THE UNITED REPUBLIC OF TANZANIA

PRIME MINISTER'S OFFICE

LOCAL GOVERNMENT REFORM COMPONENT

CIVIL SERVICE REFORM PROGRAMME

THE LOCAL GOVERNMENT REFORM AGENDA 1996 - 2000

prepared with the technical support of

ABBREVIATIONS

ALAT	Association of Local Authorities in Tanzania
CG	Central Government
CRS	Council Reform Committee
CSD	Civil Service Department
CSRS	Civil Service Reform Secretariat
DC	District Commissioner
DDF	District Development Fund
DE	Director of Establishment, CSD
DMOD	Director of Management and Organizational Development, CSD
DSM	Dar es Salaam
GOT	Government of Tanzania
IDM	Institute of Development Management
IFM	Institute of Finance Management
IRDP	Institute of Rural Development Planning
LA	Local Authorities
LAPF	Local Authorities Provident Fund
LG	Local Government
LGLB	Local Government Loans Board
LGSC	Local Government Service Commission
LGTF	Local Government Task Force
MOF	Ministry of Finance
NGO	Non-Governmental Organization
PC	Planning Commission
PIC	Presidential Implementation Committee
PMO	Prime Minister's Office
RAS	Regional Administrative Secretary
RC	Regional Commissioner
TF	Training Fund
UDSM	University of Dar es Salaam
USEP	Urban Sector Engineering Project

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INTRODUCTION

1.   A decisive step towards the reform of the local government system was taken in June 1996, when the Prime Minister announced the government's decision to restructure and down-size regional administration with the objective to make local governments more efficient and effective (Prime Minister's Budget Speech, June 28, 1996; Prime Minister's Circular, July 1, 1996).

2.   The next steps in the strengthening of local authorities and in improving the delivery of education, health, water and other priority services are described in this Local Government Reform Agenda, 1996-2000. The agenda sets out the government's vision, objectives, strategies, and key activities for the reform of local authorities. A time schedule and an indicative budget are also included.

3.   The agenda is based on the results of many studies, workshops, seminars, discussions and policy decisions made since 1990. A list of the most important ones are presented in Annex 1. These various contributions reflect the participatory process out of which the present agenda has emerged. Participation by stakeholders in the reform process will continue to be an important element in the Government's approach to the implementation of the agenda.

4.   Local government reform is closely linked to the reform of the Civil Service. Both share a common fundamental goal: **to improve services delivery.** One of the strategies to achieve this goal is decentralization. The ongoing Organization and Efficiency Reviews of ministries and independent departments and the restructuring of regional administration will identify functions to be hived-off to the private sector and executive agencies, and those which should be transferred to local authorities (See CSRS, 1996d). The Local Government Reform Agenda describes the steps which will be taken to improve the performance of local authorities in future.

5.   Central government and local authorities face an enormous task in designing, implementing and mobilizing support for this reform agenda. Many important policy decisions still have to be made, and much of the detailed planning needed to implement the reform is best specified as the reform progresses. However, this agenda provides an overall framework for the work ahead.

THE VISION AND OBJECTIVES

6.   Preceding the determination of the local government reform agenda and the design of its implementation strategy, the Government organised a national conference on the vision of the future Local Government system in Tanzania. Accordingly, the reform process shall be guided by the vision of the future local government system as formulated and endorsed at that national conference (CSRS, 1996a). In this vision, the future local governments will be institutions with the features outlined in the following paragraphs.

7.   **Largely autonomous institutions:** The local governments authorities will be free to make policy and operational decisions consistent with government policies without interference by the central government institutions. The role of the central government institutions (including the Minister, Proper Officer and Assistant Proper Officer) will be confined to the development and management of a policy and regulatory framework, and to monitoring accountability by the local government authorities.

8.   **Strong and effective institutions:** The strength and effectiveness of the local government institutions will be underpinned by:

*   possession of resources and authority necessary to effectively perform the roles and functions that the individual local government authority has been mandated to perform by the local people and by central government; and

*   having adequate numbers of appropriately qualified and well motivated staff, who will be recruited and promoted exclusively on the basis of merit.

9.   **Democratically governed:** The leadership of the local authorities will be chosen through a fully democratic process, which should also extend to village councils and other grassroots organizations.

10.   **Deriving legitimacy from services to the people:** The *raison d'etre* for the devolution of roles and authority by the central government, and the existence of the local government, will be the latter's capacity and efficiency in delivering services to the people.

11.   **Fostering participatory development:** The local governments will:

(a)   facilitate the participation of the people in planning and executing their development programmes; and

(b)   foster partnerships with civic groups.

12.   **Institutions that reflect local demands and conditions:**   Each local government will have roles and functions that correspond to the demands for its services by the local people, and the socio-ecological conditions prevailing in the area. The structures of each local government will reflect the nature of its roles and functions.

13.   **Conducting activities with transparency and accountability:**   The local governments will be transparent and accountable to the people. This will be the basis for justifying their autonomy from central government interference

14.   The primary objective of the local government reform agenda is to realize the above vision. However, this objective will be attained in the long term. To guide the implementation in the short and medium term, the government has established eight objectives against which to monitor and assess processes and achievements in local government reform. The objectives will be operationalised and monitored as part of the programme management (see below). The objectives are:

▲ that local governments will be more **autonomous** in managing their administrative, personnel and financial affairs and determining their own priorities.

▲ that local governments will operate in a more **transparent** and **democratic** manner, reflecting enhanced accountability to the people they are supposed to serve.

▲ that staff will be responsible and **accountable** to their councils in terms of appointment, performance and discipline.

▲ that councils will have enhanced capacity in terms of staff who are better trained in **relevant skills**.

▲ that local governments will have more **financial resources** through improvements in their own resource mobilization as well as central government and donor grants. Their **financial management** should improve significantly.

▲ that local governments will provide **more equitable** and **better quality** services, and will facilitate and enable other agencies, to do the same.

▲ that relevant national institutions will improve their **capacity to enable** and empower local governments to grow stronger.

CURRENT PROBLEMS AND ISSUES

15.   Tanzania's Local Authorities face many serious problems. They were abolished in 1972. Their re-introduction in the early 1980s was accompanied by high expectations about improved performance, but it did not happen. The reasons and underlying problems are many, but may be categorized under the following headings:

- institutional and legal framework;
- roles, functions and structures;
- government;
- finances;
- human resources capacity and management;
- capacity of central government institutions.

16.   One set of problems relate to the **institutional and legal framework** which regulate relations between central and local government. The present framework is complex, excessively and self-defeatingly control-oriented, and somewhat ambiguous and fragmented. In several respects, there are overlaps and conflicts between major pieces of legislation, and between the circulars, standing orders and other regulations derived from them. For example, many problems stem from the legislation of 1972 introducing "Decentralization." Although the 1972 Decentralization Act was amended by Act No. 12 of 1982 which was supposed to provide for the continuance and better implementation of the decentralization policy in the wake of the re-establishment of local government authorities, the institutional framework largely remained intact. Government has planned that the 1972-legislation will be repealed in January 1997 with the tabling of a new bill for Regional Administration Act. This will be an important first step towards establishing a simpler and more conducive institutional and legal framework for local governments. The institutional and legal issues will nonetheless be further dealt with as a priority component in local government reform agenda.

17.   A second set of problems concern the **roles, functions, and structures** of the local authorities themselves. The previous attempts to establish uniform structures and functions for all authorities resulted in mismatching of council tasks and capacities. Furthermore, the limited capacity of councils to deliver services has not prevented fact the centralising tendencies of central government vis-a-vis local governments are similar to those of most councils vis-a-vis their village governments, communities and user groups. Moreover, it is noteworthy that councils, under present circumstances, have insufficient incentives to rationalize and restructure themselves. It will be one of the major challenges of the reform to establish appropriate financial and non-financial incentives to motivate the local authorities to improve their performance.

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18.   The City Council of Dar es Salaam is facing particularly urgent problems. Following years of poor performance the government decided to dissolve it and replace it, temporarily, with a City Commission. One of its key responsibilities is to establish a new decentralized structure for the city. These recent developments in the largest and most prominent local government institution presents unique challenges and opportunities, as well as potential problems and threats in the implementation of the local government reform agenda. Real successes by the City Commission in transforming the council will avail ready success cases for replication, and might as well open new windows of opportunities. However, they will not be easy to achieve.

19.   **Governance** problems constitute the third set of problems. First and foremost the problems concern the relations between the political leaders at national and local level, civil society organizations, and the councils. At present the relations are weak and sometimes even antagonistic. Second, the problems concern the present weak representation at central government level of the views from the councils, through associations such as ALAT, in matters of vital interest for the local authorities and especially with regard to their ability to provide services. A third important set of governance issues are related to local government financial and personnel management, in the context outlined below.

20.   Like central government, local governments operate under very severe **finance** constraints. Underfunding in relation to functions, staff levels, and desired minimum service delivery standards is very significant. With respect to revenues, local authorities have sources that are generally non-buoyant and difficult to collect. Also, there has been considerable and unfortunate political interferences by central government agencies in tax collection by the councils. The councils themselves have not been effective in organizing equitable collection, and nor has central government operated a grant system with clear incentives for councils to improve their own revenue collection. Moreover, there is widespread resentment among the public against paying taxes to councils. Most citizens regard local government councils as ineffective and severely affected by corruption. And while this perceptions may be exaggerated, it is certainly true that revenue mobilization and financial management standards of the councils leave much to be desired. Finally, there is an absence of an institutional mechanism, such as a Local Government Finance Commission, to facilitate rational decisions about the sharing of public revenue sources and funds between the central and local governments.

21.   Weak **human resource capacity and management** present another set of problems that seriously constraints performance by local governments. Most key staff working in the councils are not accountable to them, but to the Local Government

Service Commission and/or parent ministries. Furthermore, the centralised management of councils' staff is fragmented and suffers from understaffing, underfinancing and subterfuge. Also, most councils - especially the poorer and marginal ones - face shortages of staff with the requisite management and financial skills including also skills and motivation for working closely with the councillors who they are supposed to serve. Moreover, there is a general lack of well trained public sector managers to provide the technical leadership for performance improvements in LAs. Local funds for training are meagre or non-existent. This problem is especially pertinent for the reform of the local government system because of conspicuous absence of young officers to provide this leadership and management in the medium to long term. It is also significant that there is conspicuous under-representation of women in key posts in the authorities.

22.   Finally, the forthcoming reform of local government brings another major problem in central-local governments' relations to the fore; normally **the limited capacity of the relevant central government institutions** to design, develop, and implement measures that will help to promote a stronger local government system. Thus the strengthening of central government institutions is needed in relation to addressing the local government problems outlined above, as well as in relation to programme management, monitoring and evaluation.

23.   The local government reform agenda has been designed to specifically address each of the problem areas outlined above. Accordingly, the main components of the local government reform agenda, as described in the next section, generally correspond to a specific set of problems.

MAIN REFORM COMPONENTS

24.   The interventions and activities of the Local Government Agenda are grouped into six major reform components including a component on programme management. Box 1 below provides an overview of the reform components and sub-components.

Box 1

COMPONENTS AND SUB-COMPONENTS OF LOCAL GOVERNMENT REFORM AGENDA

A.   INSTITUTIONAL AND LEGAL FRAMEWORK
- A.1   Restructure Regional Administration.
- A.2   Redefine CG-LG relations.
- A.3   Guidelines for decentralization within LAs.
- A.4   Review and revise legal framework.

B.   RESTRUCTURING OF LOCAL AUTHORITIES
- B.1   Redefine roles, functions, structure, size.
- B.2   Incentives for reform (District Development Fund).
- B.3   Technical support for restructuring of Dsm City Council.

C.   GOVERNANCE
- C.1   Strengthen ALAT.
- C.2   Political Leadership and Civic Training

D.   FINANCE
- D.1   Design and implement new grant system.
- D.2   Design and implement new revenue collection system.
- D.3   Design and implement mechanisms for CG-LA negotiations on finances.
- D.4   Options for donor/NGO funding of councils.
- D.5   Strengthen CG oversight mechanisms of LA finances.
- D.6   Strengthen financial management system of LAs
- D.7   Train LA financial staff in new management systems.
- D.8   Options for LAPF and LGLB.

E.   HUMAN RESOURCE DEVELOPMENT AND MANAGEMENT
- E.1   Develop and implement new framework for LA management of staff.
- E.2   Develop and implement management development programme.
- E.3   Establish Training Fund to promote manpower training.

F.   PROGRAMME MANAGEMENT
- F.1   Strengthen government capacity to assist LAs in LG reform
- F.2   Policy development.
- F.3   Resource mobilization and programme management.
- F.4   Programme Monitoring and evaluation.

25. Two features of the components and sub-components should be noted. First, that the six major reform components overlap with each other. Activities implemented under one sub-component may have significant implications for and interlinkages with other sub-components. Second, that the implementation activities needed for each component are tentative and will have to be defined and/or refined in detail during the implementation processes. Thus, the current implementation action plan indicates the general direction and approach to the issues but it does not prescribe specific solutions. This important work is best done as the implementation of the reform progresses. It also requires substantial technical capacity and expertise the mobilization of which is the top priority in the programme implementation.

Institutional and Legal Framework Component

27. The activities of the **institutional and legal framework** (Component A) aim to: (i) define clearly the relations between the central and local governments; (ii) provide guidelines for decentralization with local authorities; and (iii) make the legal changes that are required for a strong, efficient and effective local government system. The restructuring of regional administration is the initial and decisive phase of this component. Table 1 below shows in summary form the objectives and implementation activities associated with each of the sub-components in this area of the local government reform agenda.

Table 1: **Objectives and Implementation Activities Relating to the Institutional and Legal Framework Component**

SUB-COMPONENT	OBJECTIVES	ACTIVITIES
A1 Restructure regional administration	- to strengthen local government - to reduce the roles, function, staff, budgets and assets of present regional administration.	- define new roles, functions, size and structures of regional secretariats - determine linkages and power relations between secretariats, central government and local government - define new role of District Commissioner - Define new staffing levels/functions of regional secretariats - identify types/numbers of regional staff to be retrenched - identify regional staff (number, qualification, level of experiences) to be transferred to local authorities - develop and implement measures for transfers of functions, staff, budgets and assets from region to districts - propose budget and funding arrangements for new secretariats - raise funds for implementation - get approval of above by December 31 - Implement above by June 30, 1997 (including needed legal changes).

SUB-COMPONENT	OBJECTIVES	ACTIVITIES

A2 Redefine CG-LG relations	- Create an enabling environment for a new local government system.
	- Increase LA autonomy.
	- Improve LA accountability to CG.
	- Develop a focal point (PMO) for co-ordination and enhancing of CG relations with LAs.
		- Develop policy to meet objectives based on:
		  * review of current sector policy documents
		  * review of recent studies of CG-LA relations
		  * review of the role and functions of LGSC
		  * recent vision workshop
		  * recent Government pronouncements
		  * implications of restructuring of Regional Administration
		  * interviews and discussions with key stakeholders.
		- Progress policy paper for Cabinet approval.
		- Prepare for Parliamentary Approval
		- Policy dissemination and implementation.

A3 Guidelines for decentralization within LAs	Design and implement policies to regulate the relations between LAs and services outlets so as to improve good governance and service provision within the districts.	- Review and assess the present relations (political, financial, administrative, and personnel) between LAs and: (i) service outlets (schools, health facilities, water schemes, roads, etc.) by major types of service outlet ownership (user associations, village, ward, division, ministry, NGO, Trust Funds, Co-operatives Health Boards, etc.); (ii) ward and village level organizations - review various ongoing pilots on new service outlet arrangements - review experiences with decentralization within LAs - Identify major strengths and weaknesses in present relations. - Propose policy guidelines. - Approve guidelines. - implement guidelines.
A4 Review and rewrite legal framework	- To promote the legal framework for achieving the objectives under A2 and A3. - To get Parliamentary approval of new legal framework.	- Identify and review existing legal statutes (including statutes governing sectoral operations) such as the Education Acts, Health Act, Water Act, Agriculture Act, etc. with a view to revisions consistent with new LG system. - Identify and review key policy directives (circulars, standing orders, etc) with a view to revisions consistent with new LG system. - Draft into the legal framework the changes and additions needed to effect the new LG policy (see A2 and A3). - Progress draft (with policy paper) for Cabinet approval and subsequent presentation in Parliament.

28.   The strategic thrust in this component has three important aspects. First, the autonomy of local authorities should be increased and their rights and obligations should be more clearly specified vis-a-vis those of the central government. Second, the central government should improve its coordination with local authorities. And third, the heavy but ineffective control-oriented relations that presently exist in central government relations with local governments should be reformed so that the main role of central government institutions becomes to facilitate and support local authorities to perform better. It is also significant that this is consistent with the logical consequence of the Civil Service Reform which aims to reduce the implementing role of central government institutions. In future, local authorities will be major implementors of government policies in public service delivery and this necessitates changes in the legal and institutional framework.

29.   In addition to the factors on relations between central and local government, this component of the reform agenda will also focus on the issue of decentralizations within local authorities. Generally staff, funds and decision making powers are centralized at district headquarters. A major potential for service improvement (and more democratic governance) lies in the decentralization of powers and resources to the ward, village and service outlet level. The reform will benefit from drawing lessons of experience from the various on-going pilot activities that focus on these issues.

Restructuring of Local Authorities Component

30.   **Restructuring of local authorities** (Component B) aims to help local authorities to rationalize their roles, structure and size given the changes in relations between central and local government that will be introduced, and the resources which are likely to be available for councils in the future. This component pulls together many of the results of the reform activities listed under other components and aims to implement them at council level. Table 2 overleaf provides a summary of the objectives and activities relating to each of the programme sub-components.

Table 2: Objectives and Implementation Activities Related to the Restructuring of Local Authorities Component

SUB-COMPONENT	OBJECTIVES	ACTIVITIES
B1 Redefine roles, functions, structures and size of LAs	For each council, through a participatory process support the following: - rationalize roles and functions of LAs - define new structures - define and implement new structures - review committee system to match above - define appropriate staffing levels - identify opportunities and modalities for decentralization within the district to subsidiary structures (ward, village, service outlet). - hive-off/commercialize/ contract out or privatize non-core functions - organize for exit of surplus staff - propose a new forward budget based on the new structure/staff levels.	- Work out practical participatory procedure for restructuring of LAs, using - among other approaches - the District Development Fund (see B2) as an incentive for individual councils to reform. - Develop an implementation plan for the restructuring. - Mobilize, organize and train mobile teams (mix of government officers and consultants). - Implement in phases on a district by district basis. - Set up central government monitoring and quality control.
B2 Incentives for Reform (District Development Fund)	To provide non-financial and financial incentives to councils that restructure	- identify appropriate incentives for LAs that restructure - propose activities for which DDF money may be used - propose operational criteria for the provision of incentives - propose the institutional framework for operation of DDF (including but not limited to the LGLB) - estimate required funding - propose mechanisms for financial control and monitoring - operationalize above.
B3 Technical support for Restructure of Dar es Salaam City Council	Assist City Commission to prepare strategic plan for: - institutional restructuring and development of decentralized political and administrative structures - financial management and resource mobilization - human resource development and management.	In close cooperation with the City Commission: - identify need for technical assistance to prepare strategic plan - identify appropriate steering mechanisms for the use of TA for this purpose - identify and recruit consultants - carry out quality control of consultancies.

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31.   Sub-component B1 is implemented directly at the local authority level. Mobile teams will help each council to carry out the appropriate measures. These will vary among councils depending on the specific situation of each council.

32.   It is the intention of government that every local authority must implement reform measures to improve service delivery and governance. To facilitate the reform process at council level the government will provide incentives to local authorities which reform. Both non-financial incentives (greater autonomy, more direct control of staff; technical assistance; etc) and financial incentives (access to a District Development Fund) will be provided. The elaboration of operational modalities for this will receive a high priority.

33.   In many ways, the City Commission of Dar es Salaam is at the fore front of local government reform. If it succeeds it will have important positive effects for the whole local government reform process. Many of the experiences of this restructuring will be relevant to the reform process in other authorities - especially the larger urban ones. The Commission needs to develop a strategic plan for the restructuring of the presently abolished City Council before mid 1997. Hence both the need for assistance to the City Commission to prepare its strategic plan and the need for other councils - and the relevant central government actors in the local government reform - to learn from the Dar es Salaam experience.

Governance Component

34.   Component C, **governance**, aims to (i) empower the local authorities in shaping and running the reformed local government system; (ii) enhance transparency and accountability in the management of the local government councils; and (iii) strengthen the influence of citizens, through their elected leaders and civic groups, in the running of their respective local authorities. The scope of the reform activities under this component is shown in summary in Table 3.

Table 3: Objectives and Implementation Activities related to the Governance Component

SUB-COMPONENT	OBJECTIVES	ACTIVITIES
C1 Strengthen ALAT	- ALAT as an effective coordinating, democratic institution for shared interests and values among LAs. - ALAT to promote, articulate and safeguard the shared interests and values of LAs. - Strengthen the capacity of the secretariat to service its members.	- To support the leadership and secretariat of ALAT to clearly define its mission, goals and organisational development needs. - To support ALAT to prepare strategic plan for the realisation of the above. - To support ALAT to implement the strategic plan. - To seek twinning arrangement with similar institutions elsewhere.
C2 Political Leadership and Civic training	- To create awareness among the national political leadership (and top civil servants) of the vision, objectives and LG reform programme of the government. - To develop the capacity and motivation to the relevant national and district political leaders to guide and lead the reform of the local government system. - To empower civic leaders, especially women, to fully and effectively participate in the reform and development of their LAs. - To inform and educate the general public on the changes in the local government system.	[This activity should proceed reform work in each individual council so as to promote local ownership of council reforms]. - To Review current relevant programmes of leadership and civic education (FES, Irish, South Africa Extension Unit, ODA, Finida) - To design a programme for leadership and civic training (seminars, conferences, study tours, TOT, etc) - To operationalize the programme - Publish and distribute newsletter - Prepare and broadcast radio programmes.

35.   The involvement in the reform of ALAT at the ~~general~~ national level, and of councillors and civic groups at the council level, are of key important to success of the reform programme. Of equal importance for addressing governance issues, however, are the many structural changes that are planned under the other local government reform agenda components, including: (i) the redefinition of CG-LG relations (Sub-Component A2); (ii) the efforts to decentralize powers within local authorities and to move towards stronger and more meaningful linkages between civic groups and local authorities (Sub-Component A3); (iii) the greater autonomy - and obligations - for LAs in financial matters and resource mobilization (Sub-Component D1-D3); and the changes in staff-council relationships so as to make employees more accountable to the councils for which they work (Component E1).

Finances Component

36.   A major reform of local government **finances** is envisaged under this component (Component D). The objectives are: (i) to increase the collection of revenues by the councils; (ii) to provide central government grants to councils that will help them to carry out the functions assigned to them; (iii) to provide councils with incentives to collect more revenue; (iv) to provide poor districts with more funds so as to allow a more equitable provision of services; and (v) to assist councils to improve their financial management through training, strengthening of oversight mechanisms, and other relevant interventions. Table 4 shows in summary the sub-components, objectives and activities entailed in this component.

Table 4: Objectives and Implementation Activities related to Finances Component

SUB-COMPONENT	OBJECTIVES	ACTIVITIES
D1 Design and implement new grant system	- To develop a rational framework (criteria) for allocating grants between LAs. - To develop a rational framework for allocating grants between LAs. - Explore the options for establishing an institution to carry out the above tasks on a sustainable basis.	- To carry out a comprehensive analysis of existing practices and patterns of sharing of public revenues between CG and LG. - To carry out a comprehensive analysis of existing practices and patterns of allocating grants in cash and kind among LAs. - Assess the extent to which the existing grant allocations match district expenditure responsibilities. - Assess the equity implications - and the implications for LA revenue collection - of the present grant system. - Determine data requirements for improving the allocation framework and develop the required data bank. - Design new grant system with a block grant element. - Identify the needed changes in legal framework. - Progress new system for Cabinet approval (and new legislation through the Parliament) - Phased implementation.
D2 Design and implement new revenue collection system	- To develop efficient framework for allocating revenue resources between central and local governments. - To develop efficient and effective revenue collection system - To support LAs in the implementation of new systems.	- Review current pilot projects on revenue collection (Bukoba DC, USEP, Kilosa DC, etc). - Identify the potential for new and additional sources of revenues for LAs including cost sharing options - Identify and assess alternative institutional arrangements (village councils, service outlets, use groups, etc) and systems for collections and retention of different sources of revenues within the district. - Develop a methodology (including data requirement) for central government assessment of revenue collection potential of individual LAs. - Design new revenue collection systems/models. - Identify and introduce new legal and regulatory framework to facilitate revenue collection by LAs. - Support LAs in phased implementation of the new systems.

SUB-COMPONENT	OBJECTIVES	ACTIVITIES
D3 Design and implement mechanisms for LG/LA negotiations on revenues and grants	- Develop an institutional mechanism to facilitate and support an objective and efficient allocation on a sustainable basis of public funds between central and local government and among local government.	- Carry out a study to: (i) review the current practices in allocation of public revenue including donor funds between central and local government (to be coordinated with D1); (ii) identify alternative institutional mechanisms for more objective and efficient allocation; and (iii) make recommendations for an acceptable system. - Obtain government endorsement for a new institutional mechanism (possibly a local government Finance Commission). - Support the operationalization of the new institutional mechanism.
D4 Options for Donor funding of councils	- To develop a strategy and framework to ensure a more rational, equitable and transparent allocation of external resources between central and local government and among LAs	- Carry out a review of (i) current patterns and trends in donor/NGO support to CG and LAs; (ii) present procedures for including such information in central and local government budgets and plans; and (iii) local level capacity building and participation in making priorities , plans. budgets, etc for direct NGO/donor support. - Make recommendations for a strategy and framework for improved allocation mechanisms including enforcement mechanisms. - Obtain government endorsement for a new strategy and framework. - Promote the new strategy and framework among donors.
D5 Strengthen CG oversight of LA finances	To develop mechanisms of oversight of LA finances which are effective, but do not infringe on autonomy and efficient management of resources by the LAs.	- Carry out an indepth review of the current administrative system, procedures and controls by central government of LA finances with a view to determine if they are (i) compatible with efficient management of LA finances, (ii) compatible with greater LA autonomy and (iii) ensuring accountability of LAs for the use of public funds. In particular, the role and capacity of the Controller and Auditor-General's offices, and of internal auditors should be investigated. On this basis make recommendations for an improved system of CG oversight of LA finances. - Obtain GoT endorsement for the new oversight system. - Support the phased operationalization of the new mechanisms.

SUB-COMPONENT	OBJECTIVES	ACTIVITIES
D6 Strengthen LA financial management system	- Promote rational and efficient use of resources. - Introduce financial systems which strengthen local government autonomy but at the same time enhance the transparency in the management of council finances. - Introduce, where feasible, PC-based technology to simplify and improve efficiency of revenue and expenditure management in LAs.	- Review pilots on new financial management systems and draw lessons of experiences (e.g. Irish initiatives in Kilosa. USEP, Finida, etc.) - Design new systems, incorperating the use of PC technologies where feasible. - Pilot and introduce, in a phased manner, new budgeting practices which facilitate broader participation and transparency, priority based allocation of resources, and which links recurrent and development expenditures and promotes due accountability in allocation of resources.
D7 Train financial staff in new financial management systems	- To promote and develop specialist skills among LA financial staff to serve the special needs of LG institutions.	- Assess training needs. - Develop training programmes. - Implement. - Monitor and evaluate.
D8 Options for LAPF and LGLB.	- To propose improvements in the administration and investments of LA staff pension - To propose improvements in the access of LAs to take loans - To get approval for such measures - To implement the approved changes	- Carry out an assessment of (i) present mandate, strengths and weaknesses of LAPF (ii) present mandate, strengths and weaknesses of LGLB. - Assess the appropriateness of present mandates of LAPF & LGLB given the changing socio-economic context. - Assess the institutional and financial options of carrying out relevant, revised mandates for LA - pension and loans (including, but not limited to, the strengthening of LAPF and LGLB. That is, alternative organizational options should be investigated). - On basis of above, propose measures for improvement. - Obtain approval - Implement.

37. Underpinning the strategic considerations of this component is recognition of the fact that the financial framework for local government activities is a crucial determinant of services delivery and performance. Further, that the direction of change will be towards more financial autonomy for the authorities (through, for example, block grants) complemented by greater efforts by the councils to raise their own funds. Thus, the complex and detailed control-oriented financing of the local government system will be simplified and greater emphasis will be placed on getting appropriate financial incentives and disincentives in place through which central government can direct and regulate local government financing.

38.   There are major inequities in the current system of grant allocations. This problem will be addressed, too. However, the setting up of a better financial framework for local authorities is constrained by lack of reliable information on actual needs, potential revenue bases, central government, donor and NGO allocations among districts, etc. The collection and validity of such information needs to be improved.

39.   Financial management standards leaves a lot to be desired, and major efforts at improvements are targeted through the combined efforts of structural simplification, improved checks and balances, and training.

40.   Also, an institutional mechanism for advising government on a rational sharing of public revenues between central and local government is needed. The major problem is that at present the sizes of grants to the local authorities are not being sufficiently linked to objectively established service delivery needs and priorities of central and local governments respectively. The establishment of a Local Government Finance Commission - as exists in other countries - is one specific option whose relevance and feasibility is to be examined for implementation under the reform programme.

41.   Finally, the establishment of a District Development Fund (Sub-Component B2) should be seen as an important complement to the reform measures under the finances component.

Human Resources Development and Management Component

42.   Major changes in **human resource development and management** (Component E) are planned for implementation under this component. The focus of this work will be to make staff working for local councils more accountable to their elected leaders. The aim is to move towards a system of normal employer/employee relations in local authorities and eventually to do away with central allocations, transfers, promotion, etc, of local governments staff. A major obstacle for this to happen is the weak capacity of labour unions to protect recognized rights of local government employees against abuse of political power. Alternative ways of addressing this issue will be explored before a model is selected for implementation. Table 5 overleaf shows the sub-components, objectives and activities under this component.

Table 5: Objectives and Implementation Activities related to Human Resources Development and Management Component

SUB-COMPONENT	OBJECTIVES	ACTIVITIES
E1 Develop and implement new framework for management of LA staff	- To improve the responsiveness and accountability of LA staff to local needs as expressed through the councillors as the people's representatives - To redefine the institutional and legal framework for a merit based recruitment and management of LA staff by their own councils. - To enhance the capacity of LAs to take over responsibility for managing their entire staff. - To introduce mechanisms to safeguard recognized rights of LA employees and protect them against abuse of political power. - To firmly establish employer/employee relationship between council and staff. - Promote implementation of improved personnel management systems.	Commission a team to carry out an assessment of (i) current institutional mechanisms, systems and practices in the management of LA staff (i.e. policy, recruitment, promotion, transfers, dismissals, discipline, staff development, staff pay, etc). The assessment should pay particular attention to the roles, capacity and performance of LGSC, CSD, Dept. of Local Government and other central government agencies (parent ministries); (ii) the problems of accountability in council-staff relations. (iii) The capacity of LAs to take over increased and direct responsibility for the management of their staff. (iv) The specific staffing problems of peripheral councils. (v) Identify mechanisms and checks for the central government to ensure transparent and merit based recruitment, appointment and personnel practices by local authorities. (vi) Identify changes needed for (gradual?) establishment of employer/employee relations in councils and for mechanisms to safeguard employee rights. - Develop a programme (including the necessary administrative and legal framework) for the phased introduction of a new LA-based management of LA-staff. - Obtain government endorsement of the programme. - Support the phased implementation of the programme.

SUB-COMPONENT	OBJECTIVES	ACTIVITIES
E2 Develop and implement Management Development Programme	- Design and Implement a training programme for the management of LG reform in the councils which has a medium to long term perspective. - Design and implement a training programme for unmet priority management skills needs especially to cater for improved human resources management. - Promote the participation of women in the management of local authorities. - Improve coordination and effectiveness of current donor funded training activities.	- Assess needs for management skills. - Review present management training activities for LA staff. - Assess current participation levels and constraints of women in the management of LAs. - Discuss with donors the need and modalities for improved coordination of training. - Design management development programme, including a special programme for the empowerment of women managers, based on the following: (i) 300-400 graduates in public administration/local government trained by year 2000 (starting 1997); (ii) Training to be done in Tanzania/Overseas depending on capacity/quality assessment; (iii) Tanzanian institutes to enter twinning arrangements with relevant overseas institutions where necessary/possible. - Implement the proposal.
E3 Establish training Fund to promote manpower training	- To cater for the extensive unmet skills needs in the LAs. - To promote training exchange programmes and cooperation among councils. - To promote the allocation of training resources in council budgets (matching fund concept). - To reduce the dependency of the LAs on CG sponsorship and management of LA staff training.	- Review current capacity and relevance of curriculum in training institutions catering for LAs (i.e. IFM, IDM, Hombolo, Ardhi, UDSM, IRDP, etc. with a view to make recommendations for (i) rationalization of use of training institutions; (ii) improve the relevance of curricula - Establish demand driven training for LAs to be financed through a Training Fund - Identify and operationalize the target beneficiaries, goals and operational procedures for the Training Fund. - Decide on the institutional set-up of the fund. - Mobilize donor funds for the Fund. - Explore options and decide on sustainable funding of TF.

43.   Training of staff is the central plank of this component. There is an obvious need for training of technical staff in the short term. There is an equally pressing need for training aimed at medium to long term capacity building. Part of these needs will be addressed through the establishment of a training fund which will enable a demand

driven council defined approach to training. However, the decline in the quality of training in many Tanzanian institutions of learning has been amplified by an excessively short-term view of training needs by donors who often are the only source of training funds. A major initiative to provide quality training in public administration to 350 people is therefore envisaged. The modalities of this initiative (recruitment, training within or outside Tanzania; training arrangements, course content, funding, etc) will be worked out before a final decision can be taken.

44.   In addition to the training provided under this component, there are substantial training activities included in sub-component B1 (restructure local authorities). These are specifically aimed at getting the reform changes implemented at the council level.

Programme Management

45.   The **programme management** (Component F) aims to strengthen capacity in the central government institutions, particularly the PMO, to support local authorities to improve their service delivery capacity. This will involve policy development; programme management; resource mobilization for the reform itself; and monitoring of the impact of the reforms at the local level, so as to be able to feed lessons learned into ongoing reform work. Table 6 below summarizes the objectives and activities under this component. Further details of programme management are provided in a separate section below.

Table 6: **Objectives and Implementation Activities related to the Programme Management Component**

SUB-COMPONENT	OBJECTIVES	ACTIVITIES
F1 Strengthen Central Government Capacity to assist LAs in Local Government reform	- Strengthen CG capacity to manage and develop the new LG system. - Strengthen CG capacity to assist LAs to implement the LG reform.	- Review current staffing, levels, skills and operational capacity in central government (special focus on PMO, LGSC). - Recruit additional staff or TA if needed. - Improve operational capacity; procure equipments/offices. - Suggest organizational placement of additional staff/TA (no PIU). - identify and implement priority training needs for above staff (for long term capacity building)

SUB-COMPONENT	OBJECTIVES	ACTIVITIES
F2 Policy Development	- Enhance GoT capacity to develop LG reform policies.	- recruit adviser to assist PMO/GOT in policy development. - support GoT in the review and design of policies for LG reform. - assist PMO in preparing policy documents. - assist PMO in follow-up on policy implementation. - develop and strengthen the links between central and local government reform. - support dissemination of changes in LG policies. - organise training to enhance the knowledge and appreciation of LG policy development particular among central government ministries.
F3 Mobilization and Programme Management	To enhance GoT's capacity to implement LG reform.	- Recruit Adviser to assist PMO/GoT in Programme Management. - Support PMO, LAs, ALAT, etc to mobilize resources (funds, TA, etc) for LG reform. - Assist to plan implementation activities and facilitate coordination; review evaluation and modify programme design as required. - Support PMO to coordinate donor support for LG reform. - Collect and disseminate information on programme implementation activities to all stakeholders. - Provide technical back-up to programme component leaders and advisers. - Facilitate and coordinate training of PMO and other programme implementing its capacity.
F4 Programme Monitoring and Evaluating	- To ensure regular monitoring and evaluation of the effectiveness and impact of the LG reform programme. - To develop Database to enable better coordination of government relations with LAs.	- recruit adviser to assist PMO/GoT in monitoring and evaluation. - define performance indicators for each of the primary objectives of the LG reform programme. - - formulate strategies and methodologies for monitoring & evaluation. - undertake regular monitoring and evaluation of the effectiveness and impact of the LG programme. - disseminate the results to stakeholders. - build up appropriate and sustainable data base. - support development of Tanzanian capacity for monitoring and evaluation of local government institutions. - advice the Government on modifications and redesign of programme components for enhanced effectiveness and impact.

IMPLEMENTATION STRATEGY AND ACTION PLAN

46. The reform of the local government system is, in many ways, a much larger and more complex undertaking than the reform of central government. There are some 110 local authorities compared to some 35 ministries and independent departments. While all of the latter are located in Dodoma or Dar es Salaam, the communications between local authorities and central government are made difficult by poor infrastructure and large distances. In addition individual councils are very different with respect to political-administrative capacity, tax base, infrastructural investments and so on. Moreover, it is a key feature of any local government system that it operates within an institutional and legal framework where links to and resources from central government are important for the performance and governance of each individual council. Finally, local governments are multi-sectoral and engage in activities which, at central level, are performed by separate ministries. Important implications follow from this.

Key Features of the Implementation Strategy

47. In the context of the above, five key features of the implementation strategy have been identified:
- combining top-down and bottom-up processes;
- a phased and participatory implementation;
- drawing on lessons from on-going pilot activities;
- availing incentives to the local government councils; and
- responding to the unique situations of each council.

48. One is that both **top-down and bottom-up processes** of change are important. Local authorities have a major responsibility for and interest in reform, but such efforts must take place within an overall institutional, legal, political, administrative and financial framework established by central government and Parliament. However, this framework must be established on the basis of consultations with the local authorities and their representatives (such as ALAT), and other relevant civic associations.

49. The other implication is that a **phased and participatory implementation** of the reform is essential. The speed of implementation must be adjusted to the limited capacity - both at local and central level - to design and implement effective reform measures.

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50.   Many relevant **local development initiatives and pilot activities** are already being undertaking in many parts of the country. Many of these initiatives are sponsored by donors, especially through rural development projects. There are also a few in the urban areas, such as the Sustainable Dar es Salaam Project. Experience from these on-going projects will be used in formulating the actual and detailed reform measures. Also, success cases in some councils will be replicated in others through the programme. This constitutes the third key element in the implementation strategy.

51.   The fourth element in the implementation strategy is to provide appropriate **incentives** for councils to rationalize their operations and improve service delivery. Without council commitment to reform the impact of central government's reform efforts will be very limited. Only in a few cases - such as the Dar es Salaam City council - may some form of compulsion be necessary and justified to bring about change. Otherwise the intention of the government is to provide incentives for reform to the councils. Such incentives may consist of central government assistance to council reform (e.g. advice, training, funds for restructuring) **and/or** greater council autonomy with respect to the use of central government grant funds and control of staff. These incentives may be made available only to the local authorities showing improving performance with respect to (for example: revenue collection, services delivery, financial management, etc.) and/or willingness to undertakes certain reform measures. The details of this "central government incentives in exchange for local authority reform" strategy through a District Development Fund as mentioned above are to be worked out in consultation with representatives of the local authorities.

52.   The fifth and final key strategic element of the implementation strategy concerns the need to **adjust the scope and content of the specific reform measures to the situation facing each individual council**. This means that key features of local authorities may differ from one council to the other (i.e. organizational structure; degree of autonomy; access to own revenue sources and block grants). So, although it is the central government's policy that **all** councils eventually must reform, the scope and content of the reform measures will vary for individual councils.

Major Implementation Phases

53.   There will be three distinct major phases in the implementation of the Local Government Reform Agenda:

▲　　　the restructuring of regional administration

▲　　　developing the enabling framework and capacity;

▲　　　the restructuring and strengthening of the local authorities.

54.　　Chart 1 below illustrates the timeframe, sequencing and important benchmarks in the implementation activities for each phase. It is nonetheless important to reiterate the overlaps and complimentarities of these three phases of the implementation programme.

Chart 1.　Three Major Phases of Local Government Reform

Steps	96	97	98	99	00	Benchmarks*
1. Restructure regional administration						• Preparations for set-up secretariats completed by December 96. • Redundant staff retrenched or redeployed by June 97.
2. Developing enabling environment and capacity						All staff/advisers for PMO/CSRS operational and sufficient budgets available by July 97. Measures to strengthen ALAT implemented from March 97.
3. Restructuring and strengthening of the local government councils						Reviews, studies done, plans and policies under preparation by June 97. Implementation in individual councils starts by July 97.

* benchmarks only realistic if funding/resources/staff are available as planned

55.　　**Phase 1: The Restructuring of regional administration.** The key strategic decisions to restructure regional administration were made by the Prime Minister in June 1996. The guidelines issued in government circular No.1 of July 1, 1996, provide directions as to the future roles, functions and relations with local authorities. They provide a clearer focus on many of the elements of the vision for local government reform. In addition, the restructuring of regional administration will, in the long term, release staff and funds which are urgently needed to strengthen local governments. It is therefore appropriate to accord the restructuring of regional administration the highest priority in the programme for local government reform.

56. **Phase 2: Developing the enabling institutional framework and capacity.** This involves two parallel sets of activities: one set constitutes capacity building especially of the PMO's Office to spearhead central government's efforts in supporting the reform of local authorities; and the other the strengthening of capacity for ALAT and civic groups to bring their views and support into the design and implementation of the reform.

57. Consequently the PMO and ALAT are targeted for significant institutional strengthening by July 1997. This aspect of the implementation plan envisages that as staff are put in place, budgets become available, and capacity is built, the work of preparing for key strategic decisions and the detailed content of the specific reform measures will begin. However, the amount and complexity of this work is substantial and consultants (both Tanzanian and foreign) must be contracted in order to prepare for the actual implementation on the ground. More details on these are provided in the subsequent section on programme management.

58. **Phase 3: Restructuring and strengthening of the councils.** The restructuring of regional administration, and the interventions in the key central implementing agencies (PMO, ALAT, etc) are geared to facilitate interventions at the local government councils' level. Every of the 110 councils in the country is a target beneficiary. The number involved will stretch both the resourcing and management capacity for the programme implementation. In this context, the interventions will be phased. Furthermore Table 7 overleaf shows the planned sequence of reform interventions in each of the councils. It is planned that implementation at council level will be facilitated by the mobile teams which will help each council prepare and implement the various reform measures. Implementation at council level is scheduled to start during the second half of 1997, and will gain momentum from 1998 onwards.

Table 7: Planned sequence of reform interventions in individual councils

Reform Interventions (in sequence)	Remarks
Programme Management Team (PMO) enters into dialogue and consultations with each council to agree on specific implementation objectives, targets, activities and implementation plan	This will follow more detailed preparation and decisions about the scope and content of reform in each council.
Individual LAs to endorse the implementation plan after discussions with the Programme Management.	The discussions aim to adjust reform to specific needs of each council. Government will provide incentives for LAs to undertake reform (See text).
Political leadership and management training starts in participating LAs prior to introduction of the actual reform measures.	The reform at district level will, ideally, be directed and motivated by councillors. They should be helped to play active roles in the process.
Establishment of Local Authority reform committee to prepare the reform measures	An approach similar to that used by the O&E reform component at ministry level will be used.
Implement changes with respect to: i) LA relations to civic groups ii) revenue collection iii) grant use iv) finance management and control v) staff relations to councils vi) management training.	Further work will be carried out to assess the feasibility of introducing all the listed major changes at once in each local authority.
Monitor/evaluate impact of reform.	Done on a selective but recurrent basis at district and village level. Results used by Programme Management & Councils to adjust.

Implementation Action Plan

59.   Chart 2 below provides a summary illustration of the implementation action plan for local government reform in the period 1996-2000. The timeframe for this action plan is contingent on:

(a)   timely procurement of adequate technical and financial resources, and

(b)   progress in sorting out the legal and institutional framework.

Chart 2: IMPLEMENTATION ACTION PLAN BY SUB-COMPONENT, 1996-2000

The schedule indicates the approximate sequence and timing of the various sub-components.

COMPONENT/SUB-COMPONENT	1996		1997				1998				1999				2000			KEY ACTORS
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	+	
A. INSTITUTIONAL AND LEGAL FRAMEWORK																		
A.1 Restructure Regional Administration	▓	▓	▓	▓	--	--	--	--	--	--	--	--	--	--	--	--	>>	Regional Admin. + PMO + CSD + Sector Ministries + CSRS
A.2 Redefine CG-LG relations					xxx	xxx												ALAT + PMO + CSRS
A.3 Guidelines for relations between LAs & service outlets							xxx	xxx										PMO Sector Ministries + CSRS
A.4 Review and revise legal framework					xxx	xxx	xxx	xxx	--	--	--	--	--	--	--	--	>>	PMO + Attorney General + Parliament + CSRS
B. RESTRUCTURING OF LOCAL AUTHORITIES																		
B.1 Redefine roles, functions, structure, size					xxx	xxx	xxx	▓	▓	▓	▓	▓	▓	▓	▓	▓	>>	Individual LAs. RAS. PMO, CSD (DMOD), LGSC, ALAT, CSRS
B.2 Incentives for reform.					xxx	xxx	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	>>	ALAT. PMO. MOF. CSRS
B.3 Technical support to restructure Dar es Salaam		xxx	▓	▓														City Commission. PMO. CSRS
C. GOVERNANCE																		
C.1 Strengthen ALAT			xxx	xxx		▓	▓	▓	--	--	--	--	--	--	--	▓	>>	ALAT. PMO. CSRS
C.2 Leadership and Civic Education					xxx	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	>>	Individual LAs. PMO. ALAT. Agencies active in LA training, CSRS

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COMPONENT/SUB-COMPONENT	1996		1997				1998				1999				2000			KEY ACTORS
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	+	
D. FINANCE																		
D.1 Design & implement new grant system					xxx	xxx	xxx	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	PMO, PC, MOF, ALAT, Parliament, CSRS
D.2 Design & implement new revenue collection system					xxx	xxx	xxx	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	Individual LAs, PMO, MOF, TRA, ALAT, Parliament, CSRS
D.3 Design & implement mechanisms for CG-LA negotiations on revenues and grants					xxx	xxx	xxx	▓	---	---	---	---	---	---	---	---	---	MOF, Planning Commission, PMO, ALAT, Possibly Parliament, CSRS
D.4 Options for donor funding of councils											xxx	xxx	▓	▓	---	---	---	PMO, PC, ALAT
D.5 Strengthen CG oversight of LA finances							xxx	xxx	▓	▓	▓	▓	▓	▓	▓	▓	>>	Individual LAs, PMO (CTG), PC, MOF, ALAT, CSRS
D.6 Strengthen LA financial management system					xxx	xxx	xxx	xxx	▓	▓	▓	▓	▓	▓	▓	▓	>>	Individual LAs, PMO, MOF, Controller & Auditor-General (CAG), ALAT
D.7 Train LA financial staff in new management systems							xxx	xxx	▓	▓	▓	▓	▓	▓	▓	▓	>>	PMO, LGSC
D.8 Options for LAPF and LGLB													xxx	▓				ALAT, LGLB, LAPF, PMO, MOF, PC
E. HUMAN RESOURCE DEVELOPMENT AND MANAGEMENT																		
E.1 Develop and implement new framework for management of staff			xxx	xxx	xxx	xxx	xxx	xxx	▓	▓	▓	▓	▓	▓	▓	▓		Individual LAs, PMO, CSD, ALAT, LGSC, CSRS

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COMPONENT/SUB-COMPONENT	1996		1997				1998				1999				2000			KEY ACTORS
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	+	
E.2 Develop and implement management development programme					xxx	xxx	xxx	xxx	▓	▓	▓	▓	▓	▓	▓	▓		Individual LAs. PMO, LGSC, ALAT, Training Institutions, CSRS
E.3 Establish training fund to promote manpower training					xxx	xxx	xxx	xxx	▓	▓	▓	▓	▓	▓	▓	▓		Individual LAs, PMO, ALAT, Training Institutions, CSRS
F. PROGRAMME MANAGEMENT																		
F.1 Strengthen government capacity to assist LAs in LG-reform.		xxx	xxx	xxx	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓		PMO + DE (CSD) + LGSC + CSRS
F.2 Policy development.	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	---	---	---	---		CSRS, PMO
F.3 Resource mobilization and management	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	---	---	---	---		CSRS, PMO
F.4 Monitoring and evaluation.			xxx	xxx	▓	▓	▓	▓	▓	▓	▓	▓	---	---	---	---		CSRS, Planning Commission, PMO

xxxxx   review, design, approval
------   continuous implementation
■   intensive implementation
>>   Implementation/refinements to continue beyond year 2000.

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PROGRAMME MANAGEMENT

60.   There is a substantial number of stakeholders as well as implementation actors for the local government reform agenda. Table 8 below summarises the key actors and their envisaged roles in the programme implementation.

Table 8. Envisaged role of various actors in local government reform

Actor	Envisaged role
The council	Councillors spearhead the reform of their individual councils. The staff carry out reform measures as per council directives and within the general institutional and legal framework for the reform.
Local civic groups	Establish partnership with LAs in reform process.
ALAT	Helps LAs to formulate and present LA interests and views about the reform. Contributes to the design of the framework for LG reform.
District Commissioner's Office	Monitors the reform process at the local council level but does not interfere. Reports to the Regional Secretariat.
Regional secretariat	Coordination with programme management and assists LAs with technical backstopping/training to design and implement council reform.
PMO	Spearheads implementation and coordinates the governments work on the design and implementation of LG-reform
Sector ministries	On sector specific reform measures affecting LAs, the PMO will cooperate with the respective sector ministries.
Civil Service Reform Secretariat	(a) Advises government, in particular PMO, on matters related to policy, programme management monitoring and evaluation. (b) Support coordination of central and local government reforms.
Local Government Task Force	Advices and coordinates the design and implementation of the local government reform.
Steering Committee	(a) Scrutinizes major policy decisions. (b) Approves major strategic and operational decisions.
Cabinet/President	Approves major policy decisions.
Parliament	Debates and approves legal changes proposed by government.

61.   In the context of the array of stakeholders and implementation actors outlined above, important elements of programme management are described below:

- the institutional framework;
- capacity building for programme implementation;
- procurement and financial management arrangements;
- monitoring and evaluation; and
- oversight and reporting arrangements.

62.   Figure 1 overleaf illustrates the overall institutional framework for the implementation of the local government reform agenda. It also indicates how,within this framework, linkages and coordination with the central government reforms will be fostered.
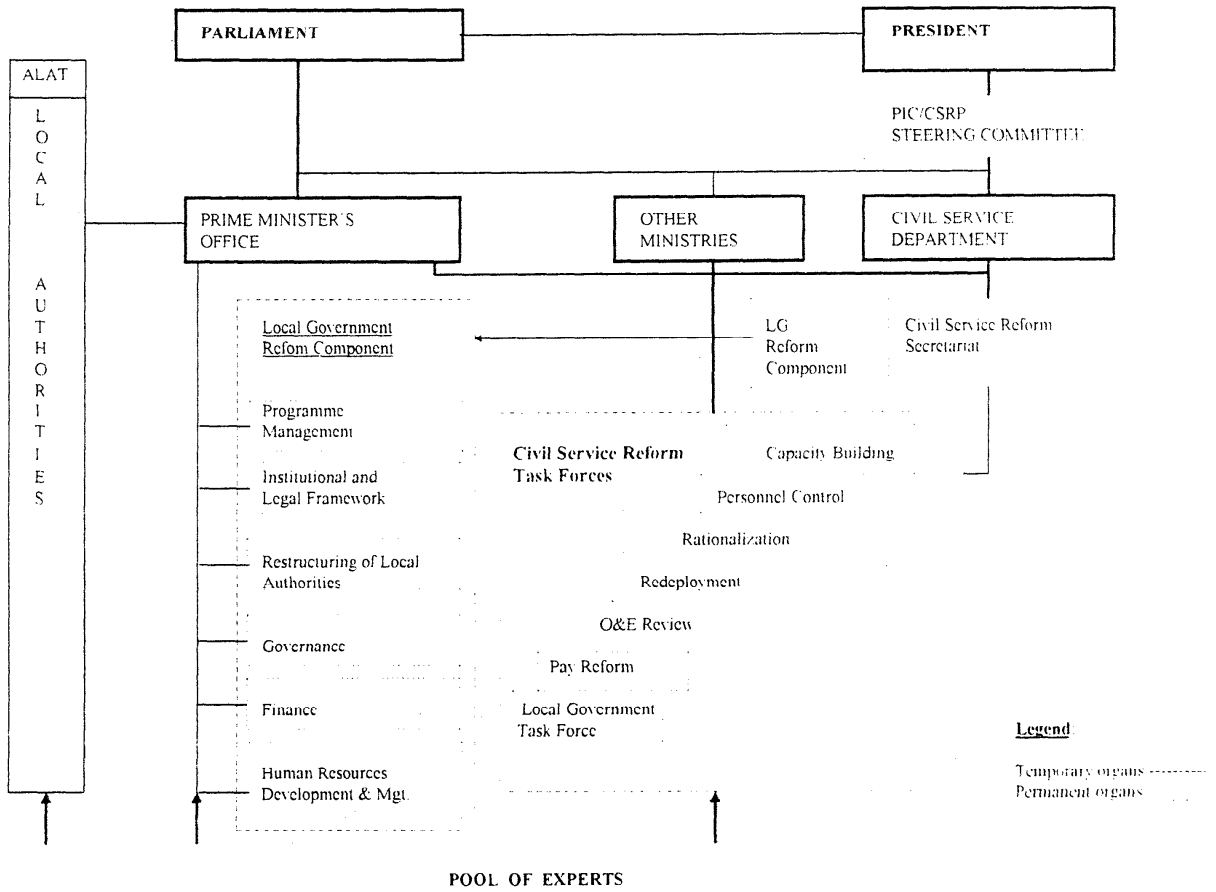
The institutional framework

63.   Responsibility for the design and implementation of the local government reform agenda at the central government level lies with the ministry responsible for local government - at present the PMO.   Also, in the spirit of participatory implementation, ALAT will be assisted to play a key role in the design and implementation of the reform agenda as already described.

64.   The PMO has been assisted by the CSRP Secretariat in designing the agenda. The CSRP Secretariat will continue to provide policy analysis and strategic support to the PMO in the programme management, and facilitate coordination between the local government and central government reforms. For this purpose, the Secretariat will retain a small pool of policy, strategy and programme management experts.

65.   Policies on the design, content and implementation of the local government reform will pass through the Local Government Task Force (LGTF) for technical assessment before being passed to the Steering Committee and the Presidential Implementation Committee. In other words the local government reform process is, at the central level, guided by the same mechanisms as that used for the other elements of the civil service reform of individual ministries. But since the local government reform will require several changes in the present legal framework, Parliament will play an important role in debating, amending and approving the new legal basis for local authorities (see figure 1).

PARLIAMENT

PRESIDENT

PIC/CSRP
STEERING COMMITTEE

ALAT

LOCAL

AUTHORITIES

PRIME MINISTER'S
OFFICE

OTHER
MINISTRIES

CIVIL SERVICE
DEPARTMENT

Local Government
Reform Component

LG
Reform
Component

Civil Service Reform
Secretariat

Programme
Management

Institutional and
Legal Framework

Civil Service Reform
Task Forces

Capacity Building

Personnel Control

Rationalization

Restructuring of Local
Authorities

Redeployment

O&E Review

Governance

Pay Reform

Finance

Local Government
Task Force

Human Resources
Development & Mgt.

Legend

Temporary organs ---------
Permanent organs

POOL OF EXPERTS

66.   At the local government level responsibility for the design and implementation of reform measures for the local authorities lies with each individual council - guided by the national framework for the local government reform agenda.

67.   Each local authority will establish a Council Reform Committee (CRC) with a Terms of Reference similar to those of the Ministerial Reform Committees established for each ministry under the Civil Service Reform Programme but adjusted to the needs and requirements of the local government reform agenda.

Capacity Building for Programme Implementation

68.   The broad outline of the programme management at the central level presented above cannot be established overnight. The first priority is to mobilize the technical and financial resources needed for the programme implementation and to develop adequate capacity within the PMO to enable it to spearhead the central level activities envisaged for the reform.

69.   A two stage process for this capacity build-up is envisaged. During the start-up period - that is until around mid-1997 - the PMO will be assisted directly by the CSRS - particularly but not exclusively by the Local Government Component - in three strategically important areas:

(i)   further development of overall policies for Local Government reform;
(ii)   mobilization of funds and technical assistance both from within Tanzania and from donors to build up PMO capacity and prepare the reform in detail;
(iii)   financial management of donor funds earmarked for the local government reform.

70.   As programme implementation capacity is built up within the PMO - initially through the recruitment/assignment of key additional staff and advisers for each of the reform components as described below - it will take over the detailed design and the overall management and coordination of the implementation of the Reform. Consequently the role of the CSRP Secretariat will change over time. As the capacity of the PMO increases, the local government component of the CSRS will eventually remain with only one major role in the Local Government Reform Agenda: to provide policy advice on both the local government and the central government reform with a specific focus on the important - but easily neglected - interlinkages between the two reform processes.

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71.   At present, the local government component in the CSRP Secretariat is headed by the National Local Government Reform Coordinator. On policy issues the coordinator is assisted by the an international adviser. It is planned that all other technical experts recruited to support the implementation of local government reform will be located within the PMO, where they will work alongside their counterparts in component working groups.

72.   The Programme Management capacity of the PMO will be strengthened as a matter of priority. Subject to an in-depth review of PMO capacity and organizational set-up (which is about to change as a result of the ministerial restructuring now under way), the planned strengthening will entail the following:

(i)   assignment/appointment of a **component manager** for each of the six reform components to be posted within the PMO. Such managers will be contract-hired government staff, recruited, if necessary, from outside the PMO

(ii)   appointment of **six component advisers** - one for each component; Tanzanian or expatriate - to be placed within PMO to assist the respective component managers.

(iii) assignment/appointment of a **monitoring and evaluation** team of two people to report to the Programme Management (one from government; one adviser).

(iv)   assignment/appointment of supporting staff for the six components, including staff for a separate **accounts-unit** reporting directly to the programme management.

73.   **Recruitment and posting of additional staff:** The recruitment of additional staff and technical experts will be guided by the following criteria:

- merit based appointment based on application and interviews

- qualified Tanzanians will be preferred for all component manager and adviser jobs. Not all Adviser jobs may be full time.

- only in the absence of suitable Tanzanians will expatriates be considered.

- component managers will be offered contract employment so that they can be remunerated adequately.

Procurement and financial management arrangements

74. Procurements and contracts for programme implementation will be made through the CSRP Secretariat under the direct responsibility of the Executive Chairman until the PMO takes over the entire management of the local government reform at central level. Until this happens, CSRS decisions on such procurements and contracts will be made on the basis of direct dialogue with the PMO and other relevant stakeholders.

75. Tanzanian counterpart funds for the reform will be managed according to established government procedures. At present all such funds are controlled by the CSRS.

76. The Executive Chairman will sign and oversee the execution of the donor funded activities on behalf of the Government of Tanzania. To facilitate coordination and administration of donor funds, separate account(s) with the National Bank of Commerce will be maintained into which donor funds will be deposited. The CSRS project accountant will provide monthly statements of account.

77. As capacity in the PMO is built up, the responsibility for financial management of donor funds will shift to that ministry. However, the basic features of the financial management as described above will be maintained: the Programme Manager based in the PMO will take over the responsibilities of the Executive Chairman of the CSRS.

Monitoring and evaluation

78. Monitoring and evaluation is an important management tool in the implementation of Local Government Agenda. Two people will be assigned to this task and will report directly to the Programme Manager (see above).

79. The M&E activities will focus on providing timely and accurate feedback on the extent to which the Local Government Reform Agenda is obtaining the objectives of the reform as stated earlier in this document and further specified in sub-component F4.

Reporting arrangements

80.   At present the CSRS issues a quarterly report in English which is available to all interested parties. It covers all the components of the civil service reform. The local government component contribution to this report will continue in the future. But as the local government reform picks up momentum, there will be a need for more comprehensive quarterly reporting on each of the six reform components of the agenda. This quarterly report will also provide an overview of income and expenditures in relation to the reform activities.

PROGRAMME COSTS ESTIMATES
AND BUDGET

81.   The estimated total cost of the reform programme for the next three years is US Dollars 64.3 million. Table 9 overleaf shows the estimated costs of each of the main components. A detailed breakdown of costs is provided in Annex 2.

82.   It is noteworthy that these programme costs estimates exclude the costs of: (i) any down-sizing in the councils, which are assumed to be covered by the current CSRP Retrenchment Funding arrangements; and (ii) infrastructure development in the councils which it is anticipated will be funded through donor-funded sector programmes. On the whole, the programme budget is quite modest, at an average of less than US $ 600,000 per council over the next three years.

TABLE 9: THREE-YEAR BUDGET FOR THE LOCAL GOVERNMENT AGENDA. (IN '000s US$).

Sub -Component	Technical Assistance	Training	Office Supplies Costs	Vehicles Costs	Incremental Costs	Lump-sum Provisions	Gr. Tot.
A1:Restructure Regional Administration.						5400	5400
A2:Redefine CG-LG relations.	93	38					131
A3:Guidelines for decentralization within Las.	68	11					79
A4:Review and revise legal fremework.	246	11					257
Sub Tot.	407	60				5400	5867
B1:Redefine roles, functions. structure, size.	2454	713	45	120	99	1000	4431
B2:Incentives for reform (District Development Fund).	126					18750	18876
B3:Tech. support for restruct. of Dsm City Council.	558	10					568
Sub Tot.	3138	723	45	120	99	19750	23875
C1:Strengthen ALAT.	123	38	30	80	66		337
C2:Political Leadership and Civic Training.	152	1104				1500	2756
Sub Tot.	275	1142	30	80	66	1500	3093
D1:Design and implement new grant system.	648	214					862
D2:Design and implement new rev. collection system.	648	214					862
D3:Design & impl. mech. for CG-LA negotiations on finances	78	39	30		18	300	465
D4:Options for donor/NGO funding of councils.	63						63
D5:Strengthen CG oversight mechanisms of LA finances.	243	205	300		180	1500	2428
D6:Strengthen financial management system of Las.	110						110
D7:Training LA financial staff in new manag. systems.	63	214					277
D8:Options for LAPF and LGLB.	126					500	626
Sub Tot.	1979	886	330		198	2300	5693
E1:Develop & impl. new framework for LA manag. of staff	1278	29					1307
E2:Devlop & implement management devel. programme.	78	13627					13705
E3:Establish Training Fund to promote manpower training.	118					3000	3118
Sub Tot.	1474	13656				3000	18130
F1:Stengthen govern. capacity to assist LAs in LG-reform	4320		75	200	165		4760
F2:Policy development.	666	123	15	40	33		877
F3:Resource mobilization and programme management.	864	30	30	40	42		1006
F3:Programme Monitoring and evaluation.	864	30	30	40	42		1006
Sub Tot.	6714	183	150	320	282		7649
Grand Tot	13987	16650	555	520	645	31950	64307

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ANNEX 1

STUDIES, WORKSHOP AND SEMINAR PAPERS
USED FOR PREPARING THE AGENDA

1.   Civil Service Reform Programme, 1996a A Vision for Local Government in Tanzania. Draft report on the National Conference on "Towards a Shared Vision for Local Government in Tanzania", held at the White Sands Hotel, May 29-31, 1996. June, 1996.

2.   Civil Service Reform Programme, 1993, Civil Service Reform in Tanzania: Local Government Linkages. Workshop on Civil Service Reforms in Tanzania, held at AICC, Arusha, April 5-6, 1993.

3.   Civil Service Reform Programme, 1992 "Linkages between Central Government Ministries, Regional Administration and Local Governments. Civil Service Reform Programme: URT/90/031. Dar es Salaam, December, 1992.

4.   Kilembe, J.C. 1995. Appraisal Mission on the Proposed Execution of the Tanzania Netherlands DRDP by the Local Government Loans Board, Dar es Salaam, December, 1995.

5.   Civil Service Reform Secretariat, 1996b "Local Government Reform Proposal". First Draft of 15th March 1996 Dar es Salaam.

6.   Civil Service Reform Programme 1996c "Linkages between Central Government Ministries, Regional Administration and Local Government Authorities". Report No.2 National Policy and Plan for Local Government in Tanzania, February 1996.

7.   Ministry of Local Government, Community Development, Cooperatives and Marketing, 1990. "Towards Achieving the Objectives of Local Government System in Tanzania" the Local Government study report. Main Report. Dar es Salaam, October 1990.

8.   Commission of Enquiry into the Performance of the City Council of Dar es Salaam; 1992.

9.   Ministry of Regional Administration and Local Government; Technical Committee on Strengthening Local Government, May 1991.

10. Civil Service Reform Programme, 1996d Vision, Strategy and Action Plan, 1996-1999 Draft circular for comments by Principal Secretaries. April 1996.

11. Presidential Technical Committee on Local Government February, 1993.

12. Presidential Commission of Enquiry into Public Revenues, Taxation and Expenditure, December, 1991.

13. Presidential Commission on Reduction of Government Expenditure. March, 1994.

ANNEX 2

COST ESTIMATES BY SUB-COMPONENT

Annex Table 2 shows the detailed breakdown of the costs for preparing and implementing the local government reform agenda.

The notes provide information on the budget items on which the cost estimates are based.

ANNEX TABLE 2: THREE-YEAR BUDGET FOR THE LOCAL GOVERNMENT AGENDA. (IN 1000 US$).

Sub -Component	Technical Assistance			Training			Office Supplies Costs	Vehicles Costs	Incremental Costs	Lump-sum Provisions	Gr. Tot.
	Foreign Costs	Local Costs	Sub Tot.	Foreign Costs	Local Costs	Sub Tot.					
A1:Restructure Regional Administration.										5400	5400
A2:Redefine CG-LG relations.	33	60	93		38	38					131
A3:Guidelines for decentralization within LAs.		68	68		11	11					79
A4:Review and revise legal framework.	66	180	246		11	11					257
Sub Tot.	99	308	407		60	60				5400	5867
B1:Redefine roles, functions, structure, size.	429	2025	2454		713	713	45	120	99	1000	4431
B2:Incentives for reform (District Development Fund).	66	60	126							18750	18876
B3:Tech. support for restruct. of Dsm City Council.	198	360	558		10	10					568
Sub Tot.	693	2445	3138		723	723	45	120	99	19750	23875
C1:Strengthen ALAT.	33	90	123		38	38	30	80	66		337
C2:Political Leadership and Civic Training.	17	135	152	232	872	1104				1500	2756
Sub Tot.	50	225	275	232	910	1142	30	80	66	1500	3093
D1:Design and implement new grant system.	198	450	648		214	214					862
D2:Design and implement new rev. collection system.	198	450	648		214	214					862
D3:Design & impl. mech. for CG-LA negotiations on finances	33	45	78	29	10	39	30		18	300	465
D4:Options for donor/NGO funding of councils.	33	30	63								63
D5:Strengthen CG oversight mechanisms of LA finances.	33	210	243		205	205	300		180	1500	2428
D6:Strengthen financial management system of Las.	50	60	110								110
D7:Training LA financial staff in new manag. systems.	33	30	63		214	214					277
D8:Options for LAPF and LGLB.	66	60	126							500	626
Sub Tot.	644	1335	1979	29	857	886	330		198	2300	5693
E1:Develop & impl. new framework for LA manag. of staff	198	1080	1278	29		29					1307
E2:Devlop & implement management devel. programme.	33	45	78	13104	523	13627					13705
E3:Establish Training Fund to promote manpower training.	50	68	118							3000	3118
Sub Tot.	281	1193	1474	13133	523	13656				3000	18130
F1:Stengthen govern. capacity to assist LAs in LG-reform	2970	1350	4320				75	200	165		4760
F2:Policy development.	396	270	666	93	30	123	15	40	33		877
F3:Resource mobilization and programme management.	594	270	864		30	30	30	40	42		1006
F3:Programme Monitoring and evaluation.	594	270	864		30	30	30	40	42		1006
Sub Tot.	4554	2160	6714	93	90	183	150	320	282		7649
Grand Tot	6321	7666	13987	13487	3163	16650	555	520	645	31950	64307

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A1: **Restructure of Regional Administration**

    (a)   Funds to prepare for the regional restructuring (USD 270,000) provided by the World Bank and European Community are not included in the budget.

    (b)   Lumpsum covers cost of transferring of 4,000 people from the region to the districts (at USD 1200 per transferee) plus 10% contingency for additional preparatory work.

    (c)   Retrenchment costs have not been budgeted for. Funds for this will be mobilized and administered through the retrenchment component of the CSRS.

A2: **Redefine CG-LG relations**

Parts of this work already being done under sub-component A1.

A3: **Guidelines for relations**

Workshops to develop and discuss the proposed guidelines.

A4: **Review and revise legal framework**

Major redrafting of legislation assumed for which consultancies are needed.

B1: **Redefine roles, functions, structures and size of LAs**

    (a)   Three mobile teams with three members each (finance, manpower management and organization and efficiency review expertise respectively) to assist individual councils in restructuring. Average stay per council 4 weeks. Assumed inclusion of councils for reform: 30 per year. Start-up by July 1997. Total is 75 councils in three year period.

    (b)   In addition some consultancy assistance to develop the reform at council level and to support the teams on a regular, but not continuous, basis is required.

    (c)   For each council workshop/training for 10 key staff members for 2 weeks is required (75 councils x 10 x 2 = 1500 person weeks).

    (d)   USD 1 mill for preparation and printing of material for use in the councils.

B2: **Incentives for reform (DDF)**

    (a)   Consultancy to develop operational modalities of a District Development Fund.

    (b)   Estimated incentives package per council in USD 250,000. Assumed inclusion of LAs in reform is 30 per year, starting from July 1997. Total number of councils included between January 1997 and January 2000 is 75. Hence total DDF over three year period is USD 18.75 mill.

B3: **Restructure City of Dar es Salaam**

    (a)   Costs of urgent immediate needs for Technical assistance to the City Commission are not included. These will be mobilized directly and outside this budget.

    (b)   TA to assist City of Dar es Salaam beyond July 1997 is tentatively budgeted for here.

    (c)   Funds for the actual implementation of a restructured Dar es Salaam are not included in the budget. These are likely to be substantial.

C1: **Strengthen ALAT**

Dutch aid through VNG may be available for strengthening ALAT.

C2: **Political leadership and civic training**

    (a)   75 councils covered until December 1999. 15 councillors trained for one week. (75 x 15 = 1125 person weeks).

    (b)   Additional focused training for three key politicians at district level for two weeks : 75 x 3 x 2 = 450 person weeks.

    (c)   Training/sensitization for DCs/RCs: 2 weeks x 130 = 260 person weeks (to cover all council).

    (d)   Study tours to African country and or Europe for 40 council chairmen for two weeks to see decentralization in practice.

    (e)   Lumpsum on USD 1.5 mill. to print training material, do Training of Trainers, and use mass media.

D1:   Design and implement new grant system

    (a)   Introduction of new financial framework at council level is done by mobile team and budgeted for under B1.

    (b)   Specialized training workshops for 2 finance staff members for 2 weeks for 75 councils. (450 person weeks).

D2:   Design and implement new revenue collection system

    (a)   Introduction of new financial framework at council level is done by mobile team and budgeted for under B1.

    (b)   Specialized training workshops for 2 finance staff members for 2 weeks for 75 councils. (450 person weeks).

D3:   Design and implement mechanisms for LG/LA negotiations on revenues and grants

    (a)   Study tour outside Tanzania to gain experience with various institutional arrangements.

    (b)   Lumpsum to help to start up and operate a new institutional mechanism - such as a Local Government Finance Commission USD 750,000 per year for two years.

D5:   Strengthen CG oversight of LA finances

    (a)   Specialized training for external auditors of local government finances (Auditor General's Office). 3 auditors per region for 12 weeks (432 person weeks).

    (b)   Office packages; one each per region.

    (c)   Lumpsum to operate audit of local governments accounts USD 25,000 per year per region for 3 years (USD 1,5 mill.).

D6:   Strengthen LA financial management system
Introduction of the new system done through the mobile team budgeted for under B1.

D7:   Train financial staff in new financial management systems

Specialized training workshops for finance staff in financial management. 2 person for 2 weeks for 75 councils (450 person weeks).

D8:   Options for LAPF and LGLB

    (a)   The lumpsum is for foreseen capacity building, re-equipment, etc of relevant institution.

    (b)   No provision has been made for the possible need for re-capitalization of LGLB (or its substitute). The required funds could be substantial.

E1:   Develop and implement new framework for management of LA staff
Study tour outside Tanzania to gain experience with different staff-council relations (example: Uganda).

E2:   Develop and implement management development programme

    (a)   Three year graduate training for 350 local government administrators. Annual cost per student USD 25,000. Half of cost budgeted for three-year period.

    (b)   In addition to this long-term capacity development initiative, funding of short-term training is budgeted for (1100 weeks).

E3   Establish training fund to promote manpower training
USD 1 mill. per year to be allocated for the Training Fund.

F1:   Strengthen Central Government Capacity to assist LAs in Local Government reform
Five component managers and five advisers each for three years.

F2:   Policy Development

  (a)   One foreign advisor is presently funded by Danida for one year starting August 1996. The cost involved is not included in the budget.
  (b)   A replacement for this adviser, preferably Tanzanian, is budgeted for August 1997 for two years.
  (c)   A national expert on local government policy is budgeted for three years.
  (d)   Study tours for policy makers to other African Countries and possibly to Europe (32 weeks).
  (e)   Workshops to discuss and disseminate local government policy.

F3:   Resource Mobilization and Programme Management

  (a)   One component manager (Programme Manager) and one Adviser, each for three years.
  (b)   Workshops for discussion and dissemination.

F4:   Programme Monitoring and Evaluation

  One M&E expert (Tanzanian) and one Advisor, each for three years.

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