation making reference to the central government decision to give Tanzania Revenue Authority the duty to collect property tax instead of LGAs. “*They should have consulted us before*

removing this source to us (LGAs) but the central government just made that announcement, I don't even think if ALAT was involved in this" (translated from Swahili), he was quoted saying. On the other hand, 15% of the interviewed councilors seemed to have the view that the presence of regulations was very vital as without them LGAs (IMC in particular) would have been charging higher than the citizens' ability to pay.

This question was also asked to HODs. 75% of the interviewed responded that they think that some of the revenue sources should be charged higher as it has been a long time since the current rates became operational. One of those HODs who is responsible with revenue collection was quoted *saying "revenue source like parking fee should be charged higher. Apart from increasing revenues this can also be used a mechanism to control cars from getting into the city center where parking spots are becoming rare"*.

On the other hand 25% of the HODs interviewed said that to them it doesn't matter whether the rates are raised or remain the same because they are the implementers and that being the case they would implement whatever is decided by decision makers.

4.4.1.3 Is the recently given order from the central government to LGAs to set 60 percent of their own source collection for development and 40 percent for expenditure consistent with the requirements of the 1998 policy paper on local government?

When asked on whether the central government decision to order LGAs to set 60 percent of their own source collection for development projects and 40 percent for normal expenditure was consistent with the 1998 policy paper on local government, respondents had divided opinion. 54% of the interviewed councilors were of the view that the aforementioned central government decision was inconsistent with the policy. One of the respondents was quoted saying *"I don't think if that is consistent with the policy because if the government (central government) had really given LGAs power, it would be the LGAs themselves who are to decide what amount to be spent for development*

expenditure and what should be spent on recurrent expenditure” (translated from Swahili).

On the other hand, 46% of the interviewed councilors opined that the decision was consistent with the policy as it aimed at making sure that a larger amount of fund is spent on finalizing the implementation of development projects which had been stack for number of years due to lack of funds. One of the interviewed councilors who replied that the aforementioned central government’s decision was quoted saying “ *To me I think the decision is okay as long as it intends to benefit our voters who for quite period of time have witnessed unfinished development projects”*

The same question (whether the central government decision was consistent or not) was also asked to the Municipal Director and HODs, and they had different opinion. All the 4 interviewed HODs thought that the decision was inconsistent with the policy. “*Recently the central government has been partially supplying us with other charges (OC) fund for running our offices so, we were heavily relying in own source revenue collection for that. Following that decision (of setting 60% for development expenditure and only 40% for recurrent) it has become very difficult to run an urban council like ours” (translated from Swahili)* was quoted saying one of the interviewed HODs. The Municipal director was a bit reluctant in answering that question directly as he was quoted saying “*I can’t say that the decision is consistent or inconsistent since I, as an implementer has to implement whatever is decided at the top”*

4.4.2 The extent to which the central government fulfills its obligation of supplying IMC with adequate unconditional grants and other forms of grants

The second objective was to determine to what extent does the central government fulfills its obligation of supplying IMC with adequate unconditional grants and other forms of grants. This section responds to the research question which asked “To what extent does the central government fulfills its obligation of supplying IMC with unconditional grants and other forms of grants”. In soliciting information which could

answer the research question, the researcher was more interested in development grants rather than recurrent grants because development grants are more likely to be vulnerable than recurrent grants.

Furthermore, the researcher formulated several sub questions which helped in answering the research question. The sub-questions (or issues raised) intended to learn on (i) the criteria used in setting ceiling and grant allocation, (ii) the total amount of development grants which had been approved to be spent for the past three years vis-à-vis the actual amount received in those three past years, and (iii) the likely effects of partial/non disbursement of approved fund. The researcher subdivided the respondents into two groups namely HLGA respondents (Municipal Director, HoDs and Councilors) who were reached through interview and LLGA respondents (WEOs and Mtaa Chairpersons) who were reached through questionnaires.

4.4.2.1 The extent to which the central government fulfills its obligation of supplying IMC with adequate unconditional grants and other forms of grants.

In getting to know to what extent does the central government fulfills its obligation of supplying LGAs with adequate unconditional grants and other forms of grants, the researcher firstly had to seek the amount of development grants approved for the past three years and the actual amount received at HGLA. The researcher went far to find out what kind/form of grants does IMC receives from the central government. Officials (HODs) were a bit reluctant to display such information and the researcher had to conduct documentary review (IMC development projects implementation report, 2017) and through that report, the findings are displayed in table 4.3

Table 4.3: Approved vis-à-vis received development grants for IMC for the past three years

S/N	TYPE OF GRANT	FY 2014/2015			FY 2015/2016			FY2016/2017		
		Budgeted amount (TSH)	Actual amount received	%	Budgeted amount	Actual amount received	%	Budgeted amount	Actual amount received	%
1	WSDP	305,271,000	259,782,318.84	85	92,415,000	877,312,053	949.3	903,482,070	607,823,904	67.2
2	RF	497,886,542.73	599,260,000	120	1,535,495,200	1,373,572,447	89.4	1,563,960,000	1,736,718,756	111
3	HSBF	522,171,000	522,171,000	100	415,938,000	306,334,820	73.6	665,616,000	665,616,000	100
4	ASDP	139,565,000	25,000,000	19.1	44,660,000	0	0	-	-	-
5	SEDEP	130,852,000	0	0	32,713,000	165,783,103	506	130,852,000	0	0
6	LGCDG	1,804,282,000	380,017,700	21	1,135,034,000	0	0	1,415,053,522	431,684,000	30.5
7	CDCF	51,398,000	51,398,000	100	51,398,000	51,398,000	100	51,398,000	50,029,000	97
8	TACAIDS	68,890,000	75,558,000	109	18,062,000	72,249,200	400	-	-	-
9	RWSSP	26,526,000	14,997,000	56.5	124,821,438	67,540,000	54.1	335,168,000	30,000,000	8.9
10	TSCP	590,400,000	423,785,000	71.7	373,782,000	443,383,332	118.6	-	-	-
11	TASAF	-	240,058,990	-	-	1,305,598,500	-	-	1,085,003,674	-

Source: IMC development project implementation report Vol.1 (2017)

Data from table 4.3 above indicates that for the past three years, IMC has been receiving from the central government eleven different types of grants. These include grants like TASAF fund, Tanzania Strategic Cities Project(TSCP) fund, Rural Water Services and sanitation Project(RWSSP) fund, TACAIDS fund, Constituency Development Catalyst Fund (CDCF), Local Government Capital Development Grants(LGCDG) fund, Secondary Education Development Programme (SEDEP) fund, Agricultural Sector Development Programme (ASDP) fund, Health Sector Basket Fund (HSBF), Road Fund, and Water Sector Development Programme (WSDP) fund. The above table (table 4.3) also presents the amount of approved vis-à-vis received fund for each type of grants for the past three years where by the central government has adequately been supplying IMC with grants in some areas especially in health through HSBF fund, water through WSDP fund, infrastructure (roads) through Road Fund, and through Constituency Development Catalyst Fund. In other areas like LGCDG which is also highly depended by LLGAs, the central government has been poorly fulfilling its obligation of supplying IMC with these grants.

On the side of LLGAs, this question was only asked to the WEOs after realizing that funds even if they are meant for implementing certain development projects at a certain Mtaa, it is the ward which receive the money and not Mtaa and the supervision role is placed to the WDC. 67% of the WEOs respondents reported that for the past three years they had not received any development grants from the central government via HLGA despite the fact that each financial year a certain amount of funds get approved to be spent for development projects in their wards/. Only 33% of the WEOs respondents reported that they received a certain amount of fund for development as shown in table 4.4

Table 4.4: WEOs who reported to have received some development grants for the past three years.

S/n	WEOs Name	The total amount approved for the past three years (in Tsh)	The actual amount received for the past three years(in Tshs)	Percentage
1	X(name withheld)	46,500,000	5,000,000	10.7
2	Y(name withheld)	112,000,000	8,000,000	7
3	Z(name withheld)	63,000,000	10,000,000	16
Total		221,500,000	23,000,000	33

Source: Field data (2018)

The table above shows that the total amount of development grants approved for 3 wards in the past 3 years was Tsh. 221,500,000/= but the actual amount of funds received in the past three years for all the three wards was only Tsh 23,000,000/= which is equivalent to 10% percent only.

The study further revealed that even when the development grants have been approved to implement a certain project which is in the certain Mtaa within the municipality, the funds are always not sent to the Mtaa government but to the ward level where the ward development committee (WDC) is the one responsible to supervise the implementation of development projects.

4.4.2.2 The criteria used in ceiling and grant allocation

Findings from the study revealed that the Municipal Directors and HODs (who are in HLGA category) had knowledge of what are the criteria used in the allocation of ceiling and grants from the central government. The criteria mentioned included population, and poverty level of the council. On the councilors' side, 75% of those interviewed also mentioned population and poverty level as the criteria used for ceiling and grant allocation while 25% seemed to lack clear knowledge on what are the criteria used for ceiling and grant allocation. In the words of one of the councilor who was quoted saying *"I don't know what are the criteria, we just find it in the meetings that my council/ ward has been allocated this amount of fund for this particular financial year"*.

4.4.2.3 The likely effects of non/partial disbursement of development grants

Respondents were asked to outline the likely effects of non/partial disbursement of funds for project implementation from the central governments. One of the main effects which was mentioned by respondents is the fact that many of the projects especially buildings have not been accomplished hence the community is not enjoying the expected benefits from those projects. During field study, the researcher observed some of the unfinished buildings in one of the wards (name withheld) which were meant to be used as police station and teacher's house respectively as seen in figure 4.1 and 4.2

Figure 4.1: Unfinished police station building within Ilemela Municipality



Source: Field data (2018)

Figure 4.2: Unfinished teacher's house within Ilemela Municipality



Source; Field data (2018)

4.4.3: Whether IMC passes its own budget reflecting its own priorities.

The third objective was to find out whether IMC passes its own budget reflecting its priorities. This section responds to the research question which intended to learn to what extent does IMC exercises its power of passing its own budget which reflects its own priorities. As it was in the second objective, the researcher also in this objective subdivided respondents into two groups namely HLGA respondents and LLGA respondents. He also came up with several sub-questions (issues raised) which helped in answering the research question. Through those sub-questions (issues raised) the researcher was firstly interested to know whether IMC do send their priorities and

finance needs to central government during planning and budgeting or they wait until the central government gives them budget ceilings.

The researcher was also interested to explore what was the situation at LLGA (ward and Mtaa) since they also do prepare their plans and when planning if they also do the same (send their priorities and finance needs) to council level or they wait until the council issues them ceilings. Secondly, the researcher was interested to learn if when planning and budgeting the priorities of the council are taken into board or the central government decides on their behalf, and the same way was at LLGA level i.e. when planning and budgeting does the council take on board the wards' priorities or does it decide on their behalf. Lastly the researcher wanted to know if it has ever happened that Mtaa/ward/council has planned, budgeted and passed a certain project of which is priority to them just to be quashed by the central government/council level.

4.4.3.1 Does IMC/wards send their priorities and finance needs to central government/council during planning and budgeting or they wait until the central government/council issues budget ceiling?

Regarding this issue, findings from the study revealed that both groups of respondents (from HLGA and LLGA) said that they don't send their priorities and finance needs to the central government/council for budget allocation but they wait until the central government/council issues budget ceilings for the council/wards. While explaining on this matter, one HoD who by virtue of his position is in front line in budget preparation was quoted saying *“Normally we wait for the central government to issue ceiling and budget guidelines, but lately the ceilings and budget guidelines from the central government are released late so we just start planning and budgeting and when we receive the ceiling and budget guideline we adjust our plans and budget to reflect the given ceilings and guideline”*.

His concern was also supported by one councilor who during the interview was quoted saying *“I think we are the ones who should be telling the central government that we need a certain amount for water, certain amount for education infrastructure etc. but the situation is vice-versa”* In a similar way, respondents from LLGA category shared the same view that they normally do not send their priorities and finance needs to the council but they wait until the council issues the ceilings (Indicative Planning Figures) but because the ceilings also do come late they are normally told to start planning and budgeting using the ceilings of the previous/ current financial year and when ceilings are released, they adjust their plans and budget. *“We don’t tell the council that we need this amount of money to spend for development projects but we prepare our plans using opportunity & obstacle for development (O&OD) method after receiving the Indicative Planning Figures (IPF)”* (translated from Swahili) said one of the Mtaa chairperson.

4.4.3.2 When planning and budgeting, are the priorities of council/wards/Mtaas taken into account or does the central government/ council decides on your behalf?

LLGA respondents (councilors and HODs) when asked if the priorities of residents are taken on board when planning and budgeting, or the central government do decide on their behalf, 7 councilors equivalent to 88% of the councilors respondents answered that the residents priorities are taken on board while 1 councilor equivalent to 12% of the councilors respondents answered that sometimes the central government do decide on their behalf. When probed more, the councilor who opined that the central government do decide on their behalf explained that *“sometimes you find in the budget book approved projects which we did not pass in our meetings and you start wondering where did they emanate from”* (translated from Swahili).

But in an interview with one of the HODs who is responsible with budget preparation, it was revealed that such a situation do happen when they go to Dodoma (PO-RALG) to present (for review) their plans and budgets before high ranking officials from PO-RALG and Ministry of Finance.

On the LLGA's (Mtaas) side, findings revealed that 90% of the Mtaa chairpersons respondents said when preparing their plans through O&OD methods, the priorities of their Mtaas are taken on board and officials from the council level are there just to facilitate them. On the other hand, 10% of the Mtaa chairpersons reported that the council sometimes do decide on their behalf.

4.4.3.3 Has it ever happened that ward/council has planned, budgeted and passed a certain project (for implementation) just to be quashed by the council/ central government?

The researcher wanted to know if it has ever happened that the council has planned, budgeted and passed a certain project of which is of priority to them just to be quashed by the central government.. During interviews with HLGAs respondents, 97% of the interviewed HODs and councilors said that such scenarios do not usually happen but what normally happens is when you are in the middle of budget implementation for example, then you receive an order from the central government that you have to do (implement) something which you had not budgeted earlier.

When probed further, one of the HoDs (name withheld) had this to say *“For example in the financial year 2014/2015, our council had not planned and budgeted for construction of laboratories for all government owned secondary schools but in the middle of financial year we received an order from the central government which wanted us to make sure that all government owned secondary schools laboratories are constructed. That being the case we had to suspend other projects which we had planned and budgeted just to carry out the order from the central government”*.

On the other hand, 3% of the interviewed HLGAs respondents said that they don't remember if such a scenario has ever happened. The researcher also went further by asking respondents a follow up questions on how the recently central government's tendency of giving them several orders and directives affect their budget implementation. HODs respondents said that the orders and directives from the central

government affect them negatively. *“We normally quarrel with the councilors because you have to tell them for example a certain development project in his/her ward could not be implemented because funds were directed to implement what we had been ordered to implement by the central government such as buying desks for schools”* said one HODs.

The councilors on their side said that the tendency (central government tendency of giving orders) has been affecting them badly also. *“In my ward for example a list of development projects to be implemented was posted on the notice board for every citizen to read but at the end of the financial year only 1 development project was implemented and when I asked in the meeting I was told that there has been no enough fund since the central government had issued a directive to us to stop collecting property taxes which we had already incorporated in our budget”* said one of the interviewed councilor.

On the LLGA side i.e. Mtaas, 60% of the respondents answered that such a scenario do happen to them, while 40% said that normally what they plan is what gets to the budget book for implementation.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.0 Introduction

This part discusses the findings which were obtained in the field following interviews which were conducted with HLGA respondents and questionnaires which were supplied to LLGA respondents. The findings also have been presented in chapter four.

5.1 IMC financial discretionary power

The first objective was to explore if IMC has financial discretionary power i.e. power to levy taxes and spend autonomously. Through this objective three main issues (sub-questions) were raised. These included (i) If IMC has full authority in setting local tax rates, (ii) If there were any revenue sources which the council thought could charge higher but regulations constrain them, and (iii) If the recently central government order to LGAs to set 60 percent of their own source collection for development expenditure and only 40 percent for recurrent expenditure was consistent with the requirements of the 1998 policy paper on local government. With regard to this part the fiscal decentralization theory stipulates that LGAs should have a strong system of planning and management of their own revenue sources that will finance local service delivery and foster both bottom-up and bottom-down accountability. That can be achieved among other things by letting officials from local government authorities to determine the tax rates of revenue sources since they are the ones who in one way or another understand the citizens' ability to pay and know the environment better than those from the central government.

With regard to the first sub question raised (if IMC has full authority in setting local tax rates) the study found that IMC has no full authority when it comes to setting local tax rates and spend what it has collected as own source revenues. Most of the local tax rates are determined by the central government contrary to the fiscal decentralization theory

which sees officials from local government authorities to be in a better position to understand the ability of people to pay. Even though the council is empowered to set its own revenue policy, but the power is supposed to be within the limits set by the central government. Some of the respondents were quoted saying that *“I cannot say that we do have full authority because most of the tax rates such as business licenses fee, liquor licensing fee etc. are automatically set by the central government, and even in those sources which the council do set the rates through by-laws, their applicability are subject to the approval of the central government”*.

These findings are in line with that of OECD (2006) which was conducted in almost 28 OECD countries and found that regional and local authorities have no legal power to choose or alter the base for their taxes. In Portugal for example, the study (ibid, 2006) found that the task to set tax base and rate limits is of the national assembly and that being the case local governments are not allowed to institute taxes outside those provided for by the national government. The findings imply that since most of the local tax rates are derived from several regulations given by the central government, it is not easy for IMC to modify them to fit its requirements and environment

With regard to the second sub-question raised i.e. if there were any revenue sources which the council thought could charge more but regulations constrain them, the study found that 85 percent of the interviewed councilors and 75 percent of the interviewed HODs acknowledged that there are plenty of revenue sources which they thought they could charge higher but are being constrained by the regulations which have been set by the central government. They went further by mentioning those sources to include fish produce fees, liquor licensing fee, and car parking fees. Respondents were not satisfied with the rates of liquor license fee as one of the councilor was quoted saying *“ imagine a tourist hotel like.....(name withheld) is just paying onlyTsh 45,000/=”* These findings correspond with that of Sinde (2016) who concluded that local authorities should be allowed to set their local tax rates as per size of the business.

These findings denote that both councilors and permanent public officials are not satisfied with the central government tendency of setting the local tax rates.

The third sub-question was if the recently central government order to LGAs to set 60 percent of their own source revenue collection for development expenditure and only 40 percent for recurrent expenditure was consistent with the requirements of the 1998 policy paper on local government. Findings from the study revealed that 54 percent of the interviewed councilors thought that the decision was inconsistent with the requirement of the policy (the policy among other things intended to grant LGAs with financial autonomy which include on how LGAs spend what they collect).

The above mentioned view was also shared by all (4) of the interviewed HODs who apart from saying that the order was inconsistent but went further by saying that the order has affected them negatively as the central government has now been partially supplying them with other charges (OC) fund so they used to rely heavily on own source collection for their operations. *“Just imagine if you set 60 percent for development expenditure, then you are required to set 10 percent for women and youths development fund, what you remain with is not sufficient to run the day to day operations of an urban council like ours”* was quoted saying one of the HODs. These findings in one way or another imply that IMC cannot spend what it has collected on discretionary basis since there are directives from the central government which the council has to adhere to.

5.2 The extent to which the central government fulfills its obligation of supplying IMC with adequate unconditional grants and other forms of grants.

The second objective was to examine to what extent the central government fulfills its obligation of supplying IMC with adequate unconditional grants and other forms of grants. As it was in the first objective, in this part also three issues or sub-questions were raised. These included (i) the extent to which the central government has been fulfilling its obligation of supplying IMC with adequate unconditional grants and other forms of grants, (ii) the criteria used in grant allocation and budget ceilings, and (iii) the likely

effects of partial/non disbursement of approved fund. With regard to this part, the fiscal decentralization theory as propagated by Oates sees fiscal inequalities to prevail if LGAs are left to finance themselves entirely and hence intergovernmental grants play an important role in ensuring satisfactory level of key public services is offered at all jurisdictions.

As to the first sub-question i.e. to what extent the central government has been supplying IMC with adequate unconditional grants and other forms of grants, the researcher thought to find it by looking on what amount of fund have been budgeted and approved versus that have been received for the past three years in various categories. Findings show that IMC has been budgeting and receiving different categories of grants for different sectors from the central government for the past three years.

The major types of grants which IMC has been receiving consistently include HSBF which is meant to improve the health sector and to a large extent is financed by Development Partners through the holding account at the central bank (BOT) and transferred to IMC on quarterly basis through exchequer account, Road Fund (RF) for the development and rehabilitation of different roads, and the funds are derived from different revenue sources such as collection from fuel levy, transit charges, overloading fees and external support especially from the DFID.

Other forms of grants which has been received consistently include TASAF fund which is meant to empower communities to access opportunities that contribute to improved livelihood, CDCF which is meant to assist members of parliament to address their constituencies developmental requirements, and WSDP fund which aims at enhancing water resources management for socio-economic development and sustainable environment, and ensure that all social groups in rural, urban and peri-urban areas have access to adequate, safe and clean water.

The fact that the central government has been adequately supplying IMC with unconditional grants in some sectors means that the findings correspond with the fiscal

decentralization theory which sees intergovernmental transfer to play an important role in ensuring satisfactory level of key public services is offered at all jurisdictions. By implication this means that the central government has been supplying IMC with adequate grants in specific earmarked sectors which are deemed important such as health, water, road etc.

However, it was also discovered that Local Government Capital Development Grants (LGCDG) which in most cases (unlike other grants which are received and utilized at HLGA level) also are sent to LLGAs for implementation of development projects at LLGAs suffered the most for the past three years as only Tsh 811,701,700 equivalent to 17% were received by IMC from the central government. The findings conform with the report of the Controller and Auditor General (2016) who audited 41 local authorities and found that there was under release of LGCDG fund amounting to TSH 46,696,667,822/=. This finding implies that local development projects which had to be implemented at Mtaa/ ward level will consistently not/ partially be implemented as most of the LLGAs (wards) reported not to have received any grants from the central government via HLGA for the past three years. This was also evidenced by a number of unfinished buildings which the researcher observed during field study.

The second sub-question under this objective was meant to identify the criteria used in setting budget ceilings and grant allocation especially in development fund. Findings from the study revealed that the HODs and the Municipal Director knew what were the criteria used in setting of ceiling and grant allocation. The mentioned criteria included number of people in an area (population), poverty level, and such things as maternal death rates etc. However on the councilors' side 75 percent knew what the criteria were while 25 percent of the interviewed councilors lacked that knowledge. One of the councilors who seemed to lack knowledge on the criteria used was quoted saying *"I don't know what the criteria are, we just find it in the meetings that my council/ ward has been allocated this amount of fund for this particular financial year"*. By having councilors who don't know what are the criteria used in setting ceiling and grant

allocation denotes that even the citizens who are led by those councilors do not know those criteria since councilors represent the normal citizens at council meetings and they are also the chairpersons of Ward Development Committees.

The third sub-question was intended to find out the likely effects of partial/non disbursement of approved fund. Findings from the study revealed that many of the development projects especially buildings have not been completed as a result of non/partial disbursement of development fund from the central government. The researcher witnessed a number of unfinished buildings in different wards within IMC during study visit. This finding implies that the community could not enjoy the intended benefits and the council's objective of delivering quality service could not be met.

5.3 Whether IMC passes its own budget reflecting its own priorities.

The third objective was to explore whether IMC do pass its own budget which reflects its own priorities. The objective also raised three main issues as it was in the first and second objectives. The issues raised were (i) whether IMC do send its priorities and finance needs to central government during planning and budgeting or wait until the central government gives them budget ceilings, (ii) when planning and budgeting are the priorities of the council taken into board or the central government decides on their behalf, and (iii) if it has ever happened that Mtaa/ward/council has planned, budgeted and passed a certain project of which is priority to them just to be quashed by the central government/council level.

As with the first sub-question, the study found that IMC does not send its priorities and finance needs to the central government during planning and budgeting but they wait until the central government issues budget ceilings for each sector. The fact that IMC is being given ceiling for certain categories of expenditure in one way or another hinders the council from making changes as per expenditure needs.

During interview with the respondents, one of the respondents was quoted saying “*I think we are the ones who should be telling the central government that we need a certain amount for water, certain amount for education infrastructure etc. but the situation is vice-versa*” This finding implies that it is the central government and not IMC which decides that IMC in a certain financial year will get a certain amount for health, a certain amount for water, a certain amount for roads etc.

The second sub-question under the third objective intended to find out if the priorities of the council are taken on board during planning and budgeting. The study found that 88% of the interviewed councilors and 90% of the Mtaa chairpersons respondents were of the view that IMC has been passing its own budget reflecting its own priorities. These findings correspond with the provisions of the fiscal decentralization theory as well as the 1998 Tanzania policy paper on local government reform which among other things intended to give LGAs autonomy to make budget decisions i.e. power to plan and pass their own budget which reflect their own priorities.. This finding implies that most of the development projects which are being/ have been implemented by IMC are the results of the citizens’ needs and preferences. However, despite the fact that the study found out that IMC do pass its own budget which reflects its own priorities, literature suggests that the priorities of the local authorities are normally defined by the national policies (Lameck, 2017) and that being the case the chance for LGA to set its own priorities is very much limited.

During budget implementation, the study also found that IMC faces several challenges. Among those challenges include the central government’s orders and directives which normally come when the council is in the middle of budget implementation. For example in the financial year 2014/2015 following the central government’s directive to construct laboratories in all public secondary schools, IMC spent a total amount of Tsh648,494,314 for construction of those laboratories and this was not budgeted (CAG report, 2016). By implication this means that many projects which were planned and

budgeted for implementation during that particular financial year could not be implemented hence the intended benefits could not be attained.

With regard to the third issue raised under the third objective, findings revealed that 97 percent of the interviewed councilors and HODs said that they have never experienced such a situation that they have planned, budgeted and passed a certain project which is of priority to them just to be quashed by the central government. The researcher observed that what normally happens is when they are in the middle of budget implementation for example, and then they may receive an order from the central government that they have to do (implement) something which they had not budgeted earlier. A good example observed here is that of the secondary schools laboratories construction during financial year 2014/2015 which the council had not budgeted for.

These findings imply that the council may at any time abandon implementing what it has planned, budgeted and passed just to implement what the central government has decided. This might be caused as observed by Lameck (2017) by the fact that most of the local authorities HODs although their employer is the council, but their allegiance is to the central government and that being the case they find themselves abiding to the notion that you cannot ignore the directives from the central government.

On the councilors' side, it also becomes not easy to act contrary to the party manifesto and since central government's directives are considered to be a result of the ruling party manifesto, councilors especially those belonging to the ruling party will not resist them.

As with the LLGAs the study found that 60 percent of the respondents reported they have witnessed that they have planned, budgeted and passed a certain development project to be implemented which is of priority to them just to be quashed by at council level. *“I do remember in the 2013/2014 financial year I think, we came up with dispensary construction as one of our priority development project but instead we saw them constructing a dipping place”* wrote one of the respondent. This finding implies that some of the development projects at the grassroots level are not the results of people’s needs and preferences.

CHAPTER SIX

SUMMARY, CONCLUSION AND POLICY IMPLICATIONS

6.0 Introduction

This chapter presents the summary of the study, conclusion and policy implications.

6.1 Summary of the study

This study was undertaken mainly to examine the implementation of fiscal decentralization in Ilemela Municipal Council. Specifically the study tried to explore the way IMC exercises its financial discretionary power i.e. power to levy taxes and spend, examine the extent to which the central government fulfills its obligation of supplying IMC with adequate unconditional and other forms of grants, and find out whether IMC do pass its own budget reflecting its own priorities. Case study design was employed for the study mainly because the study among other things investigated the actions of power holders (councilors and permanent public officials) who in some cases tend to be unwilling to reveal accurate information.

The study found that IMC does not have full authority when it comes to setting local tax rates, IMC cannot spend what it has collected as own source revenue on discretionary basis, and that there are sources which IMC think they could charge higher but are being constrained by central government regulations. Furthermore it was found that the central government has adequately been supplying with grants in some earmarked areas only, and that there are various development projects which have not been completed due to partial/non disbursement of fund from the central government. Finally, the study found that IMC does not send their priorities and finance needs to the central government during planning and budgeting and IMC does pass its own budget reflecting its own priorities.

6.2 Conclusion

The 1998 policy paper on local government reforms views fiscal decentralization basing on local authorities power to levy taxes, adequate intergovernmental transfer of fund, and local authorities power to make budget decision i.e. to plan and pass their own budgets which reflects their own priorities. Based on the findings, the study sees that it is very difficult for IMC to be free from excessive central government control as long as it heavily rely on central government's grants for its operations.. Nevertheless, for IMC to enhance its financial independence and reduce central government's grants over-dependence, the regulations which act as constraints must be revisited, and that IMC has been assigned local taxes mandate without being given enough power to alter tax rates and bases. Consequently the study sees that the possibility of the whole decentralization process to better of the services offered by IMC is very much limited.

6.3 Policy implications

The 1998 policy paper on local government of which Tanzania fiscal decentralization is based upon, requires that local councils should have discretionary power i.e. power to levy taxes and spend what it has collected discretionary, the central government should fulfill its duty to supply local government with adequate unconditional grants and other forms of grants, and that local councils should be able to pass their own budget reflecting their own priorities. But the fact that there is limited financial autonomy in setting local tax rates and spend what the council has collected as own source revenue implies that IMC will continue to depend heavily on central government's grants in both recurrent and development expenditure. As for non/ partial disbursement of fund especially LGCDG fund implies that implementation of development projects especially at the grassroots level will not be fully implemented and the community will not enjoy the intended benefits.

Furthermore, the fact that IMC passes its own budget reflecting its own budget seems to be as per the requirements of the policy. But it should be kept in mind that to pass a budget is one thing and to implement it is quite different thing. Therefore the findings that IMC is at any time capable of neglecting implementing what it has passed in the budget and implement what it has been ordered by the central government implies that local citizen's priorities and preferences are ignored and not implemented.

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APPENDICES

Appendix I: Questionnaire

Dear respondent

My name is ShilindeSospeterMalyagili, a student of Mzumbe University pursuing a Masters Degree in Public Administration. I am carrying out a study for academic purposes on *“The implementation of fiscal decentralization in Ilemela Municipal Council”*. You are humbly requested to fill in the questionnaire as objectively and truthfully as possible. The questionnaire is for collecting information only and the information obtained will be treated with high level of confidentiality. Do not indicate your name in the questionnaire. Using a tick, indicate your responses in the boxes provided.

SECTION A. RESPONDENTS PROFILE

1. Gender

Male [] Female []

2. Work Experience

1-5 years ()

5-10 years ()

10-15 years ()

Over 15 years ()

3. Occupation

Mtaa chairperson ()

WEO ()

4. When planning and budgeting, what are the factors used to determine central government grant allocation to your ward/Mtaa?

.....
.....

5. Can you please tell me the amount of fund (grants from the central government) which were allocated and approved to be spent in your ward/Mtaa for the past three financial years?.....

.....

6. Did you receive the whole amount budgeted and approved above? (Tick in the appropriate box)

Yes ()

No ()

7. If the answer to the above question is No, can you please explain the exact amount of fund received?

.....
.....

8. What are the likely effects of partial/non disbursement of approved fund in your ward/Mtaa?

.....
.....

9. During planning and budgeting, do you send your priorities and finance needs to HLGA (council) for budget allocation or you wait until the HLGA gives ceilings to each ward/Mtaa?.....

.....
.....

10. When planning and budgeting does the HGLA decide on your behalf or you pass your own budget to include residents' priorities?

.....
.....
.....

11. Has it ever happened that you as Mtaa/ward have planned, budgeted and passed a certain project of which you think it reflects your own priorities just for it to be quashed by the HLGA?

- Yes ()
- No ()

Thank you for your cooperation

Appendix II: Translated questionnaire for WEOs and Mtaa chairpersons

DodosokwaajiliyaAfisaWatendajiwa kata naWenyekitiwaMtaa.

Ndugu

JinalanguniShilindeSospeterMalyagili, mwanafunziwa Chuo Kikuu cha Mzumbe-
MorogorokatikashahadayaUzamilikatikaUtawalawaUmma.

Ninafanyautafitijuuya“*Utekelezajiwa sera
yaugatuajiwamadarakakifedhakatikahalmashauriyamanispaayaIlemela*”.

Unaombwakujazadodosokwakadriyauwezo, uelewanaukweliwakoujuavyo.

Dodosohilini kwaajiliyaukusanyajitaarifataarifazitakazopatikanaazitatunzwakwausiri
mkubwa. Usiandikejinalakomahalipopotekatikadodosohili.

Kwakutumiaalamayavemaandikajibulakokatikakiboksikilichowekwa.

SEHEMU A. TAARIFA BINAFSI

1. Jinsi

Mme [] Mke[]

2. Uzoefukazini (miaka)

1-5 ()

5-10 ()

10-15 ()

Zaidiya 15 ()

3. Kaziyako

MwenyekitiwaMtaa ()

Afisantendaji kata ()

4. Wakatiwakupanganakuandaabajeti,
nivigezovipihutumikakuamuaupangajiwaruzukuyaserikalikuukatika kata/mtaawako?

.....
.....
.....

5. Wawezatafadhalikuelezeakiasi cha fedha (ruzukutokaserikalikuu) kilichopangwanakukubaliwakitumikekatikamiradiyamaendeleokatika kata/Mtaawakokatikakipindi cha miaka 3 iliyopita?

.....
.....

6. Je mliwezakupokeakiasichotekilichopangwanakukubalikakitumikekatikakipindihicho cha miaka 3 iliyopita? (wekavemakwenyekiboksihusika)

Ndiyo ()

Hapana ()

7. Kama jibu la swalihapojuunihapana, wawezaelezeakiasihalisi cha fedhakilichopokelewatikakipinditajwahapojuu?

.....
.....

8. Ni athariziunadhanizawezakutokeakufuatiakutoletewafedha/ kuletewakiasitu cha fedhazilizopitishwakutumikakatika kata/mtaawako?

.....
.....

9. Wakatiwaupangajinauandaajibajeti, je huwamnapelekavipaumbelenamahitajiyenyakifedhahalmashaurikwaajiliyakuingizwakatikabajeti au huwamnasubirihalmashaurikuwaleteaukomowabajetikwakila kata/mtaa?

.....
.....

10. Wakatiwaupangajinauandaajiwabajeti, je halmashaurihupangakwaniabayenu au huwamnapitishabajetikwakuzingatiavipaumbelevyananchiwenu?

.....
.....
.....

11. Je imeshawahikutokeakuwanyinyikama kata/Mtaammepanga, kubajetinakupitishamradi Fulani utekelezwekatikamwakawafedhahusikaambaokwenumnaunanikipaumbelechenunaukae ndakuondolewokatikangaziyahalmashauri?

Ndiyo ()

Hapana ()

AHSANTE KWA USHIRIKIANO WAKO

Appendix III: Interview guide

Interview guide for municipal director, HODs and councilors

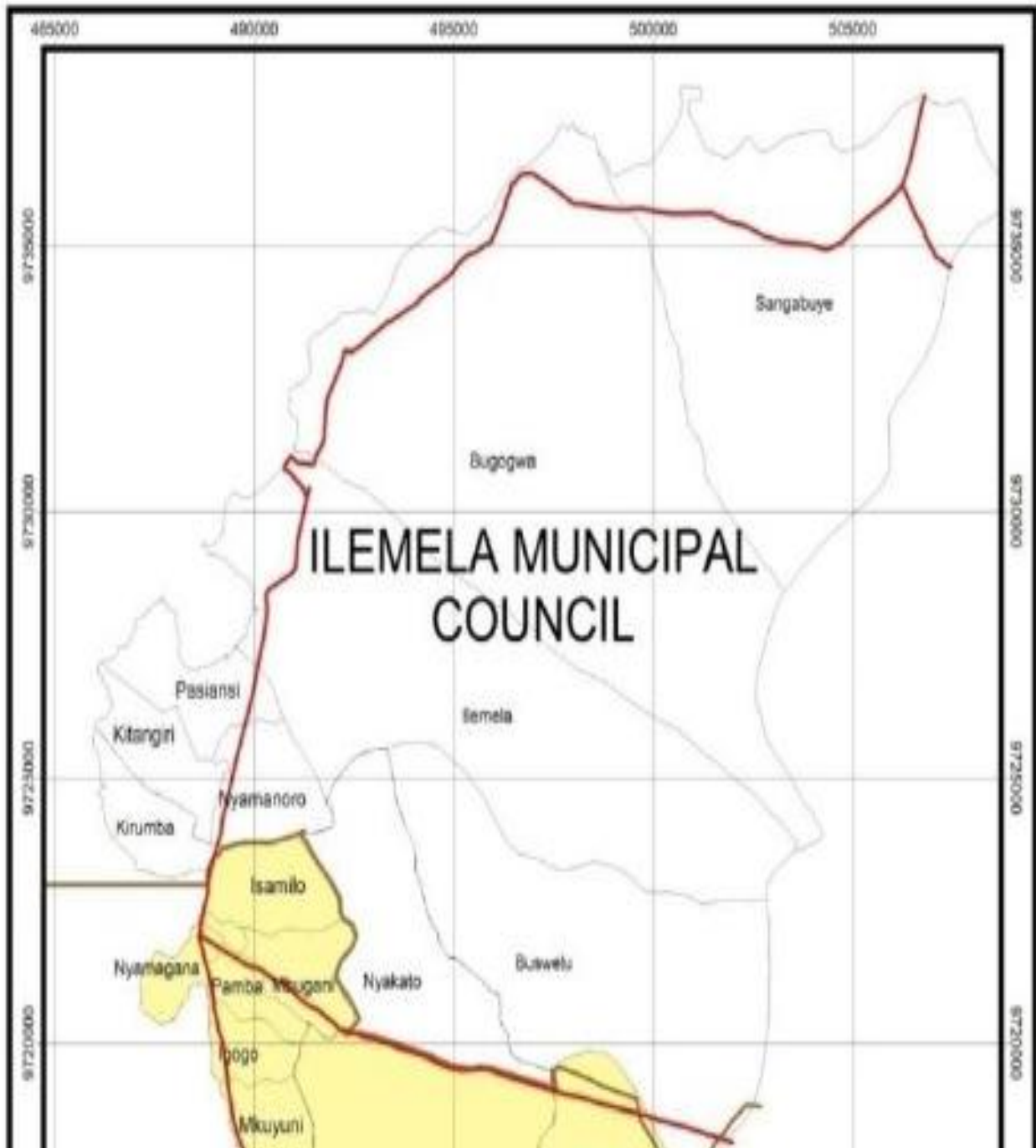
1. Do you have full authority in setting local tax rates?
2. Are you satisfied/comfortable with the allocation of resources mobilization within the design of decentralization system?
3. It is understood that in some revenue sources rates have been established by the central government through various regulations, do you think this is consistent with the aim of fiscal decentralization?
4. Are there sources which you think you could charge higher so as to enhance your revenue but regulations constrain you?
5. The 1998 policy paper on local government reform among other things views fiscal decentralization basing on LGAs power to levy taxes and spend but it is understood that recently LGAs have been ordered to set 60 per cent of their own source collection for development and 40 per cent for expenditure, do you think this is consistent with the requirements of the aforementioned policy?
6. LGAs have been given power to enact and revise by-laws that guide them in mobilizing their own source revenues, how does the bureaucratic procedure constrain you in enhancing revenue collection?
7. When planning and budgeting, what are the factors used to determine central government grant allocation to your council?
8. Can you please tell me the amount of fund (grants from the central government) which were allocated and approved to be spent in your council for the past three financial years?
9. Did you receive the whole amount budgeted and approved above? (Tick in the appropriate box)

Yes ()
No ()
10. If the answer to the above question is No, can you please explain the exact amount of fund received?

11. What are the likely effects of partial/non disbursement of approved fund in your council?
12. During planning and budgeting, do you send your priorities and finance needs to the central government for budget allocation or you wait until the central government gives ceilings to your council?
13. When planning and budgeting does the central government decides on your behalf or you pass your own budget to include residents' priorities?
14. Has it ever happened that you as a council have planned, budgeted and passed a certain project of which you think it reflects your own priorities just for it to be quashed by the central government?
Yes ()
No ()

Thank you for your cooperation

APPENDIX IV: MAP OF ILEMELA MUNICIPAL



APPENDIX V: IMC ORGANIZATION STRUCTURE

