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**MINISTRY OF REGIONAL ADMINISTRATION AND
LOCAL GOVERNMENT**



LOCAL GOVERNMENT REFORM PROGRAMME

**POLICY PAPER ON LOCAL GOVERNMENT
REFORM**

DAR ES SALAAM
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Abbreviations

AG	Attorney General
ALAT	Association of Local Authorities in Tanzania
CAG	Controller and Auditor-General
CCM	Chama Cha Mapinduzi
CD(s)	Council Director(s)
CG	Central Government
CSD	Civil Service Department
CSR	Civil Service Reform
CT	Council Treasurer
CTA	Chief Technical Adviser
HOD(s)	Head(s) of Department(s)
HRD	Human Resource Development
LA	Local Authority
LGR	Local Government Reform
LGRT	Local Government Reform Team
MRALG	Ministry of Regional Administration and Local Government
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
PMO	Prime Minister's Office
PS	Permanent Secretary
RC	Regional Commissioner
ROM	Results Oriented Management

Local Government Reform

Executive Summary

The Prime Minister's Office has decided to make changes in the legislation which will enable the government to: (a) proceed with the implementation of the local government reform according to the government's visions and objectives for a strengthened local government system; (b) co-ordinate and give direction to the work on sector reforms so that they are consistent with the objectives for the civil service and local government reform; and (c) to fulfil government commitments.

This policy paper on Local Government Reform is based on the Chama Cha Mapinduzi (CCM) Election Manifesto of 1995; recommendations from the National Conference on a shared vision for local government in Tanzania, May 1996; the Local Government Reform Agenda of November 1996; discussions and recommendations with ALAT, representatives from local authorities, sector ministries and other central government organs in various fora. Further, the paper includes recommendations from the stakeholder workshops on the local government reform components; recurrent policy statements by the President, the Prime Minister and other political leaders; and the preparatory work done by the Offices of the President.

Changes to the relevant Local Government laws will be made to establish the legal basis for the implementation of the reform and enable the Government to direct this process. Further details required to guide and direct the reform process will follow regulations issued by the Minister responsible for local government.

1. The New Local Government System

The Tanzanian local government system is based on political devolution and decentralisation of functions and finances within the framework of a unitary state. Local governments will be holistic, i.e. multi-sectoral, government units with a legal status (body corporate) operating on the basis of discretionary, but general powers under the legal framework constituted by the national legislation. Local governments have the responsibility for social development and public service provision within their jurisdiction, facilitation of maintenance of law and order and issues of national importance such as education, health, water, roads and agriculture. Local governments are constituting a unitary governance system all over the country based not only on elected councils and committees, but also a professional administration.

Decentralisation of government thus includes four main policy areas:

- A. Political decentralisation is a devolution of powers and the setting of the rules for councils and committees, the chairpersons etc. Political decentralisation would include the integration of the previously centralised or deconcentrated service sectors

into a holistic local government system installing councils as the most important local, political body within its jurisdiction. Political decentralisation implies the creation of real, multi-functional governments at the local level within the framework of the national legislation.

- B. Financial decentralisation is based on a definition of the principles of financial discretionary powers of local councils, i.e. powers to levy local taxes and the obligation of central government to supply local governments with adequate unconditional grants and other forms of grants. The principle also allows local councils to pass their own budgets reflecting their own priorities, as well as mandatory expenditure required for the attainment of national standards.
- C. Administrative decentralisation: This principle involves de-linking local authority staff from their respective ministries and procedures for establishment of a local payroll. Local governments will thus have, and recruit their own personnel, organised in a way decided by the respective councils in order to improve service delivery. Administrative decentralisation makes local government staff accountable to local councils.
- D. Changed central-local relations: The role of central government vis-à-vis local councils will be changed into a system of inter-governmental relations with central government having the over-riding powers within the framework of the Constitution. Line ministries will change their role and functions into becoming 1) policy making bodies, 2) supportive and capacity building bodies, 3) monitoring and quality assurance bodies within the local government legislation framework, and 4) regulating bodies (legal control and audit). The Minister responsible for local government will co-ordinate central-local relations and in particular all initiatives from sectoral ministries on matters relating to local government.

2. Local Government Finances

Central and Local Governments have their own revenue sources and public revenues. As Local Governments are not financially self-sufficient, Central Government makes transfers to Local Governments according to objective criteria. It is crucial for the success of the reforms of both central and local governments that sources and revenues are divided fairly, efficiently and transparently giving local governments realistic revenue sources; that public revenues are increased; and that these revenues are used to improve service delivery. The present system of allocating sources and revenues does not meet these criteria.

2.1 Local government revenues

To make substantial increases in own revenues - and to enhance tax payers compliance, the revised legislation shall make provisions for the following:

- increasing the cost-effectiveness of council tax collection by reducing the number of minor local government taxes which generally cost more to collect than they yield, simplifying the local government tax structure, and streamlining the administration;

- introducing a less costly system of levying property tax in all urban councils;
- allowing user fees for all services that the Government does not declare as free;
- removing ambiguities and overlaps between central government and local government;
- making the local government tax collection system more transparent;
- securing a fair and equitable treatment of all tax payers;
- regulation of local revenue sources, collection methods and accountability will be issued by the Minister.

2.2 Grants

The reform of the present grant system aims to improve:

- revenue generation;
- efficient use of resources for service delivery at all levels of government;
- equity in access to services;
- transparency and fairness in allocation.

3. Local Government Staff

The following main features of local government personnel management apply:

- a) The councils (city, municipal, town and district) will be fully responsible for planning, recruiting, rewarding, promoting, disciplining, development and firing of their personnel. The councils will be the appointing authorities and employers for all local government personnel (including teachers, health staff, agricultural staff etc.), generally on a contract basis. Job security and protection from undue interference from councillors will be ensured through legislation together with appellant arrangements. The councils will, through their appointing committees, appoint and employ the Council Director (CD), the departmental heads and will adopt staffing plans and budgets. The CD may, in the interim, be posted by the Government.
- b) Recruitment of lower grade departmental staff will be the responsibility of the CD with the assistance of HODs where the actual knowledge of skills requirement is most accurate. A basic principle will be that people in management/supervisory positions are responsible for their personnel, in terms of day-to-day operational matters and especially for staff development, in terms of defining the present and future needs for skills and experience.
- c) Local authorities shall continuously try to streamline their operations and organisation as described in the relevant section and shall, with the assistance of mobile teams from the Ministry of Regional Administration and Local Government (MRALG), develop new organisational structures, committee systems and affordable and needs oriented staff plans.
- d) Improved service delivery will require local authority staff to be governed by less cumbersome administrative procedures and be more responsive to the actual needs of the general public – moving from a bureaucratic behaviour to a service- and performance-oriented behaviour.

Based on the principle that the CD and HODs have the immediate responsibility for planning and development activities regarding their staff, the personnel function of a local council will be an internal support function and having the following main tasks:

- Provide format and data for personnel planning within the departments.
- Co-ordinate the different departments' manning and HRD plans.
- Keep and update personnel records.
- Provide advice on available staff training and development activities.
- Organise and assist in staff recruitment.
- Advise and assist in disciplinary matters.
- Assist with interpretation of rules and regulations within the personnel area.
- Issue local directives on personnel matters.
- Monitor unified methods and procedures within the authority concerning the entire personnel management issue.
- Provide appropriate training and capacity building in-service.
- Provide relevant information to central government agencies.
- Prepare for a) the establishment of a local payroll (computerised or manual) or b) appropriate arrangements with the Government agency.

4. Central-Local Relations

Central-Local Government relations under decentralisation are characterised by the abolition of previous command relations. The new system is thus characterised by consultations and negotiations, support from ministries to local governments supplemented with regulation and legal supervision of local government political and administrative decisions. The directive powers of Government vis-à-vis local councils are restricted to legal regulation with local governments' decisions. General influence of local councils is secured through the legislative and regulatory powers of Government. The CD is responsible to the council on all administrative matters.

4.1 Main Features of Central-Local Government Relations

Within the system of central-local government relations described above, Parliament and Central Government possess the following instruments to guide and direct national development through local governments:

- Powers to make national legislation affecting local governments;
- Powers to issue regulations;
- Issuing of policies, guidelines and national standards including service delivery minimum standards;
- Negotiations and consultations;
- Training and capacity building related to local government;
- Information and advocacy related to local government reform;
- Financing (grant mechanisms);
- Appellate powers;
- Powers to audit, inspect and monitor;
- Powers to intervene when Local Governments operate illegally.

The central government will – as part of the reform process – strengthen its capacity and procedures for applying these instruments.

5. Local Government Reform and Sector Reforms

Presently some of the sector reforms, many of them began several years back, are not sufficiently co-ordinated with the local government reforms. Although there are substantial variations across sectors, the tendency in many sector reforms is to:

- Re-centralise ministerial control over important service provision activities (such as health and urban water and sewage).
- By-pass local authorities in relation to priority setting for such services.
- Establish accountability to the ministry rather than to the respective councils.
- Create a new organisational machinery to provide services that are fragmented and costly, and which will put heavy demands on local government.
- Create substantial uncertainties among donors involved in the sector programmes as to what is government policy.

To prevent this undesirable situation, the government has decided that:

- All public services affecting a large number of people should be provided through organs *accountable to the council* in its respective jurisdiction.
- Certain public services for which local authorities are presently responsible *may be delegated* to organs that are accountable to councils.
- The accountability and ‘arm’s length’ mechanisms for these delegations should be regulated to ensure some uniformity across sectors. Some of the presently proposed mechanisms in sector reforms are clearly inappropriate.

The amendments to the Local Government Acts shall state that sector acts are to be subsumed under the amended local government legislation and that sector policies shall adhere to the principles for the local government reform.

6. The Legal Process

Substantial changes in the existing legislation are needed in order to reflect the vision and objectives of the government with respect to local government reform. The desired changes are so pronounced that various amendments/repeals to existing legislation will not be satisfactory. Rewriting of some of the sections of the local government legislation made in the early 1980s is clearly needed.

Such major changes take time. Amendments to legislation must, however, be passed in 1998/99 to maintain the momentum of the reform, to co-ordinate and give direction to the ongoing work on sector reforms, and to fulfil the promises of government.

7. The Implementation Process

The local government reform will be carried out in three phases, each phase comprising one third of all districts and urban councils. The first phase (Phase I) will comprise 35 district and urban councils. Phase II will commence one year later followed by the third batch two years later. Implementation of the reform for each of the phases will take two years, but in the second year of one batch the next batch will commence its reform. This process allows four years for the reform period to be completed.

Certain reform measures can be implemented countrywide in all councils while others will have to wait until changes to the laws are effected. Other reform measures require organisational restructuring, retrenchments, introduction of and training in new financial and staff management procedures, etc. The capacity to implement these reform measures must be established at central, regional and council levels. These changes – and the required capacity building and costs involved - are so substantial that their phased implementation is essential for the success of the reform as stated in the endorsed Local Government Reform Agenda. These in-depth changes will therefore be implemented in three phases. Each phase will include about one third of all local governments (district and urban councils) starting in January 1999. By year 2001 all councils will be involved in these in-depth changes.

The selection of local authorities for the first and second batches will be based on a voluntary and demand driven basis, together with an assessment of financial and management capacity in place. The 35 local councils with the highest capacities should be included in the first batch *provided that they are in a position to raise local revenue generation considerably*. It will thus be important that the local councils in the first batch are both willing and capable to undertake the reform activities. A set of criteria will need to be developed that ensures this situation in order to enhance the prospects of a smooth local government transformation.

8. Financial Implications

Based on preliminary estimates, the total indicative costs of the required preparations and central/regional level capacity building for phase one implementation of the reform is USD 8.1 million. Actual average implementation costs of the in-depth changes are around USD 130,000 per council (but excluding retrenchment and other costs). Funds of that magnitude need to be mobilised as soon as possible from both central and local governments as well as donors. Funds for the implementation of in-depth changes in phases II and III will be of the same order of magnitude for each council. These funds are solely for activities related to the restructuring and reform measures for the local government system. These reform implementation costs are of similar magnitude to those estimated and endorsed in the Local Government Reform Agenda. They are also realistic in relation to donor pledges for the reform made at a Round Table Conference in March 1997.

Funds for improving service delivery in the councils are also needed, but these are not reform costs as such. Larger recurrent and development revenues will only come about if councils themselves – helped through reform measures - generate more revenues, reduce costs and operate more efficiently with scarce resources. This will also improve their democratic legitimacy. The future magnitudes of grants to local government from central government will depend on how well local governments carry out these reform measures; on the state of the economy; and on the financial consequences of reducing the role of ministries in the implementation through decentralisation and privatisation. The ability of councils to attract additional donor funds to improve service delivery is also directly linked to their ability to improve their performance significantly. The own efforts of councils and their inhabitants will be a very significant factor in bringing about the urgently needed improvements in service delivery.

Concluding remarks

The tasks ahead are demanding. To carry them out in a proper and timely manner is a major challenge to all stakeholders in terms of leadership and decision making, manpower inputs and funding. In these circumstances a less ambitious approach to the reform of local government may appear attractive. The implications of such a low key approach to the reform involving fewer than one third of the Local Authorities are, however, very serious:

- The government’s visions and objectives for local government reform as spelled out and endorsed in the Local Government Reform Agenda cannot be achieved at the desired rate.
- The marginal changes brought about by a less ambitious approach are not likely to have a significant impact on service delivery and may hence affect the justification of the reform negatively.
- Some of the sector reforms will – if implemented in their present form – seriously marginalise democratically elected councils, and it will be difficult and costly to undo them at a later stage. Coordination of the implementation of the sector reforms at the local level is therefore of crucial importance.
- The present window of opportunity for substantial and meaningful changes, which are supported by major stakeholders including key donors, will be missed and may not occur again for some time to come.

It is therefore important to note the following merits for involving a larger number (at least 35 local authorities or about a third) in the phased implementation of the reform:

- Impact of the reform will be more significant when reform is implemented in a bigger number than in just a handful of local authorities.
- Pressure has been mounting from politicians, both at national and local levels, to have the reform implemented countrywide simultaneously. The best way to attempt to respond to this demand is through involving a big rather than a small number of local authorities in the phased implementation.

- A big number of local authorities has been undertaking capacity building with quite a bit of donor assistance. Such councils should be involved in the first phase, thus capitalising on the efforts already made while enlisting continued assistance from the same donors in implementing the reform in those local authorities.
- Implementation of sector reforms will require a big number of local authorities. The respective ministries are more likely to accept the idea of implementing their reforms in 35 local authorities rather than in only 20 or a smaller number.
- The large size of the country and large number of local authorities (presently 102) demand that the phases take on a bigger number of local authorities so that it takes a much shorter period to cover all the local authorities.
- There is potential capacity at regional level; with appropriate short-term training, financial resources and equipment, the technical staff of the Regional Secretariats could supervise the implementation of the reform in the 35 local authorities.

1. The Local Government Reform in Brief

The Prime Minister's Office has decided to make changes in the legislation which will enable the government to: (a) proceed with the implementation of the local government reform according to the government's visions and objectives for a strengthened local government system; (b) co-ordinate and give direction to the work on sector reforms so that they are consistent with the objectives for the civil service and local government reform; and (c) to fulfil government commitments.

It is aimed that these changes to the legislation be presented to Parliament during the financial year 1998/99. Certain constitutional amendments are also needed and will be included during its forthcoming revision. Finally, the reform of local governments necessitates certain consequential revisions of central government policies, processes, procedures and structures. This policy paper sets out in more detail:

- The government's vision of a new local government system
- Linkages between Civil Service, Sector and Local Government Reforms
- The local government reform process
- The Amendments to the Local Government Acts
- The revisions needed in other legislation
- The implementation process
- The financial implications of the reform implementation

This policy paper is based on the CCM Election Manifesto of 1995; recommendations from the National Conference on the vision for local government in Tanzania, May 1996; the Local Government Reform Agenda of November 1996; recommendations made by Presidential Commissions and Committees as well as researchers and experts of local government; discussions with and recommendations from ALAT, representatives from local authorities, sector ministries and other central government organs in various fora. Further, the paper considers recommendations from the stakeholder workshops on the local government reform components; current or recent policy statements by the President, the Prime Minister and other political leaders; and the preparatory work done by the Offices of the President (with respect to CSR) and the Prime Minister (with respect to Local Government Reform).

Changes to the Local Government Acts will be enacted during 1998/99 to establish the legal basis for the implementation of the reform and enable the Government to direct this process. Further details required to guide and direct the reform process will follow regulations to be issued by the Minister responsible for local government (the Minister). The preparations of these regulations will benefit from continuous monitoring of the reform implementation experiences.

Within the legal framework established by the amended/repealed Local Government Acts, implementation of the reform will take place as follows: Certain reform measures can be implemented countrywide in all councils once the necessary changes or repeals are passed by Parliament. Other reform measures require organisational restructuring, retrenchments, introduction of and training in new financial and staff management procedures, etc.

The capacity to implement these reform measures must be established at national, regional and council levels. These changes – and the required capacity building and costs involved – are so substantial that their phased implementation is essential for the success of the reform as already stated in the endorsed Local Government Reform Agenda. These in-depth changes will therefore be implemented in three phases. Each phase will include about one third of all local governments (district and urban councils) starting in January 1999. By the year 2001 all councils will be involved in these in-depth changes. Subsequently, based on the implementation experiences, a new local government law will be enacted by year 2004 if it will be considered necessary.

Based on preliminary estimates, the total indicative costs of the required preparations and central/regional level capacity building for phase one implementation of the reform is USD 8.1 million. Actual average implementation costs of the in-depth changes are around USD 130,000 per council (but excluding retrenchment and other costs). To implement Phase I will therefore amount to some USD 9.4 million. Funds of that magnitude need to be mobilised as soon as possible from both central and local governments as well as donors. Funds for the implementation of in-depth changes in phases II and III will be of the same order of magnitude for each council. These funds are solely for activities related to the restructuring and reform measures for the local government system. These reform implementation costs are of similar magnitude to those estimated and endorsed in the Local Government Reform Agenda. They are also realistic in relation to donor pledges for the reform made at a Round Table Conference in March 1997. Actual mobilisation of the required funds from all relevant sources will, however, demand firm government leadership and extensive preparations.

Funds for improving service delivery in the councils are also needed, but these are not reform costs as such. Larger recurrent and development revenues will only come about if councils themselves – helped through reform measures – generate more revenues, reduce costs and operate more efficiently with scarce resources. This will also improve their democratic legitimacy. The future magnitudes of grants to local government from central government will depend on how well local governments carry out these reform measures; on the state of the economy; and on the financial consequences of reducing the role of ministries in the implementation through decentralisation and privatisation. The ability of councils to attract additional donor funds to improve service delivery is also directly linked to their ability to improve their performance significantly. The efforts of councils and their inhabitants will be a very significant factor in bringing about the urgently needed improvements in service delivery.

As shown in the remaining part of this policy paper, the tasks ahead are very demanding. To carry them out in a proper and timely manner is a major challenge to all stakeholders in terms of leadership and decision making, manpower inputs and funding. In these circumstances a less ambitious approach to the reform of local government may appear attractive. The implications of such a low key approach to the reform are, however, grave:

- The government's visions and objectives for local government reform as spelled out and endorsed in the Local Government Reform Agenda cannot be achieved.
- The marginal changes brought about by a less ambitious approach are not likely to have a significant impact on service delivery and may hence affect the legitimacy of government negatively.

- Some of the sector reforms will – if implemented in their present form – seriously marginalise democratically elected councils, and it will be difficult and costly to undo them at a later stage.
- The present window of opportunity for substantial and meaningful changes, which are supported by major stakeholders including key donors, will be missed and may not occur again for some time to come.

2. Government’s Vision of a New Local Government System

The vision of a future local government system was formulated and endorsed at the National Conference: “Towards a Shared Vision for Local Government in Tanzania”, May 29-31, 1996. The overall objective is to improve the delivery of services to the public, and the main strategy to do so is decentralisation. The vision has been summarised and elaborated in the Local Government Reform Agenda 1996-2000 that was endorsed in November 1996:

- The *raison d’être* 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.
- Local government councils will be free to make policy and operational decisions consistent with the laws of the land and 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:
 - facilitation and enabling of local governments in their service provision,
 - development and management of a policy and regulatory framework,
 - monitoring accountability by the local government authorities,
 - financial and performance audit,
 - provisions of adequate grants.
- The strength and effectiveness of 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 motivated staff, who will be recruited and promoted exclusively on the basis of merit,
 - mounting necessary training and upholding professionalism in local government,
 - capacity to operate efficiently and cost-effectively.
- The leadership of the local authorities will be chosen through a fully democratic process, which should also extend to village councils and grassroots organisations.

- The local governments will:
 - a) facilitate the participation of the people in deciding on matters affecting their lives, planning and executing their development programmes; and
 - b) foster partnerships with civic groups.
- Each local government will have roles and functions that correspond to the demands for its services by the local people, and the socio-economic conditions prevailing in the area. The structures of each local government will reflect the nature of its roles and functions.
- The local government authorities will be transparent and accountable to the people. This will be the basis for justifying their autonomy from undue central government interference.
- Local Government leaders (Councillors) and staff will adhere to strict code of ethics and integrity. In particular, leaders with incontestable ethical standards will be elected to champion the cause of people's development.
- The implementation process will be in phases as endorsed in the Local Government Reform Agenda because of capacity and funding constraints; because lessons learned during the short implementation period can subsequently be used to prepare a high-quality new Local Government Act that will have lasting value; and because phasing will also facilitate a more intensive and meaningful public debate about the scope and content of a new local government system in Tanzania.

Local governments will thus be holistic, i.e. multi-sectoral, government units with a legal status (body corporate) operating on the basis of discretionary, but general powers under the legal framework constituted by the national legislation. Local governments have the responsibility for social development and public service provision within their jurisdiction, facilitation of maintenance of law and order and issues of national importance such as education, health, water, roads and agriculture. Local government authorities are constituting a unitary governance system all over the country based on elected councils and committees, and professional administrations.

Decentralisation of government and reform of local government thus include four main policy areas:

- A. Political decentralisation is a devolution of powers and the setting of the rules for councils and committees, the council chairpersons etc. Political decentralisation would include the integration of the previously centralised or deconcentrated service sectors into a holistic local government system installing councils as the most important local, political body within its jurisdiction. Political decentralisation implies the creation of real, multi-functional governments at the local level within the framework of the national legislation.

- B. Financial decentralisation means that councils have financial discretionary powers and powers to levy local taxes. Central government, in turn, has the obligation to supply local governments with adequate unconditional grants and other forms of grants. The principle also allows local councils to pass their own budgets reflecting their own priorities, as well as mandatory expenditures required by legislation setting national standards.
- C. Administrative decentralisation: This principle involves de-linking local authority staff from their respective ministries and procedures for the establishment of a local payroll. Local governments will thus have, and recruit their own personnel, organised in a way decided by the respective councils in order to improve service delivery. Also the planning relation between rural districts, urban councils and lower local authorities will be defined. Administrative decentralisation makes local government staff accountable to local councils. As local governments have a body corporate status (they may sue and be sued), the management responsibility for the local administration shall reflect this status.
- D. Changed central-local relations: The role of central government vis-à-vis local councils will be changed into a system of inter-governmental relations with central government having the over-riding powers within the framework of the Constitution. Line ministries will change their role and functions into becoming 1) policy making bodies, 2) supportive and capacity building bodies, 3) monitoring and quality assurance bodies within the local government legislation framework, and 4) control bodies (legal control and audit). The Minister responsible for local government will co-ordinate central-local relations and in particular all initiatives from sectoral ministries towards local government and will be enabled to issue regulations and guidelines, but only within the policy areas to be specified in the law reflecting the spirit and principles of the reform agenda. The law should specify the scope of the regulations issued by the Minister and how they should relate to sectoral legislation. These regulations would specify the details of political, financial and administrative decentralisation.

In short, the overall objective of the reform is to improve service delivery by making local authorities more democratic and autonomous within the framework established by central government and under conditions of severe resource constraints. For this to succeed it requires in-depth changes in central-local government relations, in relations between local councils and their citizens, and in the way that councils and their staff operate.

3. Linkages between the Civil Service Reform, Sector Reforms and the Local Government Reform

These three reforms started at various points in time and proceed with different speeds. In certain respects both the Civil Service Reform (CSR) and some of the Sector Reforms are further ahead than the Local Government Reform (LGR). Yet it is important for *the success of all three reforms* that the linkages between them are recognised and activities co-ordinated. This is not the case at present.

3.1 Civil Service Reform

The basic vision of government with respect to both CSR and LGR is that the role of central and sectoral ministries shall be confined to policy making, regulation, monitoring, performance assessments and interventions to ensure the legality of public service provision. Actual implementation shall be transferred to local governments, service boards and/or executive agencies, NGOs and the private sector. The CSR and LGR therefore directly complement each other.

As the Civil Service Reform started in 1993 – well ahead of the local government reform – there is a need to re-assess the outcomes of the ongoing ministerial Organisation and Efficiency Reviews. The purpose of this assessment is to take full account of the local government reform principles of political, administrative and financial decentralisation into consideration. This may, in certain ministries, necessitate adjustments in the presently proposed organisational structures, processes and regulations.

3.2 Sector Reforms

Presently some of the sector reforms – many of them began several years back – are not sufficiently co-ordinated with the civil service and local government reforms. Although there are substantial variations across sectors, tendencies in many sector reforms are to:

- Re-centralise ministerial control over important service provision activities (such as health and urban water and sewage).
- By-pass local authorities in relation to priority setting for such services.
- Establish accountability for such services to the sector ministry and the donor(s) supporting the sector – rather than to the respective councils.
- Create a new organisational machinery to provide services that are fragmented and costly, and which will put heavy demands on very limited financial, managerial, and administrative resources in the regions and districts.
- Create substantial uncertainties among donors involved in the sector programmes as to what is government policy.

To prevent this undesirable situation, the government has decided that:

- All public services affecting a large number of people should be provided through organs *accountable to the council* in its respective jurisdiction.
- Certain public services for which local authorities are responsible *may be delegated* to organs that are accountable to councils but run at arm's length from these.
- The accountability mechanisms for these delegations should be regulated to ensure some uniformity across sectors. Some of the presently proposed mechanisms are clearly inappropriate.

3.3 The Need for Co-ordination

The ongoing reforms of the public sector are presently not sufficiently co-ordinated, which points to the need for a clear political guideline for all stakeholders (including donors) and for the public.

The amendments to the legislation shall reflect these decisions and shall provide the co-ordination instrument for all central-local relations of a general and specific (sector) nature. They will have provisions to ensure that reforms of public services relevant to council operations – particularly with respect to institutional, operational, financial and staff arrangements at council level and below – are co-ordinated and adhere to the principles for the local government reform.

4. The Local Government Reform Process

A balance must be struck in determining the speed of implementation of the local government reform. On the one hand, it is desirable to see significant changes brought about speedily, so as to improve service delivery on the ground and increase the legitimacy of local and central governments. It is also desirable to invite as many councils as possible to get involved in the reform. But doing so increases significantly the risks of making serious errors, and puts unrealistic demands on implementation capacity and resources. On the other hand, it is important that the present internal and external broad based support for local government reform be used to move the reform forward as quickly as possible. Moving too slowly would stall it. By phasing the reform – but still complete it within a few years – an appropriate balance between these two considerations can be struck as was also recognised in the endorsed Local Government Reform Agenda of 1996. This decision has been reinforced by the experiences with the preparations of the reform since then.

Phasing, however, does not imply piloting. The government's agreement with the World Bank in May 1997 to introduce block grants and decentralised management of staff in at least 20 councils, on a pilot basis in the sectors of education and health, as a condition for obtaining Bank support for these two social sectors is *not* considered sufficient under present circumstances and must therefore be supplemented with additional measures. First, because the government is determined to introduce the principle of block grants and decentralised staff management across all sectors in all councils as soon as possible. Second, because the introduction of these two reform measures in only two sectors within a council means that the involved councils would need to operate two very different systems (a centralised and a decentralised) concurrently. This is likely to create confusion both at central and local government levels. This approach is also more costly to implement because changes are introduced piecemeal and training to introduce new systems would need to be organised several times until the reform covers all relevant sectors. The government has therefore decided that the implementation of the reform shall be phased and that it shall cover all service sectors and policy areas in the councils concerned.

The reform measures will be implemented as follows: Certain reform measures will be introduced countrywide subsequent to the changes that will be made in the law. However, it is the considered opinion of the Government that several in-depth reform measures at council level must of necessity be implemented in a phased manner countrywide in three batches of councils (approximately 35 councils in each batch) over a three year period starting from January 1999. There are six major reasons for this phasing of in-depth reforms at council level:

1. Phasing enables Parliament and Government to create a comprehensive local government legislation based on experience from the pioneer phases of implementation. Many potentially serious mistakes would undoubtedly occur if an attempt to legislate for a new local government system now followed by immediate full-scale countrywide implementation was made. By using experiences from the phased implementation, a much sounder and more appropriate legal framework for local government can be made and subsequently may, if considered needful, be consolidated into a new Local Government Act with lasting value.

2. Phasing of the in-depth reform measures allows more time for the residents of the involved councils to participate in, and discuss, the reform measures that they and their councillors deem important for their councils. It also allows time for a wider public debate about the visions, objectives and measures needed to bring about a meaningful reform of local governments. This would be more democratic and will undoubtedly influence the reform for the better.
3. Substantial financial resources for the implementation of the reform are required from central government, from local government themselves, and from the donor community. Mobilisation will be easier when the reform is phased. The considerable implementation costs can be distributed over several years and losses resulting from early large-scale mistakes can be minimised.
4. The monitoring and facilitation capacity of Government would be exhausted by introducing the reform in one batch. By implementing in-depth reforms in three batches of councils, the central government's capacity to provide assistance and back-stopping to councils - and to monitor the results on the ground becomes manageable.
5. Although preparations for implementation of the reform are progressing, implementation of certain activities cannot start before the needed changes to the legislation are set in place. Thereafter substantial additional preparatory work is needed as detailed in chapters 7 and 8. More time and funds for preparation and capacity building would be needed if the size of batch I were to be increased. Moreover, in-depth implementation in the first batch of councils must coincide with the financial year of local government to allow the new grant system to be installed and implemented. Hence in-depth implementation shall start by January 1999.
6. Finally, some form of phasing has been a key feature of local government reform in other African countries (such as Ghana and Uganda). The factors listed above are therefore not unique to Tanzania. It would, indeed, be very unusual if Tanzania were to embark on an attempt to implement an immediate countrywide local government reform.

4.1 The Phasing of the Reform and Selection of Councils

Certain specific reform measures will be implemented countrywide. However in-depth reform measures will be carried out in three phases, each phase comprising one third of all local authorities. The first phase (Phase I) comprises 35 district and urban councils. Phase II will commence one year later followed by the third batch two years later. Implementation of the reform for each of the batches will take two years, but in the second year of one batch the next batch will commence its reform. This process allows *four years* for the reform period to be completed.

The selection of districts for the first and second batches will be based on: (a) council application (demand); (b) assessment of the council's financial and management capacity in place; and (c) for certain councils only – willingness of donors to support the implementation of the reform in councils where they are already active. The 35 local councils with the highest capacities should be included in the first batch *provided that they*

are in a position to raise local revenue generation considerably. Dar es Salaam will be included in the first phase. It is important that the local councils in the first batch are both willing and capable to undertake the reform activities. A set of criteria will need to be developed that ensures this situation in order to enhance the prospects of a smooth local government transformation. Further details are provided in chapter 7.

4.2 The Policy and Legal Process

Significant changes in the existing legislation are needed so as to reflect the vision and objectives of the government on local government reform. Present legislation reflects an earlier and much more centralist vision of local government. It is also rather ambiguous about the features of central-local government relations, gives wide powers to the Minister, and is based on the ultra vires approach to legislation. Subsequent amendments and subsidiary legislation has added to its complexity. The desired legal changes needed to provide a sound basis for the implementation of the government's vision for a new local government are so substantial that various amendments/repeals to existing legislation will not be satisfactory. Amendments or repeals of Local Government Acts made in the early 1980s are necessary.

The amendments to the Local Government Acts shall be based on the government's vision, basic objectives and key principles for local government reform. It will enable the reform process to proceed in a phased manner as explained above. Furthermore, it will provide a framework within which subsidiary legislation can be made over the next few years thereby providing a firm and consistent basis for the restructuring of the present local government system and its relations to civil society and central government.

It should also be noted that the introduction of far reaching reforms in local government will necessitate certain amendments to the Constitution (see chapter 6). Many laws, not only in the proximate sphere of local government but also in other sectors currently within the purview of line ministries, will likewise need to be harmonised or rationalised through their modification, amendment, suspension, and in some cases may need to be repealed so as to make them consistent with the reformed local government system (further details are provided in chapter 6).

4.3 Specific and In-depth Changes in the Councils

Both countrywide immediate changes and in-depth reform measures introduced in a phased manner will be implemented.

The specific changes will be implemented in all councils countrywide as soon as the legal basis and the necessary preparations are in place. They will include:

- Repeals of certain sections of existing legislation
- New central-local relations
- Amendments of the Regional Administration Act to better establish the legal supervision and appellate powers of the Regional Commissioner
- Providing for decentralised management of staff by local authorities

- Strengthening democracy
- New provisions for the dissolution and suspension of local authorities by central government
- Provisions for minimum qualifications of council chairpersons
- More objective grading of councils
- New Code of Conduct for councillors and local government staff to provide for enhanced accountability of the councils to the people
- Better use of enforcement instruments (police and courts)

For Phase I, local authorities and subsequent phases, the following ‘in-depth reform package’ will be implemented following prior discussions and agreement with the councils concerned (for details see chapters 5 and 7):

- Restructuring of council administration and committee structure to reflect local priorities and resources
- Procedures and criteria for retrenchments of excess staff
- Revamping of revenue collection, administration and control
- Streamlining and strengthening planning and budgeting procedures so that plans and budgets better reflect local priorities
- Streamlining and strengthening financial management, administration and control
- Installing systems and capacity to make the council the appointing and employing authority of staff
- Training and sensitising councillors to their new obligations and rights in a decentralised system of local government

4.4 Consequential Changes at Central Level

In light of the visions and objectives of the government for central and local governments the roles, functions, structures and procedures of ministries (including the Regional Administration) must be revisited to make the various reform measures consistent with each other and mutually reinforcing.

With respect to the relevant government bodies this implies, for example, that measures must be taken to:

- Establish co-ordination mechanisms for central government relations with local government both with respect to division of revenue sources and public revenues (see chapter 5.6) and with respect to (sector) legislation, regulations, policies and guidelines (see chapter 5.12).
- Strengthen the capacity of relevant government bodies to analyse and assess the implication of proposed sector legislation, policies, realistic service standards and guidelines for local governments including the marginal ones.
- Strengthen the capacity of relevant government bodies (including the Regional Administration) to advise, assist and backstop local government authorities in performing their functions.
- Strengthen the capacity of relevant government bodies to perform audits and performance assessments and to ascertain that the results of such activities are utilised effectively by the councils.
- Strengthen the capacity of relevant government bodies to act as appellate bodies for aggrieved parties where such cases are not solved at the council level.
- Strengthen the capacity of relevant government bodies (including the Regional Administration) to gather and process data from the local government so as to provide a better basis for policy making and increase the transparency of local government operations

To achieve this, it is necessary to revisit the recommendations of the Organisation and Efficiency Reviews and the various sector reform proposals. It is also likely to be advantageous, and to result in substantial cost savings, to merge various service commissions and agencies at present dealing with local government personnel management (see chapter 7).

The Department of Local Government, to which the Local Government Reform Team is attached, is central to the reform activities. Its capacity needs in relation to the forthcoming significant changes in the local government system shall be given special consideration.

5. Amendments to the Local Government Acts

5.1 The Objectives

The objectives of the Local Government Reform have been outlined in Chapters 1 and 2 of this policy paper. The envisaged amendments to the Local Government Acts will create a system of local governments where powers, functions and revenues are decentralised from Central Government to all levels of local government.

The objectives of the Amendments are:

- to give full effect to the decentralisation of functions, powers and responsibilities and services at all levels of Local Governments;
- to ensure democratic participation in, and control of decision making by the people concerned;
- to enhance service provision and to bring services as close as possible to the local populations;
- to establish a democratic and gender sensitive, administrative set-up in local governments;
- to establish sources of revenue and financial accountability; and
- to provide for government by elected local councils.

The relations between central and local level governments will be based on consultations and deliberations, and local governments will be administratively non-subordinated to Central Government institutions. Local governments will operate within the framework of national legislation and will be supported and monitored according to the stipulations of the law.

5.2 The Local Government System

The following principles – derived from the policy statements mentioned in Chapter 1 above – should be made explicit in the amendments to the law and the new Act planned to be enacted later.

5.2.1 The Unitary State

Tanzania (mainland) is a unitary state. Local governments operate with discretionary powers within a national context of legislation and regulations enacted by Parliament and guidelines issued by Government. Local governments are obliged to follow national priorities as they are expressed in national legislation and development plans. Areas of national importance, including national policy making, law and order, national institutions and foreign relations, are the sole responsibility of Parliament and central government.

The Local Government Reform shall be a nation-building strategy, mobilising local resources and participation for the purpose of economic and social development.

5.2.2 The Unitary Local Government System

All local authorities will be governed by the amended local government laws. However, lower level local governments will be subordinated to higher level local governments regarding development planning, financial issues and bye-laws. There will be special provisions regarding the organisation structure for urban councils with city status. Local governments include cities, municipalities, districts, towns, township authorities and village councils.

Councils constitute the highest political authority within the jurisdiction of a local government and shall pass an annual budget, a development plan and sector plans according to regulations. They shall also adopt their own organisational and staffing arrangements. Councils may elect standing committees from their membership as prescribed in the laws. These standing committees may invite participants without voting rights. The relevant Head of Department shall assist the committee in its proceedings and serve as secretary of the committee but he or she will do so on a delegated basis, otherwise it is the responsibility of the CD.

Councils may delegate service provision responsibilities and other activities to private contractors, boards and other executive agencies, but shall remain with the political and financial responsibility.

Government will hold consultations with local government councils and their association(s) before any legislation or regulation concerning the operations of local authorities is enacted.

All new legislation and regulations leading to increases of the local governments' expenditure must be fully compensated by Government. This conditionality will be co-ordinated by the Minister responsible for local government. Reduction in mandatory expenditures of local governments will lead to a parallel decrease of central government transfers.

The new system of central-local relations will be reflected in all major policy areas of the amended laws, but will also be guiding the revisions of legislation of the major service policy areas.

5.2.3 The Holistic Local Government System

The holistic principle of local government implies that councils are the highest political authorities within their jurisdiction within the national, legal framework. Councils will have the overall responsibility for:

- local government finance,
- local government administration and organisation, and
- service delivery.

Local councils are multi-sectoral. All committees, boards etc. engaged in public service provision within the jurisdiction of a council will refer to that council; which may constitute committees and boards appropriate for execution of its policies.

Decentralisation is thus a comprehensive process encompassing the political, the financial and the administrative levels of local government. Village councils and Ward committees will have functional responsibilities as delegated by higher-level local authorities. These holistic principles must be included in the amendments to the Acts.

5.2.4 Flexibility of Local Government System

Local governments are empowered to apply their own committee systems and administrative structures, and set their own political priorities reflecting them in their plans and the budgets but within the national legal framework.

The amended Acts will thus *not* prescribe standardised political and administrative structures except regulate the conditions of councils and prescribe a CD and CT at the higher local government level. The Minister will issue model administration guidelines as indicated in section 5.5.

5.2.5 General Powers of Council

Local governments operate within a system of general powers, which implies that they are allowed to decide and implement all kinds of activities which are not in conflict with existing laws and regulations and which serve general welfare purposes. General powers may operate in combination with delegated powers.

5.2.6 Political Decentralisation: A Democratic System of Councils and Committees

The Local Government Reform supports the democratic development of society from the grassroots level. The highest local political authority in a local authority is the Council. Councils may delegate their responsibilities to standing committees, which are elected by councils from their members. However, passing the budget, amendments to the budget, passing development or sector plans or making bye-laws cannot be delegated by the Council.

Committee's elections and operational procedures will continue to be governed by the existing laws and regulations. There will be issued a Code of Conduct regulating the behaviour of Councillors and staff and their relations.

5.3 Central-Local Relations

Central-local government relations under decentralisation are characterised by the abolition of previous command relations. The new system is thus characterised by consultations and negotiations, support from ministries to local governments supplemented with regulatory directives and legal supervision of local government political and administrative decisions. The directory powers of Government vis-à-vis local councils are restricted to legal regulation with local governments' decisions. The general influence of local councils is secured through the legislative and regulatory powers of Government. Local government administrations are not subordinated to

central government ministries or agencies, but refer through their Heads of Department and Council Director to Council, who again operate within the national legal framework. The use of partnership and co-operative administration between Central and Local Governments will therefore be emphasised.

5.3.1 Main Features of Central-Local Government Relations

Within the system of central-local government relations described above, Parliament and Central Government possess the following instruments to guide and direct national development through local governments:

- Powers to make national legislation affecting local governments;
- Powers to issue regulations;
- Issuing of policies, guidelines and national standards including service delivery minimum standards;
- Negotiations and consultations;
- Training and capacity building related to local government;
- Information and advocacy related to local government reform;
- Financing (grant mechanisms);
- Appellate powers;
- Powers to audit, inspect and monitor;
- Powers to intervene when Local Governments operate illegally.

The central government will – as part of the reform process – strengthen its capacity and procedures for applying these instruments in a manner consistent with the government’s visions and objectives for the Local Government Reform (see also chapter 5.12, 5.13 and chapter 7). These instruments are stated in further detail in table 5.1 below.

Table 5.1 Schematic overview of the main features of central-local government relations¹

Issue	Parliament	Central Government	Local Government
Legislation and policy	<ul style="list-style-type: none"> <input type="checkbox"/> Supreme political body in the devolved system <input type="checkbox"/> Provides for roles of Minister and others in the devolved system 	<ul style="list-style-type: none"> <input type="checkbox"/> Powers to make policy within framework of the Constitution and legislation <input type="checkbox"/> In consultation with LAs develop and manage appropriate policy framework for LAs <input type="checkbox"/> Obligation to negotiate and consult with LA <input type="checkbox"/> Ascertain application and legality of LAs by-laws <input type="checkbox"/> Minister may assume executive powers of a LA under specific circumstances and upon approval by Parliament 	<ul style="list-style-type: none"> <input type="checkbox"/> Discretionary general powers and flexibility to make policy, legislation and operational decisions consistent with national legislation and government policy <input type="checkbox"/> Council accountable to the residents of its jurisdiction in the exercise of these powers <input type="checkbox"/> Obligation to negotiate with and the right to be consulted by CG on specific issues <input type="checkbox"/> Make and issue by-laws
Local government structures and committees	<ul style="list-style-type: none"> <input type="checkbox"/> Provides for mandatory and permissive powers <input type="checkbox"/> Oversees government operations 	<ul style="list-style-type: none"> <input type="checkbox"/> Advises LAs on structures and committees within the framework of the law 	<ul style="list-style-type: none"> <input type="checkbox"/> Decides on structures and committees according to own priorities within the framework of the law
Functions	<ul style="list-style-type: none"> <input type="checkbox"/> Enacts appropriate legislation <input type="checkbox"/> Oversees government operations 	<ul style="list-style-type: none"> <input type="checkbox"/> Functions as prescribed by law (Ministries to remain with very few limited and specific implementation powers) <input type="checkbox"/> Co-ordination of policies <input type="checkbox"/> Negotiate and agree with LAs about implementation of specific national policies 	<ul style="list-style-type: none"> <input type="checkbox"/> Main government implementor of important public services not reserved for central government <input type="checkbox"/> Discretionary general powers to operate according to own priorities within the law <input type="checkbox"/> Negotiate and agree with CG on implementation of national policies

¹ The table does not include the relations between the forthcoming Dar es Salaam City Council

Issue	Parliament	Central Government	Local Government
Finances	<ul style="list-style-type: none"> <input type="checkbox"/> Enacts appropriate legislation <input type="checkbox"/> Oversees government operations including those of local government 	<ul style="list-style-type: none"> <input type="checkbox"/> Powers to tax <input type="checkbox"/> Specified obligations to provide adequate grants to LAs <input type="checkbox"/> Right to audit and monitor LA finances <input type="checkbox"/> Apply measures against LAs contravening the law 	<ul style="list-style-type: none"> <input type="checkbox"/> Powers to tax; <input type="checkbox"/> Specified rights to grants; <input type="checkbox"/> Right to formulate, approve, execute budgets and plans within the law <input type="checkbox"/> Obligations to provide information to CG on financial administration and decision making
Staff	<ul style="list-style-type: none"> <input type="checkbox"/> Enacts appropriate legislation <input type="checkbox"/> Oversees government operations 	<ul style="list-style-type: none"> <input type="checkbox"/> Establish appropriate mechanism for recruitment and disciplinary matters <input type="checkbox"/> Serves as appellate body for LA staff <input type="checkbox"/> Provides certain types of training for LA staff <input type="checkbox"/> Apply measures against LAs contravening the law 	<ul style="list-style-type: none"> <input type="checkbox"/> Appoints all staff <input type="checkbox"/> Employs all staff <input type="checkbox"/> Manages all staff <input type="checkbox"/> Staff accountable to council <input type="checkbox"/> Obligations to adhere to labour laws and regulations in staff relations <input type="checkbox"/> Responsible for on-the-job training, etc.
Performance & Service delivery	<ul style="list-style-type: none"> <input type="checkbox"/> Enacts appropriate legislation <input type="checkbox"/> Oversees government operations 	<ul style="list-style-type: none"> <input type="checkbox"/> Sets national standards (including service delivery standards) <input type="checkbox"/> Inspects LA operations <input type="checkbox"/> Conducts performance audits and service delivery surveys <input type="checkbox"/> Advises LAs on service delivery <input type="checkbox"/> Facilitates capacity building for LAs <input type="checkbox"/> Apply measures against LAs that contravene the law 	<ul style="list-style-type: none"> <input type="checkbox"/> Deliver services in accordance with national policies and standards <input type="checkbox"/> Obligation to operate in an efficient and effective manner
Monitoring	<ul style="list-style-type: none"> <input type="checkbox"/> Enacts appropriate legislation <input type="checkbox"/> Receives reports on local government finance and performance 	<ul style="list-style-type: none"> <input type="checkbox"/> Monitors LA service delivery performance <input type="checkbox"/> Provides information to LAs and the public about LA performance 	<ul style="list-style-type: none"> <input type="checkbox"/> Obligation to provide information and reports needed for appropriate performance audits

5.4 Functions and Powers of Local Governments

5.4.1 The Subsidiarity Principle

Public service provision must be brought as close as possible to the end user. The principle of subsidiarity involves a decentralisation of public service provision linked to a devolution of political powers to lower levels as far as possible and feasible. This principle is to let local councils have discretionary powers when it comes to planning, budgeting, administration and organisation of service delivery. This requires a changed system of central-local relations with a system of local governments which are not administratively subordinated to central government. Councils may decentralise further and delegate or devolve management responsibilities to private contractors, user groups and boards, but they will remain with the financial responsibility and the planning and co-ordination powers. Standing committees will monitor and control the efficiency and effectiveness of the activities of such groups.

The amended laws should include that lower level local governments may be given devolved or delegated responsibilities following negotiations and mutual agreements between a district/urban council and a village/ward council.

Special efforts will be directed towards improvement of management capacity of all implementing bodies.

5.5 Local Government Organisation

5.5.1 Streamlining Local Government Administrations

In order to achieve the objectives of the Local Government Reform a new organisational structure of local governments is required. No uniform structure should be introduced. One model administration is shown below, which will constitute the basis of a guideline to be issued by the MRALG on reform of local government organisation. To achieve local ownership of local administrative structures the following procedure will be followed for each of the three phases:

Procedure

- 1) Mobile teams will be formed by the MRALG and supported by the Regional Secretariats.
- 2) The Team members (plus possibly local consultants) move to the Phase I districts (eventually to Phases II and III) to sit with the councils and the CD to deliberate a new, administrative structure.
- 3) A proposal for a new administrative structure is proposed by the Team.
- 4) The organisational plan is adopted or amended by the respective councils.
- 5) The Teams will assist the councils with implementation of the structure.
- 6) The new administrative set-up is included in the budget.
- 7) Recruitment of staff according to new manning level starts.

A Proposed Local Authority “Restructuring Process”

Three things will govern a local authority restructuring process:

- government policy,
- legislation,
- the development environment in which the council seeks to have an impact.

Government policy is explicit. *Councils shall adopt their own organisational and staffing arrangements* (5.2.2).

The local government bill will prescribe the existence of a council, its chairperson and two officers only, namely the council director (CD) and the council treasurer (CT). All other committees (of council) and directors will be proposed and approved by each council, according to local circumstances.

The local government bill will also state the general mandatory functional intentions (main clauses) and reiterate the detailed discretionary operational responsibilities (schedules). The main mandatory function is to pass an annual budget and to prepare a development and sector plan. The discretionary responsibilities will be determined by each council, according to local circumstances. For example, a predominantly rural council will be active in agricultural development; whereas a predominantly urban authority will have major public health concerns.

The development environment concerns the total physical, social and economic fabric upon which the council seeks to have a positive impact. The most fundamental impact is the provision of infrastructure and services to allow households and enterprises to flourish (the desired outcome). At its simplest level, the provision of infrastructure can include a school. The service delivered from that school would be education. A more general example would be water systems (infrastructure) for the provision of water (the service).

Within these three basic parameters (of policy, legislation and environment), a council structure must be created.

The Tanzanian local government system is based on committees and supporting departments. The committee is chaired by a Councillor, duly *elected* from the council. The department is led by a professional officer, duly *appointed* by the council.

The mandatory function of passing a budget and having a development and sector plan (to justify the budget), and the mandatory positions of CD and CT point to an overarching ‘policy and resources’ committee for the council. Normal practice is for that committee to determine all policy (and planning) and resource issues (concerning finances and personnel) arising from all other departments. Thus, development and sector planning and supporting budgeting (within the council’s geographical area) is the prime role for that committee, advised by the CD. All committee chairpersons are normally members. All council heads of department attend. This central committee usually has at least two sub-committees dealing with, respectively, all financial and human resource matters.

Beyond this, it is normal practice for other departments to be created according to the clusters of services provided. All such departments will be led by a professional officer (director) and supervised by a committee of the council, through its chairperson.

The committee and departmental structure should be reflected in the structure of the council's budget. Thus, if there are four committees, including a 'policy and resources committee', there will be four sub-votes.

Budgeting, according to these sub-votes, in the context of each council's development and sector plan, should result in the delivery and maintenance of infrastructure and services. These should support the physical, social and economic development of each council's area.

Thus, a proposed local authority restructuring process must create a structure that responds efficiently and dynamically to its operating environment. The specific targets for each council's restructuring should include:

- The reform policy – a liberated, performing local government
- The mission and purpose of local government
- Defining the council's operating environment (e.g. geography; economics, issues arising)
- Defining mandatory and discretionary functions, to impact on that environment (Act & schedules)
- Core and discretionary structures (departments & committees)
- Resulting tasks – the sectional structure
- (Introducing a later, second stage review – concerning schools, hospitals etc)
- Agreeing key activities for each task
- Defining staff needs for the council
- Surplus personnel
- Job descriptions for departmental heads (others later)
- Revised budget structure
- Programme for immediate implementation (e.g. re-tooling requirements)
- Costs for immediate implementation
- Initial consideration of training needs
- * Additionally; a cursory introduction to:
 - Indicative budgeting (PE & OC) for FY 2000
 - Generic establishment and specification lists
 - Development and sector planning
 - Annual planning and review cycle
 - Council capacity and performance targets
 - Planning and budgeting
 - LA capacity building monitoring framework
 - Sub-sectoral service impact monitoring framework
 - Development relationship with the regional secretariat (the RS operating manual)
 - Relationship with the supervisory ministry (e.g. on sector co-ordination).

* This will be followed up later with detailed support to help implement council planning procedures (see 5.8).

The underlying principle governing the restructuring process is one of efficiency; designing a structure and internal process that is able to have a meaningful impact on its environment, yet is affordable.

However, for smaller district and urban authorities the issue of affordability of such an elaborate structure arises. In order to economise with resources for the political leadership such as sitting allowances and to reduce the administrative costs, a simpler and leaner organisation would be required. Most issues of the Council need not to be delegated to standing committees but could be dealt within the Council. Possibly two standing committees could be created, i.e. a policy and resources committee and a general purpose committee dealing with most services.

Guidelines and an operational checklist for local government, on the process of council-driven restructuring, will be issued by the Minister.

5.5.2 Grading of Councils

Under decentralisation, where equalisation grant will be provided to some councils, there is no need for grading of the local authorities. Nevertheless, a local authority is a local government whatever its size and the same legal status and statute should apply to all. The point of emphasis is that a local council would be in a position to determine its own priorities when it comes to staffing and administrative structures.

5.5.3 Special status of Council Director

Various contractual arrangements to protect the office of the CD from undue political pressures should be considered including the possibility of MRALG posting CDs to local governments under the Interim period.

Administrative subordination of all departments under the CD

This arrangement is a logical consequence of a decentralised management system and is the spirit of the model presented above. Politically speaking the departments refer to the council.

5.6 Local Government Finances

Central and Local Governments have their own revenue sources and public revenues. As local governments are not financially self-sufficient, Central Government has to make transfers of grants to local governments according to objective criteria. It is crucial for the success of the reforms of both central and local government that sources as well as revenues are divided fairly, efficiently and transparently so that local governments have realistic revenue sources; that public revenues are increased; and that these revenues are used to improve service delivery. The present system of allocating sources and revenue does not meet these criteria.

5.6.1 Local Government Revenues

To make substantial increases in own revenues – and to enhance taxpayers’ compliance – the amended legislation shall make provisions for the following:

- increasing the cost-effectiveness of council tax collection by reducing the number of minor local government taxes which generally cost more to collect than they yield; simplifying the local government tax structure; and streamlining the administration of collection;
- introducing a less costly system of levying property tax in all urban councils;
- allowing user fees for all services that the Government does not declare as free;
- removing ambiguities and overlaps between central government and local government taxes and allocating the tax power to the most efficient collector (whether central or local government);
- making the local government tax collection system more transparent;
- securing a fair and equitable treatment of all tax payers;
- a regulation of local revenue sources, collection methods and accountability will be issued by the Minister.

5.6.2 Grants

The reform of the present grant system aims to improve:

- revenue generation;
- efficient use of resources for service delivery at all levels of government;
- equity in access to services;
- transparency and fairness in allocation.

Consequently, the reformed grant system shall be designed so as to provide clear incentives to councils to improve their own revenue generation.

Four principles shall be followed to increase efficiency. *First*, local governments shall have their own revenue sources and central government shall transfer grants to local governments on the basis of the functions carried out by them. This implies that there shall be no non-funded transfer/allocation of functions by central government to or from Local Authorities. *Second*, the grant system shall encourage councils to set their own priorities and use own revenues and grants accordingly in a cost-efficient manner. This means that significant unconditional grants shall be introduced. *Third*, the grant system shall allow national policies to be executed through local authorities. This means that either conditional grants may be established or national, minimum standards are introduced. *Finally*, individual grants linked to particular line ministries should as far as possible be avoided with the introduction of the reform.

The present grant system reinforces existing inequities in access to services. As a result an equalisation grant for clearly disadvantaged councils shall be established compensating local governments with a weak resource base.

Finally, to ensure that the new grant system is fair, transparent and efficient, a negotiating mechanism shall be set up to advise government on the division of revenue sources and public revenues between the two levels of government. This advice shall be used as an integrated part of the central government budget cycle.

Parliament and its relevant committee will oversee the negotiating process and will decide the actual government grants in the annual budget.

Consistent with the above principles, the amended legislation shall make provision for the following:

Central government shall provide substantial non-conditional recurrent and development grants to councils to finance decentralised services.

Central government policies are pursued by national standards or limited conditional recurrent and development grants to councils to finance activities agreed upon between the central government and Local Authorities. These grants shall be calculated on the basis of national standards for the activity concerned, and shall be executed by the councils according to the conditions agreed upon.

Central government shall provide equalisation grants to Local Authorities that are clearly disadvantaged compared to other councils.

Calculation of grants should be based on objective, reliable and fair criteria and be simple and transparent.

5.6.3 Financial Administration and Control

The aim of the reform with respect to financial administration and control is to improve:

- accountability in the allocation and use of own revenues and grants
- financial management capacity of councils
- the quality of local government planning and budgeting
- co-ordination between central and local government budget cycles

To increase accountability at the council level three principles shall be followed. *First*, Local Authorities shall have the right and obligation to formulate, approve and execute their budgets and plans provided that these do not contravene existing legislation. *Secondly*, measures shall be taken to strengthen the mechanisms by which the administration is held accountable to the council (and the general public at large) while, at the same time, keeping Councillors at arm's length from the day-to-day involvement in financial administration. Such measures shall include provisions for a code of conduct for staff and councillors, better and more regular information made available to the public about council finances, etc. *Finally*, the internal audit function shall be strengthened and made independent of the financial administration per se.

Financial accountability to central government shall also be improved. Central Government shall have the right to audit, inspect, and advise local authorities on a regular basis.

5.6.4 Local Government Budget

The Minister will issue a local government budget preparation circular including guidelines for:

- the budget cycle,
- the public participation,
- the relation to sector plans and work plans,
- the format of the budget,
- the general coding system to be applied,
- audit requirements.

5.7 Local Government Personnel

5.7.1 Objective of the Reform Component

The objective of the reform of the local government personnel is to create a better environment for public service delivery, i.e. a cost-effective local council management. This includes a non-subordinated local administration seen in relation to central government and normal employer-employee accountability structures between the local government administration and the local elected leadership.

5.7.2 Results of the Reform

A personnel management regulation is issued by the Minister, which points out that the results of the reform of local government administration include:

- mounting serious training of local government staff to safeguard professionalism;
- a service oriented local government administration enabled to utilise ROM and value for money management principles;
- the introduction of the Council as the employing and appointing authority;
- the establishment of normal political-administrative relations of a democratic governance system at the local level;
- the CD will continue to be the accounting officer to the council;
- the creation of cost-effective political-administrative systems;
- administrative non-subordination of local government to central government agencies;
- an increased flexibility and adaptive capacity of local government to satisfy local needs and accommodate to resource constraints;
- recruitment and promotion of local administrative staff on purely merit grounds;
- protecting local government personnel from any biased or illegal decisions by the employer and the securing of confidentiality in dealing with personal issues;
- Councillors and staff of local government being guided by a high sense of integrity and upholding incontestable ethical standards.

5.7.3 The Model for Local Government Personnel Management

The following main features of local government personnel management apply:

- a) The councils (District and Urban) will be fully responsible for the planning, recruiting, rewarding, promoting, disciplining, development and firing of their personnel. The councils will be the appointing authorities and employers for all local government personnel (including teachers, health staff, agricultural staff etc.). Job security and protection from undue interference from Councillors will be ensured through legislation, regulations and contracts together with appellant arrangements. The councils will not get directly involved in staff matters, but through their appointing committee will appoint and employ the Council Director (CD), the departmental heads and will adopt the staffing plans and budgets. The CD and HODs may, in an interim period, be posted by Central Government.
- b) Recruitment of lower grade departmental staff will be the responsibility of the HODs and the CD respectively – where the actual knowledge of skills requirement is most accurate. A basic principle will be that people in management/ supervisory positions are responsible for their personnel in terms of day-to-day operational matters and especially for staff development in terms of defining the present and future need for skills and experience. The local authorities' personnel functions are merely giving managers and staff specialist service regarding personnel matters.
- c) Local authorities shall continuously try to streamline their operations and organisation as described in section 5.5.
- d) Improved service delivery will require local authority staff to be less governed by cumbersome administrative procedures and more responsive to the actual needs of the general public – going from a bureaucratic behaviour to a service – and performance-oriented behaviour. This will require that HODs continuously discuss policy and ethical matters with their staff.
- e) Based on the principle that the CD and HODs have the immediate responsibility for the planning and development regarding their staff, the personnel function of a local council will be an internal support function and having the following main tasks:
 - Provide format and data for personnel planning within the departments.
 - Co-ordinate the different departments' manning and HRD plans.
 - Keep and update personnel records.
 - Provide advise on available staff training and development activities.
 - Organise and assist in staff recruitment.
 - Advise and assist in disciplinary matters.
 - Advise and assist all departments in personnel matters.
 - Assist with interpretation of rules and regulations within the personnel area.
 - Monitor the adherence to the personnel policy and existing rules and regulations.
 - Issue local directives on personnel matters.
 - Monitor unified methods and procedures within the authority concerning the entire personnel management issue.

- Provide appropriate training and capacity building in-service in order to improve service delivery capacity.
- Provide relevant information to central government agencies, i.e. the merged government personnel agency.
- Prepare for a) the establishment of a local payroll (computerised or manual) or b) appropriate arrangements with the Government agency to manage the local payroll based on accurate data.

Summary of responsibilities for key personnel management issues

Personnel management issues	Possible alternative arrangements
<p><i>Recruitment</i></p> <ul style="list-style-type: none"> • Council employing and appointing authority. • Council recruits CD and HODs (HODs after getting advice from CD). CD may be posted. • Recruitment of departmental staff delegated to CD in collaboration with HODs, within plans and policies approved by Council. <p><i>Job security</i></p> <ul style="list-style-type: none"> • Protection against undue or unlawful decisions or interference by council or Councillors to be included in local government regulations. • The relations between Councillors and executive staff should be stated in a code of conduct. • The Regional Commissioner to be appellate body for grievances in personnel matters. <p><i>Job career and mobility</i></p> <ul style="list-style-type: none"> • Promotions of professional staff is decided by the CD after proposals from HODs. • Internal transfers of staff between departments are proposed by HODs and decided by the CD. • Staff are recruited by application and can apply for a new position anywhere. <p><i>HRD development</i></p> <ul style="list-style-type: none"> • CD and HODs are primarily responsible for the development of their personnel. <p><i>Disciplinary matters</i></p> <ul style="list-style-type: none"> • Disciplinary matters should normally be the responsibility of the CD and HODs, with the possibility for appeal, first to Council then to RC. • Disciplinary matters concerning CD and HODs are the responsibility of the Council, with possibility to appeal. 	<ul style="list-style-type: none"> • CD initially during the reform impl. appointed by e.g. LGSC. • Local service commissions. <ul style="list-style-type: none"> • The merged Public Service agency installed as appellate body. <ul style="list-style-type: none"> • CD proposes, Council approves.

5.8 Planning Powers

District and urban councils are obliged to elaborate development and sector plans co-ordinated with the budget. District and urban council development plans must be:

- a) comprehensive, i.e. covering all sectors,
- b) include the financial implications,
- c) take lower level plans into consideration,
- d) take central government development objectives into consideration.

A development plan must be revised according to the procedures laid down in the local government planning regulation. This includes information and public participation arrangements.

Development plans may be called in by the Minister for inspection and subsequent amendment by the Council if the Minister finds it in conflict with the existing legal framework.

The public shall be given access to raise opinions before the plan is passed by the Council.

A system of policy-based planning and budgeting is being introduced in government. All ministries and independent departments now have draft annual reports and service improvement plans. Seven pilot ministries prepared performance budgets from these plans (in February-March) for FY 1998-99. This experience is to be consolidated in an operations manual for performance planning and budgeting. All ministries and departments may be instructed to prepare performance budgets, for FY 1999-2000.

The restructuring of the regional administration included the development of a policy-based planning and budgeting process. That process is described in the regional secretariat's operations manual. The point about that process is that it is tied explicitly to the needs and aspirations of council capacity building and its supporting resource allocation. In turn, this relates to council development and service planning, and service delivery. Therefore, the planning process to be developed for the councils should be in general conformity with the process being developed for the regional secretariat.

With this in mind, three things must follow. *First*, the link between ministry (sector) planning and council planning will be established. *Secondly*, the format and procedures for the preparation of council development and sector plans, their relationship to council budgeting and annual reporting, will be made clear. *Finally*, the RAS planning (and review) cycle – in its operations manual – will have to be tested, as part of the development of the council planning process, starting at the village level.

Guidelines and an operational checklist for local government, on the format and procedures for preparing and reviewing council development and sector service plans, will be issued by the Minister.

5.9 Legislative Powers

Local government councils can make by-laws not inconsistent with the Constitution or any other legal enactment.

The public shall have full access to such laws in accordance with the Minister's regulation on by-laws.

Where the Minister finds that the by-law is in conflict with the Constitution or any other legal enactment he shall, on the advice of the Attorney General, return the law to the local council for annulment or modification.

Where the District Council finds that a lower level local by-law is in conflict with the Constitution or any other legal enactment, the Council shall return the local law to the lower level local council for annulment or modification.

The Regional Commissioner (RC) may call-in any by-law for legal inspection and possible report to the Attorney General. There shall be no ex-ante control of by-laws by Government.

5.10 Delegation of Powers

A local council may delegate its service providing responsibilities to any other body in accordance with the subsidiarity principle. A local government council may not delegate the following responsibilities to any other bodies:

1. making and passing the budget
2. making and passing the development plan and the sector plans
3. any amendments to the budget
4. making by-laws.

5.11 Inter-Ministerial Co-ordination Committee

All sector reform initiatives directed towards local government and financial interventions should be co-ordinated by the PMO. An Inter-ministerial Co-ordination Committee shall be formed within Government at the PS level to oversee and adjust all initiatives taken by central government agencies in order to avoid duplication, contradictions and re-centralisation.

The co-ordination committee will be under the chairmanship of the PMO and will in particular include the Ministry of Regional Administration and Local Government, Ministry of Finance, Ministry of Education, Ministry of Health, Ministry of Water, Ministry of Works (roads), Lands, Community Development, Planning Commission, Agriculture, Civil Service Department and other ministries as required according to the issues at stake.

The mandate of the co-ordination committee is to facilitate the harmonisation of all current legislation, circulars, regulations, guidelines and other input from central to local governments in order to keep in line with the local government reform.

The inter-ministerial co-ordination committee should continue its work after the reform phases are over, as there will be a continuous need for co-ordination of sector ministries' input to the decentralised service sectors and of the financial regulations of local governments.

5.12 Regulation of Local Government

Provisions shall be made in the revised Local Government Acts to authorise central government to regulate and monitor local councils in order to secure lawful and unbiased decision-making. Monitoring institutions with their mandates are mentioned in the following sections:

Regional Commissioner's Office

The Regional Commissioner's office (RC) should be provided with legal powers in respect of accountability on the part of councils:

- to become an appellate body for complaints within a local authority;
- to intervene in cases where unlawful decisions are made by a council or by a local administration;
- to report to the Ministry on illegal behaviour by any actor within a local government;
- to receive complaints from citizens, user organisations and private contractors or businessmen dealing with the local government or affected by decisions made by the council;
- to call-in by-laws and development plans as required for legal inspection.

The decisions of the RC could be appealed against to the MRALG or taken to court.

Controller and Auditor General (CAG)

The Auditor General (CAG) is expected to follow the financial management of the local governments. For the practical arrangements, and as needs will demand, the CAG may appoint qualified private external auditors to deal with the local authorities' accounts.

The Civil Service Department/Commission

The merged Service Commissions into one Public Service Commission will be the final administrative appellate body in cases of recruitment and dismissals; where the aggrieved party finds that either biased or illegal decisions have been taken and have not been rectified at local levels.

The MRALG

The MRALG will have the overall responsibility for monitoring the councils. This includes a systematic assessment of the progress of the individual councils and reporting on successes and failures as a background for introduction of general provisions.

The courts

The courts will deal with cases not having been resolved by the already mentioned institutions and where legal issues are at stake. They will thus provide the ultimate protection of law and order within the local government system.

Regional Ombudsman

As an alternative to seeking redress in the court, local government staff may lodge their disputes and grievances with the regional ombudsman which will be established for that purpose.

Parliament

Parliament and its relevant committees will have the overall political and financial responsibility of the reforms. Parliament shall receive regular reports on the reform progress, the performance of the local governments currently in the process of being reformed and on the financial management.

5.13 Provisions for Dar es Salaam

Dar es Salaam City Council shall be included in the first phase of the reform. The City Commission shall make sure that the city and municipal administrations are in place and start operating by January, 1999

The three municipalities shall be regulated by similar legal instruments as any other municipal councils in the country.

The Dar es Salaam City Council will be composed of an equal number of Councillors from the three municipalities. The Mayor of Dar es Salaam City Council shall be elected by all Councillors representing the wards in the three municipalities of Ilala, Kinondoni and Temeke.

The Dar es Salaam City Council shall have co-ordinating powers regarding infrastructure and land use planning. Allocation of plots will be the responsibility of the municipalities as it will be the case for the other district and urban councils in the country. There will be an appropriate division of functions, responsibilities and resources between City and Municipal Councils in Dar es Salaam.

5.14 Enabling Provisions

The amended Acts will include enabling provisions for the Minister to create subsidiary legislation, regulations and guidelines to guide the reform process.

5.15 General Provisions (miscellaneous)

Includes various administrative issues.

Schedules

1. Central government functions.
2. Local governments in existence and conditions for how to create a new local government authority.

Regulations

There shall be issued the following regulations:

1. Local government Finance Regulation
2. Local government personnel management regulation
3. Local Government Council and Committee procedures Regulation
4. Code of Conduct
5. Local government planning guide
6. Dar es Salaam City Council regulations

6. Revision of Other Legislation

The government's visions and objectives with respect to a reformed local government system cannot be reached unless other legislation is revised. Specifically there is a need to revise certain articles in the Constitution. Moreover, certain provisions in various sector legislation, and in the Local Government Elections Act, need to be made consistent with the principles of the Local Government Reform through revisions and/or repeals.

6.1 The Constitution and the Election Law

Chapter 8 of the Constitution (consisting of sections 145 and 146) currently provides the basis for the existing local government system. In contrast with the provisions establishing other branches and institutions of governance, these provisions do not provide a sufficiently wide scope for the concept and effective implementation of the envisaged reforms, particularly with regard to the dynamic devolution of powers and functions from the central government to the local authorities. Secondly, by placing almost exclusive emphasis on "the institutions" of local government rather than the system of local government, the concept of local government is considerably restricted and, in its broadest new sense, cannot find sufficient accommodation in the existing provisions. The revision of the Constitution is therefore expected to address all these pending issues with a view to putting in place a stronger local government system.

6.2 Sector Legislation

Sector legislation needs revisions for two important reasons. One is that present legislation provides the ministries with important implementation functions. This is not consistent with the objectives of the civil service reform with respect to the future functions of central and sectoral ministries which emphasise policy making, regulation, certain control functions, and monitoring and evaluation. The other reason is that present sector legislation reflects the deconcentrated approach to governance which is practised at present. This is not consistent with the objectives of establishing a devolved system of local government.

Relevant sector legislation therefore needs to be amended and/or revised to ensure that the basic principles of the central and local government reform are applied consistently across sectors. This work will go hand in hand with the revision of the Local Government Acts.

7. The Implementation Process

This chapter outlines the main activities needed to implement the reform. It assumes that the amendments to Local Government Acts will be effected and that in-depth reform measures are introduced in the first phase of councils by January, 1999 as specified in earlier chapters. This timing is very tight considering the very substantial preparatory work that still has to be done. It will therefore require that the stakeholders make a number of important decisions in a speedy and timely manner as the reform progresses.

7.1 Organisational Set-up

The phased implementation activities will be co-ordinated by the MRALG through the Local Government Reform Team. The organisational arrangements will reflect the interrelations of the various reform activities. The specific arrangement at the three levels of government will be:

Central level. The component managers of the LGRT under the MRALG will be in charge of the preparatory activities, the reform activities, and the management and monitoring activities. The component managers will interact with task teams in the regional secretariats and local councils. The component managers will also interact with the relevant central government agencies and with ALAT. The component managers will be assisted by technical mobile teams.

Regional level. In each Regional Secretariat, officers from the Management Support Unit will be appointed to the regional level reform task team. The functions of the regional level task team will be to provide support to the local councils with the reform activities; and to advise the component managers on possible modifications and needs of support.

Council level. (i) Reform Team: The respective district/municipal/city councils will approve the reform measures worked out by the council reform task force assisted by the mobile team. The latter will ensure that the changes are consistent with the established reform concept and framework but will not impose specific changes on the council. In each council, a few members of the DMT will, jointly with the CD and the CT along with a few Councillors constitute the council reform team. It will be comprehensively involved in the entire reform process. The functions of the local reform team will be to implement the in-depth reform package suitably adjusted to local circumstances and political priorities as decided by the council. It will report to the Finance and Planning/Administration Committee. (ii) The Council Reform Teams will seek the views of the informed members of the society, and especially the people at grassroots level, so that the reform becomes as participatory as possible thus enhancing ownership of the reform by the local population.

7.2 Implementing In-depth Reforms at Council Level from January, 1999

From January, 1999 the reform process at the local government level will commence. This implies an active involvement of local councils in the planning and implementation of the reform assisted by local consultants, mobile teams and staff members of the regional secretariats. The entire process will be closely monitored and evaluated by the MRALG and the Reform Secretariat.

The processes at the local level include the following main areas of responsibilities:

- New organisational structures
- Improved revenue generation
- Recruitment and retrenchment
- Budgeting and planning procedures
- Council and committee procedures
- Capacity building and training

These reform issues will be implemented with the assistance of the following bodies and agents:

- **Local level reform team:** For each of the 35 Phase I Councils as already mentioned.
- **Short term local consultancy teams:** A short term consulting team will be appointed to assist the component managers with the preparatory activities such as: budgeting and planning, preparation of detailed personnel management manuals, training of regional and local task forces to become 'trainers' for staff in the local councils; facilitation of the mobile teams in the initial stage, and preparation of awareness campaigns. A second short term team will be appointed to undertake the public service surveys.

- **Mobile reform teams:** Five mobile teams of Tanzanian experts comprising an institutional/administrative specialist and a financial management specialist as well as experts from the ministries of Education, Health and Agriculture will be appointed. These teams will deal with all aspects of the reform programme. In relation to the personnel management system, the technical teams will assist the component manager with monitoring and reporting of progress in the districts; and provide technical support to the local reform teams; and liaise with the regional reform teams. The mobile teams will each be assigned to a number of councils which they will visit regularly during the implementation phase.
- **Payroll management team:** A payroll management team will be appointed to install computer-based payroll management systems (or manual systems in districts which do not have electricity); and to provide appropriate instructions to enable council staff to operate the system. The team will report to the CD and will therefore be operating in the councils most of the time.

Regional level. In each Regional Secretariat, officers from the Production, Management and Social Sector Support Units will be appointed to the regional reform team. The functions of the regional reform team will be: to provide support to the local councils with the reform activities; and to advise the LGRT on possible modifications and needs of support.

Various regulations, guidelines and manuals will be elaborated to assist both trainers, councils and Council Reform Teams with their implementation. These include:

Preparation of detailed personnel management manual. The manual shall incorporate all elements of the personnel management system and elaborate on what the institutional and administrative implications will be at local, regional and central levels. Since the new personnel management system will be decentralised, the main focus of the manual will be on the local level. Correspondingly, the main target group for use of the manual will be local council staff. The manual shall be regularly updated during the implementation phase as clarifications on outstanding details are made.

Financial, budgeting and coding regulations and manual. Based on the regulations a detailed manual shall be elaborated on financial management. The manual will also appear in a shorter and more popular version for Councillors.

Development planning regulation and manual. While the regulation is essential for the professional staff, the manual is particularly aiming at council and committee members in order for them to be in a position to deliberate and pass development plans related to the budget, sector plans and work plans.

Training and capacity building initiatives are essential for the successful implementation of the reform at the local level.

Training of trainers. The local and regional reform team members will participate in ‘training of trainers’ courses with the dual purpose of: introducing the reform team members to the concepts and implementation strategies of personnel management manual; and enabling the task force members to give appropriate instructions and guidance to local council staff and Councillors. The training sessions will also serve as the initial introduction to the new personnel management system.

Mobilisation and awareness campaigns. Following the selection of the first batch of local councils to undergo the local government reform, staff and Councillors will be mobilised to take part in the reform activities. The criteria for selection of the first batch of districts will emphasise the councils’ interest and capacity to undergo the transformation process, which will imply that mobilisation will mainly be concerned with identification of staff to be directly involved in the implementation process, agreements on tasks to be undertaken and the time frame.

Local government service review. Prior to launching of the reform process, public service reviews are recommended to be conducted in each local council. The public service reviews will provide inputs to all reform components by pointing to opportunities and constraints in the local councils’ service delivery performance and management. Subsequent public service reviews will be undertaken to document the impact of the reform process. Specific indicators will be developed for all the reform components. As regards the personnel management, the public service reviews will provide information on the existing personnel management systems, the staff’s capacity and competence, and attitudes among Councillors and staff regarding local government services.

Implementation of new recruitment procedures implies that the following steps must be taken:

Drawing up of model contracts. Professional staff are normally employed on a contract basis, and councils will be provided with model contracts to assist them with the recruitment of staff.

Development of administrative organisation and staff plan. This will be one of the first duties of councils in Phase I, and councils plus the Council Reform Team will be assisted by the mobile teams in their efforts. A new organisational plan, committee structure and staff plan will be the end result of this process.

Recruitment of staff. With the passing of a new staff plan, recruitment of the needed staff can commence. The existing staff will all be given a proper notice and will be asked to apply for the jobs offered. Job openings for professional staff will be advertised nationally.

Retrenchment of Surplus staff. All staff will be given notice that the posts they are occupying are to be declared vacant, and will be given opportunity to apply for them. Those who will not be recruited will be retrenched.

8. Indicative Estimates of Financial Implications of the Reform Implementation, Phase I

At this stage only indicative estimates can be made. Costs of certain activities included in the Local Government Reform Agenda are not estimated, namely (a) the costs of restructuring Dar es Salaam City Council; (b) costs of retrenchments (which could be substantial, but which will lead to future savings on council wage bills); (c) establishment and running of a general training fund (d) the establishment of a possible District Development Fund; and (e) the cost implications of implementing consequential changes at central level as outlined in chapter 4.4 (partly to be implemented through the Civil Service Reform). Only the financial implications of the forthcoming preparations and implementation of Phase I are dealt with. Phases II and III costs will at least be of the same magnitude.

Funds for the preparations and implementation will be mobilised from four sources as indicated earlier, namely local governments themselves; central government; donors through basket funding arrangements; and donors through direct support of the reform activities in councils that they already support.

The cost sharing arrangements, and more precise estimates of funding arrangements, will be made during the coming months, and will provide a firmer basis for the mobilisation of funds. Indicative estimates of funding requirements at council, regional and central levels are made below. One US dollar is equivalent to Shs. 670.

8.1 Council Level Requirements

Implementation cost will vary significantly from council to council depending on its size, present capacity, and council priorities. The figures below are indicative averages for *one average council to complete a two year in-depth reform*.

Major activity	USD	Comments
Workshops for Councillors	1000	Training material
Workshops for staff	5000	Training material
Upgrading of HQ facilities	30000	Computer, etc. as appropriate
Monitoring costs	10000	Inspections, meetings, reporting
Audit by external auditor	15000	Once a year
Management training follow-up	20000	Need based
Increased recruitment costs	12000	Costs to recruit own staff
Miscellaneous	7000	
Total per district for two years	<u>100000</u>	

In councils with direct donor support some of these costs may be different.

8.2 Regional Level Requirements

Funding requirements for *one region* are estimated below. If the Phase I councils are located in all regions costs will - initially - be greater. Moreover implementation and monitoring capacity at central level will be under greater strain. It will be advantageous to concentrate phase one councils in fewer regions.

Major activity	USD	Comments
TOT for regional reform team	1000	Training material
Reform team training of LA staff	120000	Transport, accommodation, allowance, material
Miscellaneous	9000	
Total for one region for two years	<u>130000</u>	

Actual costs will depend on the number of councils included per year in a particular region.

8.3 Central Level Requirements

The estimates below do not include recurrent funding for LGRT and other normal operating activities.

Major activity	USD	Comments
Local Government Reform Team		
Upgrading of office facilities	120000	Meeting rooms, extra offices, equipment
4 Mobile Teams		
2 LG experts/team for 2 years	960000	Operate in councils/regions
1 driver/team for 2 years	115000	
1 four-wheel drive/team	140000	
Running vehicle for 2 years	120000	30000km/year per vehicle
Technical Assistance		Tanzanian and external
Immediate stop-gap for LGRT	48000	Until CTA is in place
Drafting bill: quality assurance	16000	May-September
Action plan and funding	70000	4-6 persons team; 1 month
Preparation of regulations	42000	2-4 persons team; 1 month
Service delivery/capacity assessment	40000	3 persons team + mobile teams
Writing manual, training material	96000	1 person; 6m; backup to mobile telephone
Councillor workshop	50000	3 days; centrally; 5 cncll/council
Awareness Campaign	150000	Radio
Miscellaneous	50000	
Total for two years	2017000	

8.4 Indicative Financial Requirements

Assuming 35 councils in the first batch covering all regions the indicative financial requirements for preparations and implementation of Phase I are

Major activity	USD	Comments
Councils	3500000	USD 100,000 allocated for each council
Regions	2600000	It is preferred that each region be represented in the first phase
Central	2017000	-
Total for preparations and Phase I	8117000	