

TANZANIA

UNITARY COUNTRY

BASIC SOCIO-ECONOMIC INDICATORS

INCOME GROUP: LOW INCOME

LOCAL CURRENCY: TANZANIAN SHILLING (TZS)

POPULATION AND GEOGRAPHY

Area: 947 300 km²**Population:** 57.310 million inhabitants (2017), an increase of 3.2% per year (2010-2015)**Density:** 61 inhabitants / km²**Urban population:** 33 % of national population**Urban population growth:** 5.3% (2017 vs 2016)**Capital city:** Dodoma (0.5% of national population)

ECONOMIC DATA

GDP: 163.9 billion (current PPP international dollars), i.e. 2 946 dollars per inhabitant (2017)**Real GDP growth:** 7.1% (2017 vs 2016)**Unemployment rate:** 2.3% (2017)**Foreign direct investment, net inflows (FDI):** 1 180 (BoP, current USD millions, 2017)**Gross Fixed Capital Formation (GFCF):** 33.1% of GDP (2016)**HDI:** 0.538 (low), rank 154 (2017)**Poverty rate:** 59.9% (2016)

MAIN FEATURES OF THE MULTI-LEVEL GOVERNANCE FRAMEWORK

Tanzania is a democratic unitary republic divided between Mainland Tanzania and the Archipelago of Zanzibar with a separate government. Mainland Tanzania has a unicameral National Assembly composed of 357 members, of which 239 are elected, five are elected by the Zanzibar House of Representatives and ten are appointed by the President. Zanzibar' legislative power is vested in the House of Representatives made up of 82 members, of which 50 are elected and 10 are nominated by the President of Zanzibar. In both chambers, special seats are reserved for women members (102 in Mainland Tanzania and 20 in Zanzibar). The President is the Head of State and Head of Government and is directly elected for a maximum of two five-year terms. The President of Zanzibar is also directly elected and is responsible for Zanzibar domestic affairs.

In mainland Tanzania, the 1977 Constitution states that the National Assembly must provide for local government through legislation (articles 145 and 146). In Zanzibar, provisions for local governments are mentioned in the 1984 Constitution (article 128). The main legislation regarding Local Government are the Local Government Acts (1992, amended in 1999), the Zanzibar Municipal Council Act (1995) and the District and Town Councils Act (1995). The Minister of State in the President's Office - Regional Administration and Local Governments is responsible for the administration of local government legislation in mainland Tanzania.

After being abolished in 1972, local governments were re-introduced in 1982 through the enactment of several acts, which went concurrently with the amendment of the Constitution in 1984. In 1997, the Local Government Reform Program, with its subsequent funding mechanism, the Local Government Development Grant, was introduced to improve the access and quality of services provided by subnational governments and was aimed to promote democratic, accountable and autonomous local governments, with wide discretionary powers and a strong financial base. This Program had been the main vehicle for operationalizing the national government's decentralisation policy. In 2018, however, the Local Government Development Grant was discontinued due to a lack of resources.

Elections for local government leaders are held every five years at the same time as those of the president and members of the Parliament under the first-past-the-post system. They were last held in October 2015. There is a legal requirement that women must occupy at least one-third of ward representatives' and 25% of village council seats. In 2015, the prescribed special seats have increased the number of women councillors to 978 across all authorities.

TERRITORIAL ORGANISATION

2017	MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGS
	Districts (<i>wilaya</i>)			
	Average municipal size: 228 066 inhabitants			
	169			169

OVERALL DESCRIPTION. Tanzania is divided into 31 regions – 26 on the mainland and 5 on Zanzibar – for administrative purposes. The regional committees and offices are accountable to the President's Office - Regional Administration and Local Governments, and are mandated to provide technical advice and exercise supervision to the District councils, facilitating the local governments' functions within the region.

DISTRICTS are the main units of local governments in the country. Currently there are 196 local councils operating in 169 districts, 34 of which are urban and 135 are rural (also called district councils). Moreover, for administrative and electoral purposes, all urban districts are divided into wards and neighbourhoods (*mtaa*), while all rural districts areas are divided into wards, villages and hamlets (*vitongoji*). The urban and district (rural) councils comprise members elected from each ward, members of parliament representing constituencies within which the urban or rural area is situated, and women appointed by the National Electoral Commission in proportion to the number of elected seats of the council.

The 34 urban districts are classified as town, municipal and city councils. This classification depends on the population size, town councils being smaller than municipal councils which in turn are smaller than city councils. Some urban areas such as Dar Es Salaam have more than one council within the same

district. Urban districts are administered by urban councils, which are headed by chairpersons or mayors indirectly elected by the other councillors. The 135 district (rural) councils are divided into villages, which are administered by a village council elected by the village assembly.

In addition, urban and district (rural) councils must set up committees in specific sectors such as finance, administration and planning, education, health and water or economic affairs and environment. Local governments may establish further committees within the limit set for each type of local authority. Priorities for local service delivery and local development projects are discussed by the different committees established at the sub-rural and suburban levels before being directed to the Ward Development Committee, which will coordinate and supervise project implementation. The Ward Development Committee is comprised of the elected ward councillor and chairpersons of all village councils within the ward. It also includes members of the district council, and invitees from other groups involved in the promotion of ward development.

Around 83% of the national population dwell in municipalities with between 100 000 and 500 000 inhabitants and only approximately 5% live in municipalities whose population size is greater than 1 million, for instance municipalities in Dar Es Salaam Region.

SUBNATIONAL GOVERNMENT RESPONSIBILITIES

According to the 1984 Constitution, local government should enhance the democratic process within its area of jurisdiction and facilitate the expeditious and faster development of the people. Local governments are responsible for consolidating local services and empowering citizens to participate in social and economic development. In particular, urban and district councils are mandated in their area of jurisdiction to maintain peace, order, and good government; promote social welfare and economic well-being, as well as social and economic development in line with national policies; regulate and improve agriculture, trade, commerce and industry; enhance the health, education, and the social, cultural and recreational life of the people; relief poverty and distress; as well assist and ameliorate life for the young, the aged and the disabled or infirm. In addition, local governments coordinate and supervise the implementation of plans for economic, industrial and social development in their respective areas.

MAIN RESPONSIBILITY SECTORS AND SUB-SECTORS

MUNICIPAL LEVEL	
1. General public services	Public buildings and facilities; Salaries and administration costs; Civil Status register
2. Public order and safety	Facilitation of maintenance of law and order; Police; Fire protection
3. Economic affairs/transports	Roads (maintenance, construction, lightning); Transport; Ports; Airports; Agriculture, forests, fisheries; Local economic development and promotion; Trade and industry; Tourism
4. Environmental protection	Refuse collection and disposal; Environmental protection
5. Housing and community amenities	Construction and renovation; Housing; Town planning; Gas Service; Electricity; Water supply and sanitation; Cemeteries and crematoria; Slaughter-houses; Consumer protection
6. Health	Primary care; Hospitals; Health Protection
7. Recreation, culture & religion	Theatre and concerts; Museums and libraries; Parks and open spaces; Sports and leisure
8. Education	Primary, secondary and adult education
9. Social protection	Kindergarten and nursery; Family welfare services; Welfare homes; Social security Housing subsidies and benefits

SUBNATIONAL GOVERNMENT FINANCE

Scope of fiscal data: municipal, town and district councils. All data provided on SNG Finance refer to Mainland Tanzania only, excluding Zanzibar.	SNA 2008	Availability of fiscal data: Medium	Quality/reliability of fiscal data : Medium
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GENERAL INTRODUCTION. As established in the Local Government Finance Act of 1982 (amended in 1999), local governments have the power to levy taxes (property taxes), collect rents, fees (taxi registration, bus stands, forestry products) and charges. However, the bulk of local governments' revenue comes in the form of sector-specific transfers from national government. Government transfers and donor basket funds are the most significant income sources for local governments. The majority of these resources are recurrent grants which are linked to line ministries responsible for education, health, water, roads and extension services, corresponding to the key services provided by local governments. Other smaller transfers take the form of development and equalization grants.

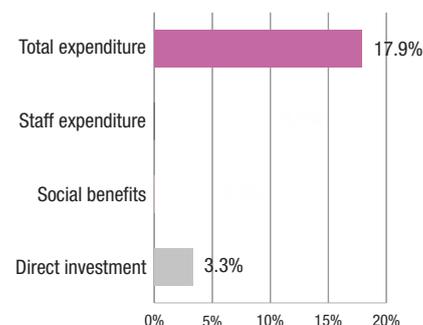
The national government has undertaken several reforms to increase the resources available to local governments and increase the efficiency of their usage through changing the incentive structure of the intergovernmental fiscal system, albeit with meagre results in terms of increased subnational finance.

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SUBNATIONAL GOVERNMENT EXPENDITURE BY ECONOMIC CLASSIFICATION

2016	DOLLARS PPP / INH.	% GDP	% SNG EXPENDITURE	% GENERAL GOVERNMENT EXPENDITURE (SAME EXPENDITURE CATEGORY)
Total expenditure	40.2	4.1%	100%	
Incl. current expenditure	32.8	3.3%	81.5%	
Staff expenditure				
Intermediate consumption				
Social expenditure				
Subsidies and current transfers				
Financial charges				
Others				
Incl. capital expenditure	7.4%	0.8%	18.5%	
Capital transfers				
Direct investment (or GFCF)	7.4%	0.8%	18.5%	

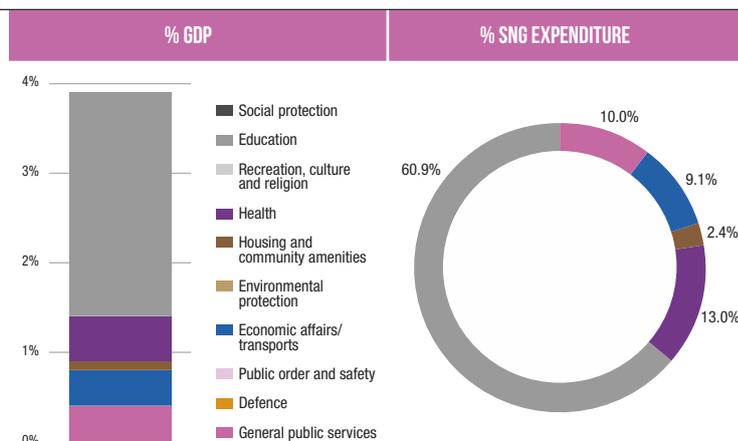


EXPENDITURE. In 2016, SNG total expenditures amounted to 40 dollars PPP/inhabitant, representing 17.9% of general government expenditure and 4.1% of GDP. More than 4/5 of the expenditure corresponds to current expenditure, less than 1/5 is allocated to capital expenditure.

DIRECT INVESTMENT. Investments in education and health facilities and road construction account for the bulk of SNG capital expenditure.

SUBNATIONAL GOVERNMENT EXPENDITURE BY FUNCTIONAL CLASSIFICATION – COFOG

SNG expenditures are mainly focused on education (primary and secondary) which accounts for 60% of the total spending, followed by the health, roads, water and agriculture sectors.



SUBNATIONAL GOVERNMENT REVENUE BY CATEGORY

	DOLLARS PPP / INH.	% GDP	% GENERAL GOVERNMENT REVENUE (SAME REVENUE CATEGORY)	% SNG REVENUE
Total revenue	45.1	4.6%	18.9%	
Tax revenue	2.2	0.2%	1.6%	4.8%
Grants and subsidies	40.4	4.1%		89.7%
Tariffs and fees	0.9	0.1%		2.1%
Property income	0.7	0.1%		1.5%
Other revenues	0.9	0.1%		1.9%

OVERALL DESCRIPTION. Intergovernmental transfers are the largest source of local governments' financing (representing nearly 90% of SNG total revenue). This reflects high dependency of the local governments on central government subsidies. Local governments receive their funds from national budget allocations through different ministries. In addition to national budget allocations, local governments can raise funds from different sources, including fees (e.g. on forest products), licenses, property taxes and rents, charges and fines. Generally, local governments have a weak revenue base. To remedy the situation, the Local Government Finance Act of 1982 was amended in 1999 to appoint local governments to issue licences to commission agents, manufacturers' representatives, brokers, travel agents, motor vehicle sales, import trade, regional trade, and companies' co-operative societies.

TAX REVENUE. Local authorities have the ability to levy taxes, fees and charges. These include the council property tax, a tax on crop cession, a tax on forest produce cession, a guest house tax, a service levy, among others. Most of these taxes are difficult to collect. Local governments are not able to create taxes besides those allocated to them by the central government. Property tax is levied at flat rates on the property value by the municipal or city councils. Applicable rates vary depending on the size, use and location of the property.

GRANTS AND SUBSIDIES. Transfers are the main source of revenues for local governments. Transfers to local governments include earmarked transfers for five national policy priority areas which are education, healthcare, water, roads and agriculture, and public administration. These recurrent transfers are mainly earmarked for education (around 60%) and healthcare (around 16%) to cover operational activities (paying salaries for public servants), as well as for goods and services, normal repairs and rehabilitation and maintenance of equipment. 30% of national revenues from the fuel levy are transferred to local governments for the maintenance of roads. Local governments also receive 20% of the national revenue from land rent. In Zanzibar, local authorities may receive transfers from the Revolutionary Government of Zanzibar in the form of conditional grants, block grants, equalisation grants, state support grants, as well as donor grants.

As far as capital grants are concerned, a significant part of them is related to the Local Government Development Grant (LGDG) – a performance-based grant system and the main vehicle for allocating development grants to local governments in mainland Tanzania. The Local Government Development Grant transfers across subnational governments are made using a horizontal allocation formula and linked to performance on financial management aspects (including a set of minimum conditions and performance measures). Local Government Development Grant is divided into three types of grants: council development grant, capacity building grant and monitoring and evaluation grant.

OTHER REVENUES. Other revenues for local governments include fees for user services (e.g. parking, refuse collection, health facilities), administrative fees (e.g. for market stalls, auctions, land surveys), license fees (e.g. business and professional licenses for commercial fishing, liquor), fines, permits (e.g. building permits) and property income, among others. Local governments are only able to levy fees authorised by central government legislation.

■ SUBNATIONAL GOVERNMENT FISCAL RULES AND DEBT

	DOLLARS PPP/INH.	% GDP	% GENERAL GOVERNMENT DEBT	% SNG DEBT
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Total outstanding debt

Financial debt*

* Currency and deposits, loans and bonds

FISCAL RULES. With regards to budgetary accountability and reporting, the Ministry of Finance and Planning requires local governments to report quarterly on both the financial and physical progress of the resources received. Physical progress is reported in the Council Development Report (CDR) whereas financial progress is reported in the Council Financial Report (CFR). Reports are submitted to local government's council for consideration and approval, before being submitted to the President's Office - Regional Administration and Local Governments to show that funds disbursed to local governments are accounted for. As part of the annual reporting, local governments are required to prepare and publish Annual Performance Reports on the results of activities and programmes in their strategic plans and submit them to the President's Office - Regional Administration and Local Governments, usually by 30 September.

DEBT. Local governments can borrow from financial institutions and pension funds. As per section 11(1) of the Local Government Finance Act of 1982, a local government may only take out a loan in the United Republic of Tanzania and with the approval of the Minister responsible for local government, who shall also consult with the Minister responsible for finance. In FY 2016/2017, total local government borrowing amounted to 381 393 730 shillings (i.e. 175 185 dollars PPP).

Local governments process fresh loan requests (only for major projects such as road) to the President's Office - Regional Administration and Local Governments for approval. The request is accompanied by the applicant's own revenues for the last three years and the schedule for payment of interest and repayment of the loan. After scrutiny and approval (if given), the request is sent to the Prime Minister's Office.



Lead responsible: UNCDF
Last update: 02/2019

www.sng-wofi.org

Socio-economic indicators: OECD // World Bank // UNDP // UN Desa // ILO.

Fiscal data: World Bank (2018) The World Bank In Tanzania // Ministry of Finance and Planning (2017) The Budget Execution Report for the Fourth Quarter and Fiscal Year 2016/17 (July 2016 – June 2017) // National Audit Office (2017) Annual General Report of the Controller and Auditor General on the Financial Statements for the Year Ended 30th June, 2017.

Other sources of information: Commonwealth Local Government Forum (2018) The Local Government System in Tanzania – Country Profile 2017-2018 // Cities Alliance and UCLGA (2018) Assessing the institutional environment of local governments in Africa // PEFA (2016) Sub-national (Local Government) PEFA Assessment in Tanzania - Final Consolidated Report // National Bureau of Statistics (2012) Population and Housing Census // Kessy, A. (2011) Local Government Reforms in Tanzania: Bridging the Gap between Theory and Practice, in Democratic Transition in East Africa // Shadrack, B (2010) Local Government Authorities in Tanzania.