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Tanzanian Rural Livelihoods: Towards a More Enabling Institutional Environment

by

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ABOUT LADDER

LADDER is a research project funded by the Policy Research Programme of the UK Department for International Development (DFID) that seeks to identify alternative routes by which the rural poor can climb out of poverty. LADDER is working with nearly 40 villages and 1,200 households in Uganda, Tanzania, Malawi and Kenya to discover the blocking and enabling agencies in the institutional environment facing rural people that hinder or help their quest for better standards of living for themselves and their families.

This working paper represents work-in-progress and the reader is advised that it has not been subjected to academic quality control, nor edited for errors of fact or interpretation. The paper forms part of a mosaic of research findings that will contribute towards an overall picture of rural livelihoods and micro-macro links to poverty policies in the case-study countries. The findings and views expressed here are solely the responsibility of the authors and are not attributable to DFID.

All available Working Papers and Village Reports can be downloaded from the project website: http://www.uea.ac.uk/dev/odg/ladder/, which also details other information about the project. For any further enquiries, please email j.mims@uea.ac.uk.

Acronyms

CCM	Chama Cha Mapinduzi
CIS	Community Initiative Support
DC	District Council
LADDER	Livelihoods and Diversification Directions Explored through Research
LGRP	Local Government Reform Programme
LGA	Local Government Authority
MRD	Morogoro Rural District
NPES	National Poverty Eradication Strategy
OC	Other Charges
PE	Personal Emoluments
PO-RALG	Presidents Office – Local Government and Regional Administration
PRSP	Poverty Reduction Strategy Paper
RDS	Rural Development Strategy
SACCOS	Savings and Credit Co-operative Societies
TASAF	Tanzanian Social Action Fund
TDV	Tanzanian Development Vision
UMADP	Uluguru Mountain Agricultural Development Project
VEO	Village Executive Officer
WDC	Ward Development Council
WEO	Ward Executive Officer

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Summary

The research in this paper addresses several interlocking aspects of the institutional environment in which rural livelihoods are played out. Specifically, findings from research at village, ward and district levels, in two districts of Morogoro region, are used to examine how the changing nature of local government may facilitate and inhibit rural livelihoods for example, through increased grassroot participation, better service delivery and 'blocking' institutional arrangements such as rural taxation.

A sense of realism about the limitations of decentralised local government and its place in the wider policy space is conveyed. Significant capacity, accountability and resource constraints are identified, which may limit the degree to which the decentralisation process will achieve the goal of meaningful participation. In addition to the challenge of ensuring quality local staff and politicians in remote districts, much will depend on the degree to which officials and politicians are downwardly accountable to their constituents. In many cases a culture of disinformation exists which is not conducive to successful local government. A shift in the values of rural citizens away from the expectation of 'development from above' toward a greater sense of ownership and active citizenship is required. In inducing this change, programmes of community training, legislation that makes plans and budgets widely available, effective control of corrupt behaviour and the availability of greater financial resources at sub-district level are all necessary pre-requisites, though such shifts will not happen overnight.

Whilst decentralised local government is seen as a key vehicle for achieving the aims of the PRSP, there is a potential contradiction between the current means of achieving PRSP targets (through sector specific conditional grants), and the objectives of local participation that supposedly underlie the drive for decentralisation. Importantly this contradiction is not simply a question of limited fiscal decentralisation as many policy makers perceive it, rather it is concerned with two potentially conflicting development ideologies – bottom-up planning and national poverty reduction plans. Further, the quest to ensure local autonomy through increasing local revenues in poor rural areas may not be commensurate with promoting the livelihoods of the poor.

The challenge is therefore to clearly define how decentralised local government can feed into national pro-poor policy whilst ensuring meaningful local participation. In the case of social sector provisioning there are strong arguments that national

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programmes, albeit implemented through decentralised local governments, may be the best means of ensuring national poverty reduction. In the case of promoting rural growth, the significance of local specific factors may necessitate a more flexible approach that cedes more autonomy over spending, to local authorities. Conversely, it is vital that central government prevents the development of institutional arrangements at local level, such as rural taxation that are inimical to trade, investment, and enterprise in rural areas. Creating an enabling environment for promoting rural livelihoods, so necessary for sustained economic growth, must not be overlooked in the drive for better social service delivery and participatory local government. Indeed, promoting economic growth in rural areas, through active participation by local governments, may represent the best opportunity for reconciling national pro-poor policy and the drive for genuine local democracy.

1 Introduction

Since the mid-1980s, Tanzania has been undertaking a multitude of economic and political reforms in order to shift from a command to a market based economy. Despite government reforms having begun over 15 years ago, their scale has meant the institutional terrain remains in a high state of flux. This paper sets out to examine the nature of the institutional environment in which Tanzanian rural livelihood strategies are played out. Specifically, the following questions are addressed.

(a) What institutions influence the well-being and livelihood activities of rural Tanzanian households?

(b) How are these institutions perceived in rural communities?

(c) What has been the impact of the ongoing local government reform and poverty-oriented public programmes on:

- The availability of public resources;
- The participation of local communities in planning
- The delivery and quality of public services?

(d) What are the policy implications of these findings?

A particular emphasis is placed on the current nature of local government and the potential challenges and benefits arising from attempts to reform it. Typically decentralisation initiatives are viewed as national projects with an emphasis placed on the relationship between central and district governments. Based on research at community and district levels, the focus here centres on the perspective of local government as seen from the ground. Significant resource, capacity and accountability constraints are identified, which we argue will limit the degree to which the decentralisation process will achieve the goal of meaningful participation. Given the current method of delivering nationally derived pro-poor policy agendas through establishing countrywide programmes and targets, decentralising local government in this case is unlikely to dramatically increase local autonomy. Further, the quest to significantly increase local revenues in rural areas with a low economic base risks doing more harm, through inhibiting rural activities, than good, through greater local government spending. Findings from Uganda, where the process of decentralisation is further advanced, are found to be largely consistent and lessons are drawn from their experience (James et al, 2001). It is argued that the need to create an enabling environment for promoting rural livelihoods, so necessary for sustained economic growth, must not be overlooked in the drive for better social service delivery. Indeed it is in the sphere of promoting rural growth that the strengths of local governments that respond to local needs could potentially be most successful. The conclusions we draw are not sought to deter the implementation of the reform programme but rather convey a sense of realism about the limitations of decentralised local government and its place in the wider policy space.

The following section of the paper lays out the general setting, providing some background to Tanzania's post-independence history, the current focus on poverty reduction the role of local government and the research area. Research findings from communities and districts are presented in the next section. The final section presents our conclusions.

2 Tanzania: The 'macro' policy context

Three broad phases of macroeconomic management can be identified since Tanzania gained independence in 1961 (World Bank, 2000). Initially, under President Nyerere (1961-85) the Tanzanian government was principally concerned with building national unity and the creation of an egalitarian society. A focus was placed on driving investment for rapid modernization by strictly controlling the economy though a highly centralised public sector. Whilst this approach led to a significant improvement in social welfare, particularly education, it proved unsustainable due to a lack of consistent growth in GDP during the 1970s and early 1980s, leading to serious macroeconomic instability. With the resignation of Nyerere as President in 1985 a new era of liberalisation began under the guidance of President Mwinyi (1985-95), which focused on dismantling controls, particularly on agricultural produce and reducing the oversized civil service. This second phase proved successful in breaking Tanzania away from the control based approach. However, for the fruits of liberalisation to be realised, a third phase of development management, under the guidance of President Mkapa (1995-present), has been undertaken which focuses on ensuring macroeconomic stability through fiscal discipline and implementing further reforms to the institutional structure of the public sector such as decentralisation and civil service reforms. These shifts in policy have been strongly encouraged by the international donor community who provide approximately 30 percent of the governments' annual expenditure. Most recently an emerging consensus amongst national government and donors alike has seen the re-prioritisation of a poverty reduction agenda in national plans, as exemplified through the emergence of Tanzania's Poverty Reduction Strategy Plan (Tanzania, 2000a).

2.1 Tanzania's poverty reduction focus

Since independence the Government of Tanzania has consistently sought to prioritise poverty reduction though with little success. The directional shift in government policy in the mid 1980s led to a re-conceptualisation of Tanzania's development objectives through the formulation of the Tanzania Development Vision 2025 (TDV). At its heart the TDV sees Tanzania achieving the status of a middle-income country and the complete eradication of abject poverty by 2025. Following the 'Vision 2025' came the National Poverty Eradication Strategy (NPES) in 1998, the aim of which was to ensure abject poverty was halved by 2010 (Tanzania, 1998a). This represented an attempt to move in the direction of a comprehensive poverty strategy in which the TDV was operationalised in the mid-long term.

Both the TDV and NPES provided an overarching orientation to the Poverty Reduction Strategy Paper (PRSP) written in a rapid seven months of 2000 as part of the eligibility requirements for debt relief under the Highly Indebted Poor Countries (HIPC) initiative. Some Tanzanian policy makers are unhappy with the way the PRSP was imposed on them by donors and feel it sidelined both the NPES and the Tanzanian Assistance Strategy (Tanzania, 2000b) - a medium term framework being developed by the government for promoting local ownership and development partnerships (Evans and Ngalwea, 2001).

The PRSP recognises the pervasiveness of poverty in rural areas especially for those households engaged in subsistence agriculture.[1] As a result of consultation with various stakeholders (including the poor, NGOs and public agencies) an unsurprising list of constraints to rural livelihood promotion are identified: inadequate agricultural support, a weak transport network, poor education and health and poor governance at lower levels of public office. A three-pronged poverty reduction strategy is set out comprising (a) sector strategies and decentralisation; (b) macroeconomic stability and reforms; and (c) poverty reduction itself, broken down into the three subsidiary goals of reducing income poverty, improving human capabilities and containing vulnerability. The most tangible outcomes of the PRSP process so far have arguably been the development of national social sector programmes, including: basic education, primary health-care, and water. Key social sectors have been designated to receive a greater percentage of government revenue in order to meet specific objectives such as the abolition of primary school fees, which occurred this July.

The PRSP identifies increased economic growth as the major means of reducing poverty. GDP growth is targeted to rise to 6% in the 2000/2001 – 2002/2003 (July-June) financial years from a current state 5.2% per annum. More specifically, under the same three-year period, real value-added of agriculture is targeted to increase at an average annual rate of 5%, compared to 3.6% during 1990-1998.[2] To facilitate this growth the PRSP identifies the need to improve smallholder access to credit, markets and improved farming techniques whilst ensuring macroeconomic stability. It is proposed that these developments occur chiefly through the private sector with the government acting principally as a facilitator (e.g., co-ordinating donors and NGOs) and a regulator (e.g., implementing the 1999 Land Act).

In response to the roles identified in the PRSP the Government has drawn up a Rural Development Strategy (RDS) which identifies 4 objectives: widely-shared growth, good governance, increased opportunities and access to services, and reducing vulnerability (Tanzania, 2001a). Together with the Agricultural Development Strategy (Tanzania, 2001b), the RDS is strong on identifying the current challenges facing both the farm and non-farm rural economies. To implement the RDS a Rural Development Secretariat is envisaged and numerous planned ‘capacity building’ exercises and paper dissemination activities planned. Notably, whilst the RDS recognises that local governments are vital in implementing the strategy it is unclear the degree to which district councils will have autonomy over any extra money allocated specifically for rural development.

2.2 Changing the structure of governance

As well as prioritising economic growth itself, medium term targets of the PRSP include ‘improved effectiveness and delivery of services to the public’ and the ‘effective participation of all stakeholders in formulation and implementation of development strategies’. Both targets have led to an ongoing re-organisation of government structures and planning practices that focuses on increased accountability through performance related indicators together with a re-definition of the role of sectoral ministries.

As with much of Sub-Saharan Africa throughout the 1990s, Tanzania has embraced numerous institutional and democratic reforms over the last decade. The impetus for much of these reforms can be found in the New Public Management literature, which corroborates closely with the wider neo-liberal agenda. In 1991 President Mwinyi appointed a presidential commission, the Nyalali Commission to advise on whether Tanzania should become a multi-party democracy. In 1992, after nearly three decades of single–party rule by the *Chama Cha Mapinduzi* (CCM) party, a multi-party system of governance was adopted. However, CCM has continued to retain strong control of all mainland local government authorities (LGAs) and the parliament in both the 1995 and 2000 elections.[3] Indeed many observers (e.g., Kelsall, 2001; Therkildsen, 2000) argue that the formal dislocation between state and party has brought about little actual change in the membership of the political-administrative elite at either local or national levels.

The enormity of the reforms undertaken has notably re-shaped the institutional environment within Tanzania, and continues to do so. As well as the introduction of multi-party politics in 1995, a major redefinition of the role of the public sector has taken place. For example, significant restructuring, resulting from a first wave of public sector reform has resulted in the establishment of the Tanzanian Revenue Authority, the divestment of 258 parastatal bodies by March 2000, and a 24% reduction in the size of the civil service between 1992 and 2000.[4] More recently, a second phase of civil service reform has been set in motion. The core components include the Local Government Reform Programme and a 5-year Public Sector Reform Programme both of which aim to transfer more power to local governments and re-shape the role of line ministries (Tanzania, 1998).

In the 1990s Tanzania has been subject to a multitude of reforms in the public sector, mostly initiated through donor support.[5] Improving accountability and transparency through introducing new monitoring and performance related incentives are recurring themes in many of the reforms. Criticisms about the specifics of many of the reforms exist, as well as general doubts about the internal political will or support for their inception (Therkildsen, 2000). Furthermore, Harrison (2001) interestingly suggests that administrative reform is dominated by monetary enticements from donors and in many programmes fails to reconcile itself with the broader political economy of the country, raising question marks about the sustainability of these new processes of public management.[6]

The role of sectoral ministries is also being radically altered. In light of the proposed decentralisation of service delivery to local governments, the function of sectoral ministries is now: a) sectoral policy making responsibility b) guidance, support and capacity building to respective district departments c) monitoring of service delivery by districts and d) regulation of sectors at national level.

2.3 Challenges for local government reform: experience from elsewhere

Tanzania is not unique in pursuing a policy of local government reform. Decentralisation has increasingly been promoted as a solution to the administrative and governance problems perceived to constrain local and national development across the developing world (Crook and Sverrisson, 2001). The benefits of decentralisation are commonly perceived to be improved and more appropriate service delivery, improved governance and the empowerment of local citizens. More appropriate services are argued to result from the introduction of decentralised planning and budgeting mechanisms, whilst the quality of services are claimed to increase through the creation of two distinct kinds of accountability: downwards between electorate and local politicians, and horizontally between democratically elected local politicians and local administrators. Nevertheless, numerous studies have shown that decentralisation programmes often fail to achieve these goals (Moore and Putzel, 1999; Crook and Manor, 1998). As Adamolekun (1999:58) observes despite the introduction of decentralization in many Sub-Saharan African countries, "there are no real success stories as far as improved development performance at the local level is concerned".

Three explanations are commonly cited for the apparent failings of many decentralisation initiatives: inadequate capacity, insufficient fiscal decentralization, and a lack of accountability to citizens. The often poor capacity of administrators and politicians at local level is a constraint well recognised. However, the ability to plan, budget, and implement on the basis of local priorities is also contingent on the extent to which central governments relinquish control over the use of resources (Manor, 2000). Yet, as Luckman et al (2000) note, in ensuring that the needs of the poor are not neglected, national priority areas may be necessary. Enabling local governments to raise a significant element of their revenue locally has been commonly posited as a way of ensuring the right balance between local autonomy and national needs. However, in many African rural areas, the revenue base is often so weak that central transfers continue to dominate district budgets. The third constraint, accountability, is perhaps the most problematic (Blair, 2000). Genuine participation and downward accountability is contingent not only on the ballot box but access to information, transparent procedures of government and an effective media. Certainly politicians or administrators can only be held to account by a citizenry that is active and informed. However, in the absence of such an environment introducing decentralisation may result, in the words of Cross and Kutengule in "repression being brought closer to the people" (2001:6).

2.4 Local Government in Tanzania

As with so many aspects of contemporary Tanzania the current climate of Local Government Reform cannot be properly understood without significant reference to its post-independent history and the unique form of African socialism pursued under the leadership of the late Dr Julius Nyerere. Between independence and the present day, four phases of reforms in local government can be identified that broadly reflect three significant periods of post-independent Tanzanian social and economic history: decentralisation and villagisation, reintroduction of Local Authorities, Multi-party reforms and the current process of local government reform and decentralisation.

2.4.1 Phase 1: Decentralisation and Villagisation 1962 - 1982

At the time of independence, governance at local level was vested in three bodies: native authorities, district and town (and municipal) councils. Following independence in 1961, native authorities were disbanded and traditional chiefs powers reduced. The nationalist zeal for state controlled development meant districts did little more than implement the development plans of central government (Havenik, 1993). Sub-districts role was even more constrained, as Shivji and Peters (2000) observe, "the village was perceived as a geographical space or locus of development not a social space of government as such" (p. 21). In 1968 a policy of socialism and rural development was introduced which encouraged rural people to live in designated villages. Though initially voluntary this was made compulsory by the one-party state in 1973. The result was the enforced villagisation of some nine million peasants and pastoralists who had lived in previously scattered farm homesteads.[7] The 1975 *Villages and Ujamaa Villages Act*, created two village-level institutions: the Village Assembly and the Village Council. The Village Assembly was composed of all adult members of the village.

The assembly in turn elected 15 to 25 persons to the Village Council every five years, with the exception of the chairman and secretary who were the chairman and secretary of the party at that level. However, despite the potential for a genuine grassroot democracy through the establishment of the village council, in actuality the council was merely an implementing agency of district authorities.

The top-down policy approach reached its logical conclusion with the implementation of the *Decentralisation of Government Administration Act*, 1972. In reality this was a policy of deconcentration of central government bureaucracy to regions and districts. Popularly elected local authorities were disbanded in favour of district and regional development councils largely composed of bureaucrats, which resulted in local government as a political structure of governance being seriously undermined (Shivji and Peter, 2000).

2.4.2 Phase 2: Re-introduction of Local Authorities 1982 - 1992

From 1982 onwards there was a gradual re-introduction of local authorities to replace the managerial committees of the decentralisation era. Nevertheless, local democracy remained constrained through the continuing fusion of state and party with local government elections being integrated into party processes. Furthermore, despite the re-introduction of local authorities, power continued to be concentrated in the hands of deconcentrated central government officers.

2.4.3 Phase 3: De-linking the state from party 1992

With the introduction of multi-party elections in 1992 minimal changes occurred in the local government machinery necessary to accommodate the multi-party system. These include, the election of chairman of village councils, allowing members of other political parties to stand for district and sub-district council elections, and introducing the principal of re-call of elected officials before their term has been served. In addition villages had the option of dividing into *Kitongoji* (sub-villages) with elected chairman who were allowed to stand on the village council. This was done for a variety of reasons including: recognition of the large size of many villages, which made administration difficult; and to ensure the needs of all sub-villages were represented at the village council.[8]

2.4.4 Phase 4: The Local Government Reform Program 1998 - 2004

This section largely details the proposed basis for the new system of local government in Tanzania. In the research findings section below, these proposals are commented on in light of both findings on the ground and other recent consultancy reports.

The desire to reform the local government system in mainland Tanzania was first highlighted in the CCM election manifesto of 1995.[9] The blueprint for the LGRP is the 1998 Policy Paper on Local Government Reform (Tanzania, 1998b), which was made law in the 1999 *Local Government Laws (Miscellaneous Amendments) Act*. The national goal for this reform is centred on improving service delivery to the public through increased participation reflecting local needs and priorities. LGAs are made responsible for core service delivery functions including: primary and secondary education; primary health care; district hospitals; water and sanitation; feeder and community roads; agricultural extension services; land use planning; environmental protection and facilitating and monitoring of NGOs and other service providers. Political, administrative and financial reforms are incorporated in the LGRP. Political decentralisation is seen as necessary to enable genuine local government planning, whilst administrative decentralisation will see local authority staff de-linked from their respective ministries and employed by the LGA. The enactment of the 1997 *Regional*

Administration Act has seen regional development directorates replaced by smaller regional secretariats, in an attempt to prevent the replication of district tasks by regions, and so maximise resource efficiency.

Major reforms to the current system of local government finance are also envisaged. These centre on increasing the locally raised revenue (LRR) element of district finances and changing the current system of central transfers. Proposals to increase LRR include streamlining local taxes, reducing collection costs and leakage and by introducing incentives for well performing LGAs. Changes to the grant system are deemed necessary to enable councils to set their own priorities and thus improve service delivery, and to improve financial management and budgeting practices. In ensuring national policies are executed by local authorities conditional grants are proposed whilst significant unconditional or 'block' grants are to be provided to ensure local needs are incorporated in district activities. In addition, equalisation grants are suggested to compensate local governments with a weak resource base.

Districts are to be reformed in three 17-step phases.[10] The phased implementation activities are co-ordinated by the Presidents Office – Local Government and Regional Administration (PO-RALG) through the Local Government Reform Team, which has managerial and financial autonomy within PO-RALG.[11] 38 districts were selected to start in phase one with the remaining councils being taken on board in the following two phases. To facilitate the implementation of the reforms, Zonal Reform Teams from the Local Government Reform Team, together with Regional Reform Co-ordinating Committees and Council Reform Teams (comprising both local politicians and administrators) are established.

2.4.5 Sub-district levels of government

Despite the ambitious aims of the LGRP, it has come under criticism for its current failure to address reform at sub-district levels. The village is the lowest governance unit (sub-villages are considered administrative units), with the village council being supported administratively by Village Executive Officers (VEOs). VEOs are supposedly employed by the district council but accountable to the village council. Several villages make up a ward, the administrative head of which are the Ward Executive Officers (WEOs). Established in 1969, Ward Development Committees (WDCs) were created to assist the district council in coordinating and implementing development programmes and projects. Above the ward level is the division, which is headed by a divisional secretary employed by central government (see Table 1).

Several studies point to the failure of existing institutional arrangements in facilitating good governance at the village level (e.g., Shinyanga Regional Government, 1998). In recognition of these concerns the Village Democracy Initiative (VDI) has been established. A core aspect of this program is the training of over 67,000 grassroot leaders through three-day workshops. In addition, the VDI commissioned an in depth review of sub-district governance in light of the LGRP. The authors, Shivji and Peter (2000) propose numerous legislative and institutional changes that they feel necessary in increasing the participation of citizens in political and planning processes. In particular they note a serious confusion between administrative and governance rungs of sub-district levels of government, and in particular the role of the ward.[12] As well as proposing reforms to institutional arrangements they highlight the need for greater accountability in local planning, for example by making it compulsory to display plans and budgets on public notice boards and ensuring that technical staff working in the village also report to the village council. In addition, changes to sub-district financial systems are suggested to increase revenues to both districts and villages.

Table 1: Significant aspects of current local government in Tanzania

Local Council Level	***Political head***	***Procedure for selection of representatives***	***Status of Local Council level and Administrative Head***	***Technical staff***
District (District Council)	District Council Chairman	a) Made up of councillors representing each ward b) Chairman elected by fellow councillors c) Special councillors representing women … (?)	Local Government District Executive Officer (DED)	Full complement
Division	-	-	Administrative Unit Divisional Secretary	-
Ward (Ward Development Committee)*	District Councillor	a) Chairman is the district councillor b) Village chairman	Administrative Unit [#] Ward Executive Officer	Technical Extension staff and Clerk (optional)
Village (Council made up of 15-25 members)	Village Chairman	a) Chairman and other councillors elected by all adult villagers b) Sub-village Chairman	Local Government Village Executive Officer	Some technical staff depending on resources
Sub-village	Local Council Chairman	Direct election by universal suffrage	Administrative Unit	-

* As set out in the 1999 Local Government Act (see endnote 12)

[#] The 1977 Constitution provides for local government authority at regional, district, town and village levels but not at ward level.

Source: Key Informants and Shivji and Peters (2000).

2.4.6 Progress so far

The programme is seriously behind schedule and significant revisions to the initial plan have occurred. In the initial timetable phase two councils were to be taken into the programme from July – December 2000, however at the time of our fieldwork (April – August 2001) phase two had not begun whilst phase one was far from finished. The reasons for these delays and revisions to the LGRP are not discussed in detail in this paper which focuses on district level research from two councils neither of which was in phase one of the reform program. Suffice to say, low capacity in districts, under-funding and staff shortage, inappropriate implementation strategy (working at the speed of the slowest council), poor co-ordination between PO-RALG (LGDT) and sectoral ministries, poor selection of phase one districts and a lack of administrative and political will by some are among the reasons cited for the delays witnessed (Tanzania, 2001c).

2.5 Research setting and approach: sample districts and communities

Analysis from both the quantitative and qualitative aspects of the LADDER field research is reported here. Qualitative analysis is largely drawn on to highlight *within* community difference in livelihood strategies, constraints and opportunities. By contrast qualitative findings (drawn from community focus group discussions, interviews with administrators, local politicians and donor figures), are used to highlight the evolving livelihood circumstances at community level, and the potential impact local government reform and national policy such as the PRSP.

Selection of field sites was based on two criteria; first to be characteristic of rural livelihood patterns in Tanzania in a broad sense, and, second, the ability to capture livelihood "gradients" of varying kinds. A full description of the methodology used during the fieldwork phase is detailed in Working Paper 2 of this series (Ellis, 2000). Key statistical findings concerning assets and activities together with general characteristics of villages and districts can be found in Working Paper 11 (Ellis and Mdoe, 2002). The fieldwork was undertaken in eight villages in two of the five districts within Morogoro region: Kilosa District and Morogoro Rural Districts.[13] The region is predominantly rural and has a mid-low income status by national standards despite Morogoro town being relatively well situated at the convergence of two of the three main highways of Tanzania.[14] Both districts are scheduled to undergo LG reform in phase two of the programme.

Kilosa District (KD) is located in the northwest of Morogoro Region; its centre Kilosa town is roughly 2 hours from Morogoro town on a fairly good quality earth road. Also of note is the well-established development partnership with Irish Aid that the district government enjoys. Fieldwork was carried out in two villages in KD, one of which was selected as representing intensive irrigated rice livelihood systems (three sub-villages were investigated in this sample), the second village was representative of a semi-arid maize and livestock based livelihood system.

The other two fieldwork sites were located in Morogoro Rural District (MRD). Three villages of varying altitudes located on the south-west face of the Uluguru mountains were chosen to capture differing livelihood systems associated with this altitude gradient, as well as the special theme of high value fruit and vegetable production for the domestic market. The second set of three villages located on the northern border of the Selous Game Reserve have largely rice, maize and sesame based livelihood systems and were also chosen for their relative inaccessibility and the potential impact of a community wildlife project developed in conjunction with a donor agency in the mid 1990s.

3 Local institutions and their influence on rural livelihoods

Reviewing the nature of the institutional environment in which rural livelihood strategies are played out requires detailed attention to specific local processes. These include: the ways in which communities perceive local institutions; how revenue is generated distributed and utilised; the scope for community participation in planning; and the ways in which social and productive services are delivered to villages. Given the under-development of the private sector in much of rural Tanzania combined with the historical pervasiveness of state control, it is perhaps unsurprising that the various structures of local government represent the most significant element of the formal institutional terrain. Nevertheless, other institutions both formal and informal are discussed including: NGOs, donor-funded projects, markets and private trade.

3.1 Local government institutions: views from the communities

There appeared to be little awareness at the community of the activities of district and ward level institutions. Local perceptions were centred on the sub-village and village levels. In particular, sub-village chairman were seen as a helpful institution having a daily impact on peoples lives. A small committee typically appointed by the chairman and agreed by the residents of the sub-village may assist elected sub-village chairman in ensuring harmony in internal sub-village life through the settling of minor offences and disputes such as petty theft, debt and minor land cases. Of equal importance was the role of the chair in sitting on the village council as this enables the views and needs of the sub-village to be articulated and taken into consideration at a village level. As the point of contact with the higher levels of administration, chairmen may also be required to assist in development levy collection, receive official visitors and mobilise the sub-village in any development initiative.

The perceptions of village councils was mixed. On the one hand they were seen as important as they planned all the development in the village. However, on further enquiry it appeared that few villagers could easily identify what developments they had initiated. Furthermore some communities complained that the needs of sub-villages, especially outlying sub-villages, were not always taken into account. Village chairman were most commonly drawn from the central sub-village (the original locus of the village), which was often the most developed in terms of housing and trading activities. Several sub-committees of the village council sit, including: security, agriculture, finance and planning, and education. Notably the village councils' role in ensuring security was deemed important. Though there is now less available land to allocate, the importance of the village council in distributing land amongst villagers is also seen as significant, though not always fair.

While local perceptions of village chairmen naturally varied, the qualities generally appreciated were those of leadership, and equal consideration of all sub-villages. Village chairman and councillors are subject to five-yearly elections allowing unpopular incumbents to be voted out. In fact, village councils tend to have a relatively stable membership. Furthermore, wealth ranking in sample villagers showed village councillors to be drawn almost exclusively from richer households. Often these were members of well-established families in the village suggesting the interplay of complex local relationships during election time. In some cases the custom of giving out 'goodwill gestures' also prevailed. Clearly poorer individuals were less likely to afford to hand out beer, soap, or salt, as an inducement to potential voters. Wealthier candidates were also thought to be better equipped because they were more likely to be literate. Poorer community members felt they lacked the necessary skills and connections whilst ideas about "respectability" also tended to favour the rich and exclude the poor.

Communities felt quite removed from higher levels of local government. Community members who were engaged in local government activities saw the WDC as necessary in providing a link between village and district but felt that in some cases village priorities failed to be taken on board. Most villagers saw little benefit from personnel placed at the ward level. Extension staff, particularly agricultural officers were considered to be so poor in carrying out their duties as to be largely irrelevant to improving livelihoods. Similarly WEOs were chiefly associated with development levy collection and other local taxes. Villagers claimed they saw little evidence of the resources they collected being used to their benefit and often believe them to be misappropriated.

3.2 Fiscal Flows

As noted, for successful decentralisation it is necessary to carefully balance the need to create meaningful local autonomy over planning and budgeting, whilst ensuring the fulfilment of national pro-poor policies. The pattern of both sample districts is very similar with the LRR proportion of district budget being only 10 percent in MRD, and 11 percent in KD, compared with a national average of 25 percent. The remaining centrally allocated sources are currently conditionally allocated by sector and by wage - personal emoluments (PE), or non-wage - ‘other charges’ (OC). PE grants made up over three quarters of district funds with OC making up the remaining 12 percent of district funds (see Table 2).

Table 2: Sources of finance for sample districts and the national average 1999/2000

Source	*Morogoro Rural*		*Kilosa*		*National**	
	TSh. m	*%*	*TSh m*	*%*	*TSh m*	*%*
Locally Raised Revenue [#]	292	*10*	214	*11*	39100	*25*
PE	2195	*78*	1456	*77*	102900	*65*
OC	342	*12*	229	*12*	15400	*10*
Total [a]	2829	*100*	1899	*100*	157400	*100*

[#] Different financial years between local and central government mean 1999 figures were used
* Includes Urban and Rural Councils
[a] Not including monies given directly by NGOs or Donors to district councils.

Source: *District Treasuries and Joint Government / Donor Review of LGRP 2001c*

Under these circumstances it becomes clear that local governments have little manoeuvre to budget on the basis of local needs. Neither council has been fully decentralised and some central funding may become unconditional, for example through access to a ‘block grant’. Nevertheless, it is likely given the current method of implementing national poverty targets, that the greater share will remain conditional.[15] Currently conditional grants make up on average over 70 percent of local government revenues in Tanzania. It is clear that this figure must be reduced, given that this is significantly higher than other African states that have embarked upon some form of decentralisation (Tanzania, 2001c), and that insufficient fiscal decentralisation has been widely identified as a core reason for the failure of so many decentralisation programmes. As noted, increasing the LRR share of district finances has been identified as one solution in both the LGRP and the wider literature, and it is to that which we now turn.

3.3 Local Revenue Generation

Increasing the share of LRR is important for ensuring greater autonomy over district budgeting processes and also the long-term sustainability of decentralised local government. However, it is equally clear that there is a trade-off between increasing LRR revenues and constraining peoples efforts to improve their livelihoods. Local governments have, with some exceptions, made genuine attempts to increase the amount of revenue raised resulting in an average cumulative increase over the 1997-2000 period of 38 percent. However as Table 3 below highlights there is considerable variation across districts, for example in that period MRD increased receipts by 40 percent compared with just 3 percent in KD.

Table 3: Trends in Local Government Revenues (TSh bn.)

	1997		*1998*		*1999*		*2000*		***Cumulative increase from 1997***
	Budget	***Actual***	***Budget***	***Actual***	***Budget***	***Actual***	***Budget***	***Actual***	
Morogoro Rural	320	**208**	340	**257**	377	**347**	399	**291**	40%
Kilosa	261	**230**	276	**226**	268	**218**	281	**239**	4%
National total	44800	**31200**	48100	**36200**	52200	**39100**	57000	**43200**	38%

Source: *District Treasuries and Joint Government / Donor Review of LGRP 2001c*

It is well established that rural Tanzanians pay a multitude of taxes with individual taxes and their rates varying across districts. As Fjeldstad and Semboja (2000) note, in KD over 60 variations of taxes are levied. Just some of the taxes cited in group discussions with villagers are displayed in Table 4. However, the revenue from many of these levies is negligible with administrators conceding that in many cases they barely meet the cost of their collection. Revenue comes predominantly from the development levy (a head tax) and produce taxes with market dues and business licenses also being significant. Indeed in both districts revenue from these four taxes combine consistently make up well over 70 percent of all LRR.

Table 4: Selected Taxes Levied by District Councils in Villages

Category of Tax	***Amount to Pay***	***Comment or Description***
General Taxes		
• Development levy	3,000/-	• Annual poll tax
• Bicycle tax	1,000/-	• Annual bicycle license fees.
• Fishing license	3,000/-	• Annual fee for permit to fish
Trading and Business Taxes		
• Petty crop trading	200/-	• Daily tax on petty crop trading
• General petty trading	200-400/-	• Daily taxes applied to small-scale trading activities
• Crop cess	600 - 1000/-	• Crops leaving the village
• Local brew club	60,000/- 5,000/-	• Annual brewing licence fee • Monthly tax on brew clubs
Livestock Taxes		
• Ownership tax per head of cattle, pigs or goats	500/- - cow 200-500/- goat 300-500/- pig	• Annual tax levied annually on all animals
Health Fees		

Category of Tax	Amount to Pay	Comment or Description
• Health fee	5,000/-	• Annual fee permitting access to dispensary or clinic
• Health visit charge	1,000/-	• Single visit payment required if annual fee not paid

Source: Focus groups and key informants in 10 Tanzania villages, May-August 2001

3.4 Impact of revenue generation measures

Development levy is collected by the VEO with support from the WEO. District councils set the rate for development levy. This is 3000/- for all adult males residing in villages in 2001 in both districts (women are exempt from development levy unless salaried). Notably however, whilst salaried employees and businessmen pay higher rates gradated for earnings, in contrast to the head tax in Uganda there is no gradation of payment between villagers on the basis of wealth (though people can be exempted from paying through appeal to the WEO).

Non-payment is common across communities as shown by the fact that only 60% of 311 respondents across all sample sites, said they had paid the levy. Surprisingly however, analysis of household income showed that richer households were just as likely to not pay as poorer households. This was a source of contention in several communities who felt that the ability to pay was not taken into account during the collection process. Certainly a flat rate development levy raises serious questions about the regressive nature of the tax. Analysis of the incomes of the 189 respondents, who paid the levy, showed that it comprised 1.8 percent of per capita income in the poorest tercile of households but just 0.2 percent of per capita income in the richest tercile of households (see Table 5). Whilst it may be argued that 1.8 percent of per capita income does not represent a significant loss of livelihood, this is extracted from those with very little to start, particularly as the per capita figure represents all income (including subsistence), not just cash sources. Indeed when contrasted with the 0.2 percent paid by the richer tercile it becomes apparent that serious consideration should be given to making the development levy more pro-poor. Such reforms could if correctly devised, serve to increase LRR, particularly if enforcement of payment by better-off households is ensured and perhaps some form of gradation of payment (though experience in Uganda suggests this needs to be done rationally).

Table 5: Development levy as a % of per capita income

	Income Tercile		
	Poorest	***Middle***	***Richest***
Average Per Capita Income (TSh)*	41,342	105,500	364,817
Development levy as % of per capita income #	***1.8***	***0.8***	***0.2***

* Per capita income is calculated from household income on the basis of adult male equivalent units.
\# Calculated as: development levy / per capita income*family size

Source: Household surveys

Problems with the development levy have been a matter of considerable public comment and debate. However, from a livelihoods perspective, it is perhaps the myriad of other taxes on trade and businesses that constitute the greater constraints for livelihood diversification and the shift away from subsistence farming. Turning first to agricultural taxes (or crop cess) it was notable that not all villagers knew that crops were even taxed, as it is the traders who purchase goods direct from the village who pay the tax on leaving the village (this may also reflect the degree of subsistence agriculture in the case villages). Market fees and crop cesses are in general collected either at strategic roadblocks or as they leave the village. However, big-buyers are expected to pay directly to the district based on predicted purchase figures. In Chakwale village, KD, a large maize growing village, the chairman estimated that only 25 percent of the maize leaving the village was taxed because this system was open to abuse.

In order that cess on crops does not act as a disincentive to trade it is stipulated that the initial crop cess should not exceed 5 percent of the price the farmer receives. Generally this appears to be adhered to. However, the same crops are subject to further taxes as they pass through each market, often in different districts. These later taxes we were told were targeted at the trader whilst the initial tax was targeted at the farmer. Yet, it is possible that traders pass these later taxes on to the farmers through lower farm gate prices. Concerns of over-taxation of agricultural produce have been raised in other research. For example in the case of cashew-nut production it is argued that some 27 local government taxes result in depressed producer prices discouraging farmers to grow cashew nuts (Chachage and Nyoni, 2001; Financial Times, 1-7 August 2001).

A wide range of trades and businesses are subject to annual licenses the revenue of which is shared by the district and the Tanzanian Revenue Authority. The cost of these licenses varies on the size of the business. For many of the smaller activities carried out in villages such as petty trading or small eateries a daily charge is levied which is between 200/- and 400/-. When calculated on a yearly basis it is shown that this can be more than that paid in an annual license by a larger shop. Given that the level of trade is minimal these daily taxes can constitute a significant share of daily takings. However, the amount raised for the district from such taxes is minimal particularly when the daily cost of collecting these taxes is calculated.

These findings suggest that there are very real trade-offs between attempts to increase LRR and creating an environment of rural taxation that facilitates small-scale commercial agriculture and petty trading. As the experience in Uganda has shown, it is imperative that the emphasis on increasing LRRs does not result in a disincentive to engage in the market. Indeed, it is vital that there is consistency between national policy, which places importance on encouraging small-scale commercial farming (and livelihood diversification), and the institutional arrangements set by local governments.

3.5 Options for further increasing local revenues

There is clearly a level at which local taxes become more of a hindrance to poverty reduction than a help through their funding of services. Whilst the preliminary evidence above does not conclusively prove that this level has already been reached, a sense of realism about how much tax can be raised in rural districts that have a low taxable base must be adopted. However, raising tax rates is not the only way to increase LRRs. Other options include: improving the existing system of tax collection to reduce costs and eliminate corruption on the part of tax collectors and administrators; shifting more taxes to the domain of local governments; improving service delivery to encourage people to pay tax; and increase remittances back to village levels of government.

There are unquestionable floors in the current system. Fjeldstad and Semboja (2000), estimate that over 50 percent of the revenues collected are spent on administrative costs associated with the collection of taxes. For example WEOs and VEOs spend a considerable part of the time involved in tax collection. Civil servants state that the most difficult tax to collect is the development levy share form villagers. Certainly the default rate is extremely high. Leniency seems to vary considerably across locations with some villagers complaining that if they default they are sent to prison whilst others seem to avoid payment on a regular basis. Nevertheless, actual receipts typically represent only 60 – 70 percent of the amount targeted. The problem is often further confounded by the corrupt activities of some VEOs and WEOs who extract levies and cess from people but do not remit this to the local government. Accountability mechanisms are in place to prevent this, however these are frequently circumvented by the duplication of receipt books. Other methods to countervail this problem include the remittance of a share of the taxes raised to individual VEOs and agents: 7.5 percent in KD and 10 percent in MRD. More recently the privatisation of tax collection, so widespread in Uganda, has been adopted in some districts in Tanzania as a means of increasing the yield and efficiency of tax collection. For example, Magu District in Mwanza region has fully privatised the collection of development levy and other taxes in an attempt to improve revenue collection and reduce corruption. However, as James et al (2001) observe, privatisation of tax collection in rural Uganda has resulted in the creation "of a dense thicket of fiscal oppression" (2001:13), without actually increasing district revenues as the allocation of tax tenders is itself, potentially subject to abuse.

Increasing local governments authority to tax is a further option. Indeed as a KD Councillor observed, 30 percent of the district is under the control of large estates from which the district council receives minimal revenue. He argued that unless significant decentralisation of tax raising powers is passed to district councils for example to levy a local land tax it would be very hard for the district to significantly increase local revenues. He felt without reform this situation would worsen given the current trend in large estate purchase by individuals. Interestingly, MRD did try and implement a farm tax for large estates. However, estate owners refused to pay this and given their often-significant political power have since had the tax removed from district revenue budgets.

A common reason cited for the high default rate amongst villagers was that they felt they saw no beneficial outcomes from their taxes (60 percent of 314 respondents). In contrast to Uganda, where legislation stipulating that 65 percent of locally raised revenue should remain at sub-district levels, district councils have autonomy over how much to transfer back. Transfers vary across districts but are relatively low: 5 percent to ward and 7.5 percent to the village in KD and 10 percent to ward and 10 percent to the village in MRD. Unfortunately however, all village councils complained that they rarely received their full, or in some cases any, share owed to them. The KD Treasurer argued that whilst villagers may see little benefit from their taxes, the problem is that the size of the revenue is so small that for it to have any visible impact it would need to be spent in only one locality and not across the district. Given this is the case it would surely help if the little due to village levels were in fact remitted back. Indeed it could further be argued that lessons could be drawn from Uganda as increasing the share received by villages would encourage payment, as villagers would have a greater say in how these revenues were spent. Furthermore, the loss to district level resulting from the greater transfer back to village levels would likely to be offset by the reduced number of defaulters as village councils and assemblies had greater incentives to encourage payment (as more resources would be available for village development).

3.6 District and sub-district planning, budgeting and expenditure

In addition to exploring the current constraints for increasing the amount of LRR, to understand fully the challenges and opportunities for decentralised local government it is necessary to assess the current status of ‘bottom-up’ planning systems and the way in which local development priorities are reflected in district budgets and expenditure patterns.

Particular participatory methods of planning and budgeting adopted by districts may vary though a typical blueprint is as follows (Tanzania, 2001d). Village councils are supposed to draw up a list of priorities, based on needs of individual sub-villages and those of the whole village. In turn a village budget is developed which corresponds to the priorities identified. Priorities that the village do not have sufficient resources to solve themselves are taken to the WDC. WDCs in turn, compile ward plans and budgets, which are presented to the district by the councillor. At the district, relevant standing committees review these plans and pass their recommendations to the full council. Comprised of both politicians and administrators three standing committees normally exist: Finance and Planning, Social Development and Economic Development. Finally the full council discuss these recommendations and agree on the way forward. Plans are then incorporated into either the annual plan or a three-year plan.

In reality planning and budgeting on the ground appears much less promising. Participatory plans of any quality rarely materialize because of the limited capacity and experience in planning of both politicians and civil servants at sub-county level and below. Where plans do appear, they are often based on unrealistic estimates of revenue. Several councillors interviewed conceded that village plans were rarely forthcoming at WDC meetings. Furthermore, the Chanzuru ward councillor noted that many wards in KD failed to come up with plans, with a similar story being told in MRD. Additionally the KD Development Officer argued that the plans and budgets that did materialise were actually ‘wish lists’ with little attention paid to the human capacity or resource availability necessary to carry out the proposed development. Furthermore, both donor agencies and district councillors raised concerns over the current capacity of many district councillors. Moreover, key informants also felt there was a tendency on the part of district administrators to withhold information from councillors that is necessary to properly devise plans and budgets. Indeed, the findings suggest that despite the façade of ‘bottom-up’ planning, district plans are still largely determined and strongly influenced by administrators.

Arguably however, the most serious constraint for local government planning and budgeting is the lack of available resources to carry out plans and budgets. Indeed as the MRD Planning Officer noted, “even when priorities are identified it often takes 2 – 3 years before any funding is made available” (interview, 26/7/01). This has led some to observe that local planning is little more than “an exercise in frustration”.

Turning first to village expenditure, constraints to community development quickly become apparent. Capacity of most VEOs was very poor and records of accounts missing. This is unsurprising as in many case VEOs are no longer receiving a regular wage from the district (except their share of the levy that they collect). Village chairmen typically said they received between 50,000 and 100,000 ($57 - $114) as their share of local revenue - a figure undoubtedly less than what they are due. Village leaders are often unaware of what the village should truly receive as districts appear reluctant to assist village councils in making receipt books available for checking. However, one village visited, Duthumi-Bonye, was notable for the VEO having been a retired civil servant who kept meticulous accounts. As

Table 6 shows, in addition to their share of local revenue, villages may raise revenue from charging for local festivities one-off additional fees for particular development initiatives such as water improvements. Despite Duthumi-Bonye clearly having a much larger income than most villages studied (e.g., having assets to sell and receiving money from a community wildlife project), little in the way of expenditure on capital development arises. Indeed, in villages with less income, administrative costs and allowances to the village council remain the same, which leaves virtually nothing for spending on development. Accounts from key informants concurred with the view that far from being a catalyst for local development initiatives, funds were often not even sufficient to undertake petty works such as the maintenance of village wells. Certainly for community development initiatives to occur it is necessary for villages to levy one-off contributions. Such village levies are usually proposed by the village council and supported by the village assembly. As the village assembly supports such initiatives, default rates are much lower than in the case of the development levy and the ability is better taken into account.

Table 6: Duthumi-Bonye Village accounts 2000/01

Source of revenue	***Shilling (thousands)***	***Dollar equivalent***
Development levy	56	64
Penalty for late payment of levy	5	6
Tax on agricultural produce	25	28
Market fee	16	19
Other charges (e.g., festivals)	78	89
Water contribution (planned spending 2002)	200	227
Sale of scrap tractor	200	227
Income from Community Wildlife Project *	181	205
Balance carried over	126	143
Total	***887***	***1008***
Total recurrent income	***181***	***205***
Expenditure		
Sub-total of allowances	***110***	***129***
Sub-total for administration	***102***	***120***
Sub-total of development expenditure	***73***	***86***
Total	***285***	***336***

* Duthumi-Bonye village was one of 19 villages involved in a community wildlife program (see Ashley et al, 2002, for analysis of this project).

Source: *Village Accounts*

Both bilateral agencies and the Tanzanian Government have recognised the current capacity and resource constraints facing community development initiatives and numerous programs have been launched. In KD, Irish Aid is working with the district to establish a Community Initiative Support (CIS) programme, whilst MRD has been selected as one of the districts to benefit from the Tanzanian Social Action Fund (TASAF), see Box 1. Both these programmes aim to increase capacity at the village level to plan and implement capital development projects. In both cases community contributions are required whilst village members in conjunction with the village government are charged with ensuring the completion of the projects (see Box 1).

Box 1: Community Development Initiatives: CIS and TASAF

Under the CIS programme, village governments are able to access 60 percent of the costs and technical support for development projects that will benefit the community as a whole (up to 7m/- or $8000). Villagers are expected to contribute 25 percent in cash and 15 percent in kind and are responsible for implementing the activity. Village governments are required to produce a detailed plan, establish a bank account and raise their share before receiving the grant. Plans are presented directly to a district committee who meet monthly (made up of administrators, councillors, civil society and NGOs). The aim is to by-pass the WDC with village's liasing directly with district as it is felt by Irish Aid that councillors many fail to represent their constituents adequately.

TASAF is a World Bank funded programme started in 1999 with 8 pilot districts and now covers 42 districts in Tanzania. Two project types exist: a community development scheme and a public works programme. In the case of the community development scheme, the District Management Team selects between 3-6 villages after which PRA is carried out and community problems ranked by the villagers. The first priority is funded up to 12 million shillings with communities required to fund 20 percent either in case or kind (a minimum 100,000/- cash required). Projects with an HIV focus are funded in addition and require a 5 percent community contribution. Budgets are not drawn up by the villagers but rather by the district. A parallel structure to the village council is established (the community project committee) with responsibility to ensure completion of the project.

Such schemes are clearly beneficial for those villages participating. However, their scope is seriously limited – for example there are 235 villages in MRD with just 3-6 of these benefiting from the TASAF. Many donors have 'adopted' districts and operate similar such schemes in 'their' districts. There is a clear need to streamline this rather balkanised approach to community development programmes if all districts are to benefit equally from such support. In addition to widening the community planning support the sustainability of such schemes must also be questioned. In terms of capacity, it is doubtful whether schemes such as the TASAF genuinely impart the knowledge and skills necessary for long-term community development. Similarly the creation of a parallel structure of village power to the existing village council must be questioned given that villages are familiar with the working of the established level of local leadership. The fiscal sustainability of such schemes however, is cause for the gravest concern. For such schemes to be viable over a period of time it is vital that communities make a significant contribution. However, given the dismal state of village finances this is likely to prove impossible to consistently meet. This is a further reason for ensuring the village share of raised revenue is fully remitted and the share increased through the introduction of statutory legislation, as in the case of Uganda.

Experience at ward level is little better. Despite WEOs being full-time employees of the district, their capacity to plan, budget and ensure development activities occur, appears very low. Of the wards visited no plans or budgets were available to look at. Again the wards have little financial resources available. What money is available at ward level seems to be spent largely on administration and allowances for members of WDCs. In Mvuha ward, some money was left over, however, this was being set aside to improve the construction of the existing ward office, despite the current building being in no state of disrepair. Given that community members do not benefit from any of these expenditures it is unsurprising that communities feel little appreciation toward the ward level of administration.

As noted above district governments have little space for making decisions about district finances as the majority of their funding is transferred from the centre in the form of conditional grants. Looking at the expenditure patterns of central grants (both PE and OC) in MRD shows that most central funding is spent in the social sectors and predominantly on wages. As Table 7 highlights over 70 percent of central transfers are designated for primary education, particularly teachers' salaries with administration accounting for a remaining 14 percent. Importantly however, central support for productive sectors in rural areas is minimal. For example the MRD Treasurer observed that central government had given only 3.4m /- for agricultural extension for the 2000/01 year.

Table 7: Central grants in Morogoro Rural District by sector (wages and non-wages)

Government grants actual expenditure	***1998 (Sh m)***	***1999 (Sh m)***	***2000 (Sh m)***
Education **- Primary school** **- Adult education**	 1,200 23	 1,510 23	 1,707 25
Administration	133	257	327
Health care	199	275	301
Water	21	42	37
Roads	13	23	18
Other	4	7	5
Total	**1,593**	**2,138**	**2,419**

Source: Morogoro Rural District Treasurer

Turning to locally raised revenue shows that again productive sectors receive little support. Over 88 percent of MRDs locally raised revenue was spent on administration and allowances (see Table 8).[16] The remaining 40m/- ($45,000) is spent across various sectors with just 6 percent of local revenue is spent on productive sectors. It is perhaps little wonder given such figures that rural communities are unwilling to pay taxes as they clearly see little in return. The findings also raise serious question marks as to the ability of local government reform to facilitate rural livelihood promotion through support of productive sectors especially as they currently receive little money from central government.

Table 8: Expenditure of Locally Raised Revenue

Department	***1998 (Sh 1000s)***	***1999 (Sh 1000s)***	***2000 (Sh 1000s)***
Administration and allowances	252,018	271,907	303,124
Community Development	116	2,136	10,875
Agriculture	0	4,777	9,665
Buildings	5,064	13,928	7,227
Forestry + bee keeping	2,413	4,995	6,313
Trading	133	4,239	3,696
Land Administration	291	988	938
Co-operatives	464	821	150

Department	*1998 (Sh 1000s)*	*1999 (Sh 1000s)*	*2000 (Sh 1000s)*
Other	401	3,044	1,096
Total	**260,900**	**306,834**	**343,083***

* More than amount raised as difference was carried over from 1999.
Source: Morogoro Rural District Treasurer

An account of expenditure of locally raised revenue was unavailable from KD. However, opinions differed on the use of these funds, with the KD treasurer claiming that 25 percent of this revenue is spent on capital development whilst other well-placed sources suggested that all of this was consumed on administration and council allowances. Since 1997 Irish Aid has worked directly with the district council enabling significant extra funds, in addition to local revenues, to be spent on local priorities. In total 1.85bn/- were made available to the district council in 2001, which is over eight times the amount raised by local taxes (though some of this is specified for particular programmes). Despite this extra money being available, the amount spent on capital development activities has been poor. The KD Development Advisor claimed that many KD administrators would deliberately support parts of the district plan that could draw large subsistence allowances. He claimed that in 1999 (when he arrived) 89 percent of all money spent on capital development activities was in fact spent on “subsistence allowances or hyper-diems” (interview, 24/7/2001). Other problems with district expenditure include double accounting and a culture of disinformation. Irish Aid is keen for plans to be written in Swahili and a copy of the district development plan sent to all wards in an attempt to increase transparency. However the District Development Advisor noted that this is unpopular with councillors because they would be subject to more accountability. At the time of fieldwork, a serious investigation was initiated into possible corrupt activities by some KD departmental heads with regard to use of Irish Aid funds, with allegations of audit blocking. KDC had suspended the District Executive Officer and 5 heads of departments.[17]

The above findings highlight: a) the poor-capacity to plan at sub-district levels, b) the desperate lack of resources at sub-district levels, e) the current constraints to improving downward accountability to the electorate d) the lack of local autonomy on determining the expenditure of district funds and e) the propensity for LRRs to be largely consumed on allowances and administration with little benefit from the use of taxes paid by consumers. These problems, together with the challenge of increasing the share of LRR without inhibiting rural livelihood promotion, highlight the limited role that decentralised district governments may have in facilitating participation and empowerment of local communities. Given that the other main justification for decentralisation is to improve service delivery, we now turn our attention to the current perceptions that rural citizens have of the public services provided by local government.

3.7 Service Delivery

3.7.1 Social service delivery

Experiences and views of public services were mixed or negative. Schooling is highly regarded, but the quality of the facilities typically considered lacking. Health clinics, which charge an annual fee of 5,000/- but frequently do not have medicines in stock, evoked even more negative responses. 69 percent of 314 respondents asked expressed dissatisfaction with the health services available. As Table 9 highlights, poorer respondents were more likely to be dissatisfied with the health services available than richer households.

Table 9: What rural people think of available health services

Are the available health services satisfactory?	Income tercile*			
	(%) of Poorest	(%) of Middle	(%) of Richest	All
Yes	**19%**	**34%**	**41%**	31%
No	81%	66%	59%	69%

* Based on per capita income drawn from household income surveys
Source: Household surveys

The reason why more poor people are unhappy with available health services becomes clear when respondents were asked to explain their dissatisfaction. In contrast to better off respondents whose main complaint was the long distance clinics are from their homes, poorer members biggest problem was in affording drugs for treatment. This suggests that some form of means testing for drug subsidisation would be a desirable pro-poor policy, though it is unlikely resources are available for this.

Table 10: Why rural people are unsatisfied with the available health services

Why unsatisfied with health services available?	***Income tercile****			
	(%) of Poorest	(%) of Middle	(%) of Richest	All
• Clinic is too far	19	27	32	25
• Staff are unfriendly	9	9	10	10
• Low staffing level	5	5	5	5
• Poor diagnosis	8	15	14	13
• Drug unavailability	22	10	13	15
• Unable to afford diagnosis	26	23	19	23
• Unable to afford drugs	10	11	6	9
• Total	100	100	100	100

* Based on per capita income drawn from household income surveys
Source: Household surveys

Respondents were also asked if they were satisfied with the primary education their children were receiving. It was found that on average 71 percent of respondents were happy with the schooling received with no difference being found between wealth groups. At the time of the survey, school fees were being phased out, as a result of the universal primary school education policy undertaken by the Government of Tanzania. 95 percent of respondents, said they were actually happy to pay school fees however, 29 percent were not satisfied with the use of the school fees they had paid in the last year as there was a lack of accountability to the client group.

3.7.2 Agricultural service delivery

Focus group discussions with farmers in all villages highlighted the current problems with agricultural extension in rural Tanzania. Agricultural Extension Officers (AEOs) are uniformly regarded negatively, since visits by extension officers were extremely rare in all locations. As administrators, politicians and technical staff noted, two central problems are the management of field officers and their low morale, resulting from low pay, poor promotion prospects, and negative attitudes perceived towards them.[18] Prior to 1998 the Ministry of Agriculture and Co-operatives would liase via the region to district agricultural officers who in turn supervised the activities of sub-district agricultural staff. Post 1998, the arrangement has been split between technical and administrative purposes such that districts now communicate directly with the central ministry on technical matters and communicate with the region for administrative purposes. It was felt these new relationships worked well as through bypassing the region on technical matters technical feedback was more rapid. Similarly for administrative purposes the district agricultural officer would report to the district executive director which resulted in less bureaucracy as they are in the same location.

At sub-district level staff are now directly supervised on a day-to-day basis by WEOs and VEOs, supposedly consulting the district agricultural officer solely for technical support. This arrangement however, does not appear to be working out so well. WEOs complained that the extension officers regularly undermine their authority, as they feel better educated. Conversely, agricultural officers resented being supervised by someone less skilled than them and given the failure of the previous decentralisation programme launched in 1972 have a negative attitude towards the current decentralisation of extension services to the local government. These poor working relationships had led many extension officers to spend much of their time away from the village they work in despite continuing to receive their salary. In an attempt to overcome these problems Kilosa District Council has passed a resolution to remove less educated WEOs. Other problems also blight agricultural extension such as the misallocation of personnel according to their skills. For example, in Chanzuru village the current officer is a specialist in mechanisation when they really need an expert in irrigation.

In addition to the low morale of many agricultural officers there are serious funding constraints. A recent government study shows that as a result of the 32 percent fall in the number of extension workers since 1996 (Business Times, May 18-24, 2001) the ratio of extension staff to farm families is 1:700 (Tanzania, 2000b). As well as receiving low wages, there are minimal operating costs available which officers say affects there ability to fully cover the village(s) and fund demonstrations of new farming methods. With regard operating costs there appears to be confusion as to whose responsibility it is to fund this. The KD Agricultural and Livestock Officer, argued that PO-RALG is supposed to fund operating costs but they had yet to receive the block grant from them and were still receiving operating costs from the Ministry of Agriculture and Food Security. The general lack of agricultural funding is well documented in the national press. For example, the Business Times (May 18-24, 2001) notes that the Ministry of Agriculture and Food Security was allocated only 10.9 bn/- ($12.5m) in local funds, of which 9.2 bn/- ($10.5m) is recurrent expenditure leaving only 1.7 bn/- ($2m) to be used for development activities. Further as seen, little money is given to agriculture from locally raised revenue raising serious concerns as to the future of not just agricultural extension but the entire agricultural sector under the new system of local government.

In particular there is concern about the lack of dialogue between the sectoral ministries and PO-RALG with questions being raised about the ability of the latter to design multi-sectoral programs which best utilise including agricultural extension services (Tanzania, 2000b). Clearly much of the responsibility for the debilitating state of extension in Tanzania must rest with the officers themselves, and questions must be asked about the point in funding any extension, however poorly, if no work is carried out. Nevertheless, in a wider sense agricultural extension is only part of the problem. Certainly there are other key factors not directly under the control of the extension staff that are important in taking-up new technologies. Weak co-ordination between agricultural extension and other services such as agricultural credit, input provision and reliable crop markets is a significant reason for the failure of the agricultural sector to grow.

The problems with under-funding of the agricultural sector are critically tied to the issue of demand-driven agricultural support, a central problem identified by the KD Agriculture and Livestock Officer. Many agricultural officers believe extension should be demand driven and complained that if they offer advice that has not been requested, farmers do not act on the advice given. Conversely, farmers complained that they were not advised and even if they sought extension workers advice for a particular problem, advice was frequently not forthcoming. Clearly, the situation is rather complex as in many cases farmers may not be aware of better farming techniques and thus not know they could ask for advice to improve. Furthermore, many improved techniques may require costly inputs which farmers are not able to afford which may explain their failure to put in practice what they are shown. It is also argued that these input prices are inordinately high because of high taxes on them (Business Times; June 8-14, 2001).

Focusing the discussion on quantitative analysis at the community level further reveals the serious constraints facing rural people in attempting to improve their livelihoods through greater agricultural outputs. 314 Respondents were asked what agricultural services (extension advice, improved seeds, fertilisers and pesticides) they had received from what sources in the last year, and the last five years. Consistent with the focus group discussions, government agricultural extension was shown to be weak across the board. Only 12 percent of those questioned said they had received any extension advice from the government in the last five years and only 5 percent in the last year (see Table 11). Notably there appeared to be no correlation between wealth and the level of extension support provided by the government. By contrast 40 percent of the richest tercile compared with 28 percent of the poorest tercile said they had received private extension advice (e.g., from other farmers and stockists), a statistically significant difference.

In the case of inputs such as high yielding seeds, fertilisers and pesticides wealth was again a statistically significant factor in whether these inputs were used. The fact more inputs are used by the better off may appear unsurprising, however, it is perhaps necessary to consider not just the greater physical inputs they are able to command but also the advice that often accompanies the purchase of such inputs. Both factors are likely to contribute to improved farming methods amongst the richer households resulting in higher yields per acre and hence further production disparities between rich and poor households. It is not surprising that richer farmers can afford more inputs from private stockists, however, the survey shows they also receive more inputs from the government, as shown by the fact that 34 percent of the richest tercile compared with 2 percent of the poorest tercile have been provided with fertilisers and pesticides in the last five years. Through group discussions it was established that these inputs were not provided free of charge but at cost and that many of the poorer farmer were unable to afford these inputs. These micro findings reflect a national decline in the use of modern inputs as a result of the Government largely withdrawing subsidies from agricultural inputs. As the Business Times (11-17 May 2001) notes demand for fertiliser nationally has reduced by nearly 50 percent in 3 years, from 260,000 tonnes in 1995/96 to 132,000 tonnes in 1998/99.

Agricultural extension and input supply from NGOs was shown to be practically non-existent in our sample respondents with only 1% of respondents claiming to have benefited from any service in the last 5 years. However, this figure may be grossly underestimated as frequently NGOs work through government agricultural workers and farmers may be unaware of this.

Table 11: Agricultural extension, credit and input support in the last five years.

Agricultural Support Service	***Service Provider***	***Income tercile*** (%) of Poorest	(%) of Middle	(%) of Richest	Average of total sample (n=314)
Agricultural Extension	• Government	12	12	13	12
	• Private	29	34	39	34
	• NGO	1	1	0	1
Improved seeds	• Government	4	5	10	7
	• Private	16	23	25	21
	• NGO	2	1	0	1
Fertilisers and Pesticides*	• Government	5	5	10	7
	• Private	8	7	10	8
	• NGO	1	0	0	0
All services	• Government	6	7	11	8
	• Private	15	18	21	18
	• NGO	1	0	0	1
Share by wealth group of all input services received #		**28%**	**30%**	**42%**	**100%**

* Each respondent replied whether they had received each of the four agricultural support services: extension, improved seeds, fertilisers and pesticides. For simplicity, responses concerning fertilisers and pesticides have been aggregated, however, respondents were asked if they had received these inputs separately.

All the respondents who received any physical inputs: seeds, fertilisers or pesticides were totalled. From these frequencies the share by wealth group of all input services received was calculated. If wealth was a totally independent variable one would expect these three values to all be 33.3 percent.

Source: Sample survey conducted in 10 sub-villages May-August 2001

It is frequently assumed in the literature that government extension workers, for a variety of reasons, are more likely to supply their services to richer farmers. However, as noted there appeared to be no correlation between wealth and the level of strictly extension support provided by the government, though a relationship did exist between wealth and the up-take of agricultural inputs from government sources. These findings suggest the real picture of government agricultural support may be more complicated than is commonly presented. First, in the case of agricultural extension the problem is that very few farmers are receiving any support at all, and not that the support is biased to wealthier farmers. Second, government backed input supply schemes appear to be more accessible to richer rather than poor farmers. As noted, some of the input supply schemes that farmers said had been provided by the government may well have been collaborative projects between local governments and external donors or NGOs. Whatever the case, the fact is take-up of government supported input supply programs appears to be dependent on household wealth in our survey. This highlights the need for better poverty targeting in input-supply schemes if the poorer farmers in communities are to be facilitated in their attempts to move out of poverty through improved agriculture.

3.8 Other livelihood constraints: land access, crop marketing, and credit

3.8.1 Access to land

Field research also exposed a growing problem with regard land access, rights and ownership for the rural poor, especially women. In KD the growing demands for land as a result of increased population pressure has led to violent clashes between pastoralists and crop farmers resulting in 42 deaths between 1998 and 2000. Whilst such violent results are the exception in all communities land demands appeared to be leading to growing grievances. Some communities complained that village councillors had corrupted this process by consistently awarding the best land to themselves and immediate family. Indeed, only 48 percent of 314 respondents expressed satisfaction with the current system of land planning and allocation in their villages. In particular the growing interest of 'outsiders' in acquiring land was felt to be perpetuating poverty. For example, some villagers resented a community wildlife project on the edge of the Selous Game Reserve as land had been taken away from the villages for trophy hunting activities with little benefits accruing to the villages (see Ashley et al, 2002).

In 1999 the Land Act and Village Land Act were introduced in an attempt to make clear the system of land ownership and access. However, many experts in the filed have questioned the effectiveness with which these acts will ensure the rights of the poor: "It is difficult to see how the majority of land users in this country: that is the peasants, pastoralists and middle level rural entrepreneurs stand to benefit" (Shivji, quoted in The Guardian 27/7/01). In addition, many feel that concerns about gender equity and the environment under the former customary approach have not been addressed in the 1999 the acts.

3.8.2 Marketing of agricultural produce

A recurring theme in all the focus group discussions held with farmers was the problem of marketing their agricultural produce. As a result of the disbandment of many of the state sponsored crop co-operatives in the early 1990s farmers were faced with a lack of buyers for many of their cash crops. This led to an increase in the production of food crops as they can be both sold and eaten. Gradually private traders have entered the market place, purchasing the crops from farmers either directly at the farm-gate or in small rural markets before transporting the produce to larger urban markets. In both our farmer group discussions and interviews with administrators it was claimed that over time these traders have formed cartels fixing the prices between them especially at harvest time. Certainly there was enormous seasonal price fluctuation, which was of course a major problem for poorer farmers who were forced to sell at harvest because of cash needs. For example in Chanzuru village, 80kg bags of paddy would sell for 10,000 – 12,000 shillings at harvest time compared with 18,000 – 20,000 shillings at other times of the year.

In most of our fieldwork sites the nearest market centre was between 3 and 6km away often in the village centre. However, the majority of these markets were very small attracting few traders, larger markets where prices were reported to be significantly better were often 10km away. As a result most farmers claimed to sell their surplus at the farm gate, a finding backed up by the quantitative survey that showed 65 percent of surplus produce is sold at the farm gate. A remaining 32 percent of the respondents sold produce at the village market where prices were said to be little better than at the farm gate. Indeed many poorer farmers said that the produce they sold was so small that traders insist they take them to a collection point (i.e., the village market) if they are to be bought at all.[19] This claim is supported by the finding that

67 percent of the richest respondents said they sold produce at the farm gate compared with only 58 percent of the poorest farmers. Perhaps of more significance in terms of livelihood opportunities was the finding that 6 percent of the produce sold by richer farmers in the sample was sold at larger markets over 5km away, compared with zero percent of the poorer farmers produce (see Table 12).

Table 12: Where farmers from different wealth terciles sell their surplus crops

Response for each crop farmer sells	*Income tercile*						All Responses	
	Poorest		Middle		Richest			
	n	(%)	N	%	n	%	(n)	%
• **Sell at farm-gate**	120	**58**	147	**69**	150	**67**	417	**65**
• **Sell at market within 5km**	86	**42**	62	**29**	59	**26**	207	**32**
• **Sell at market Over 5km away**	1	**0**	5	**2**	14	**6**	20	**3**
• **Total**	207	**100**	214	**100**	224	**100**	644	**100**

Each household was required to say where they marketed each of the three main crops they sold. Not all households sold three crops hence the number of responses in each tercile differs with members of the richest tercile being most likely to sell 3 crops.

Source: Sample survey conducted in 10 sub-villages May-August 2001

Farmers who sold crops within the village were asked why they did so. Only 19 percent of respondents said they sold at the farm gate as the price they received there was good. The main two reasons given for selling produce within the village was that the amount sold was too small to be economical to take a long distance (42 percent), and a lack of transport to take goods to larger markets further away (27 percent). These claims were further supported by interviews with district officials who noted that despite the liberalisation of the agricultural economy, farmers continue to be price takers as they lack transport to take produce out of the village and are thus reliant on the few traders who visit them.

District governments did seem seriously concerned with the current problems producers face in successfully marketing their produce. One official reported that the “current marketing of produce is the biggest constraint on the rural community to increase their incomes” with another claiming that “middle men are laughing all the way to the bank”. In an attempt to address these concerns KD was in the process of facilitating the creation of Producer Marketing Groups (PMGs) which they hoped would increase the marketing power of small farmers and remove the impact of seasonal price fluctuation” (see Box 2 below). PMGs are not without their problems. The major constraint is the ability of PMGs to raise credit in order to pay farmers before sale. In addition, if the problems associated with the large scale co-operatives of the 1970s and 1980s are to be avoided it is imperative that such groups remain small to retain the trust of all members and prevent individual rent-seeking.

Box 2: Learning from others: Producer Marketing Groups in Iringa Region

A three-year project in Iringa Region has seen the development of several PMGs involved in the marketing of coffee maize and beans for their members. Notably the scheme has two aspects: a credit component enabling partial payment at harvest with crops being stored and sold later when prices are higher. In addition producers work collectively in transporting the produce and benefit from greater bargaining power in the purchase of inputs.

Kilosa District, together with Irish Aid has appointed an NGO: The Community Grassroot Initiative Association, to assist local communities in the formation of similar marketing groups.

Problems with marketing cannot be placed entirely with middle traders, who themselves face high transport costs as a result of the poor communication network in much of rural Tanzania. This is supported by research on marketing from the NGO UMADP (Uluguru Mountain Agricultural Development Project) who found that traders face genuinely high costs in transporting produce from remote villages, and that even when support is given to farmer groups they themselves are unable to transport goods to regional markets for less than traders can.

3.8.3 Credit availability

A related issue is that of credit and savings schemes. Such schemes are not widely supported in our sample areas given that less than 2 percent of our respondents claimed to have received any credit from the government, and NGOs in the last 5 years (though clearly the number of private credit arrangements is likely to be much higher). The problem for agricultural credit support schemes was further highlighted through discussions with district officials and NGO leaders who noted that attempts to form savings and credit co-operative societies (SACCOS) in which members buy shares in order to borrow money was proving largely unsuccessful.[20] Despite attempts by the district governments to form SACCOS in every ward, in MRD only 12 of the 42 wards have been formed. This is largely because interest repayments are extremely high at over 5 percent per month (i.e., compounded to 80 percent per annum) resulting in default rates of 50 percent. Notably, despite the schemes originally being set up with the view to assisting agricultural investment this rarely happens as the nature of agriculture dictates a long repayment period (i.e., from planting to harvesting crops). At such high interest rates the only borrowing is for rural business investment, which is largely the domain of richer rural households.

Widespread adoption of improved farming techniques is likely to require addressing the problems of access to purchased input supply, seasonal finance for crop production and marketing constraints for small-scale commercial produce trade. Given that the PRSP places much emphasis on the role of agricultural growth, it is clear that without attention to these aspects agricultural growth is likely to stagnate and the lofty goals of long-term poverty are unlikely to be realised.

4 Conclusions: Implications, Options and Challenges

The research in this paper has addressed several interlocking aspects of the institutional environment in which rural livelihoods are played out. In particular, the way in which local government facilitates and inhibits rural livelihoods has been of central concern. The changing nature of local government and what this means for the communities on the ground, in terms of increasing grassroot participation in the development project, as well as the delivery of better services has been subject to much attention.

Turning first to the issues of accountability and capacity, the challenge of ensuring quality local staff and politicians in all districts, however remote, must be realised. Moreover, much will depend on the degree to which they are held to account by the communities they work for and represent. It appears that in some cases a culture of disinformation exists at the local level (between levels of local government, between administrators and politicians, and between communities and their leaders). This constrains the design of realistic plans and the establishment of effective mechanisms of local accountability.

The local government reforms are likely to shift the balance of power away from administrators toward local politicians, which given the historical legacy of administrative dominance over local democracy, may be good for increasing accountability and reducing corruption. However, this will depend on the ability of local leaders to hold administrators to account and to not themselves take advantage of their increased power to engage in petty forms of patronage. The fact so much LRR is spent on administration and emoluments suggests this may already be happening to some extent. For successful local government, genuine downward accountability to the electorate is required. This will require a shift in the values of rural citizens away from the expectation of ‘development from above’ toward a greater sense of ownership and the emergence of active citizenship. Aspects of the Village Democracy Initiative such as community training and seeking legislation that makes plans and budgets publicly available are imperative for meaningful participation, accountability and ownership to emerge, though time may be an equally important factor for the emergence of effective channels of participation.

Accountability and capacity issues aside, the actual increase in local autonomy over planning and implementing development initiatives under the current plans, on the evidence reviewed, is likely to be minimal and vary widely both within and between districts. Providing locally specific services requires the presence of financial resources that local governments have autonomy over. Currently such funds are minimal. Furthermore the limited prospects for significantly increasing LRRs in poor rural areas must be appreciated. The streamlining of rural taxation, the cutting of administrative costs, the reduction of petty corruption and transfer of more LRRs to sub-districts would all help, but these initiatives alone are unlikely to increase LRRs to the extent required for significant local capital developments across all rural districts. This leaves the two options of increasing the burden of local taxation, and having more unconditional transfers. In many cases increasing the level of local taxation may not be commensurate with promoting the livelihoods of the poor (though perhaps ceding more power to tax large estate owners would help) (c.f., Kydd and Dorward, 2001). This leaves the option of transferring more unconditional central funds which itself is problematic under the current climate of national poverty reduction agendas

As seen, the current method of addressing many of the constraints identified in the PRSP (e.g., schools, clinics, water and roads) has seen the creation of national programmes that rely on the transfer of conditional grants allocated to local authorities under strict accounting and governance procedures. As Johnson (2001) observes the implementation of substantive pro-poor policies may well require strong leadership and control on the part of central governments. However, this approach may be at odds with the interests of democratic decentralisation. Indeed, as James et al (2001) observe, in the case of Uganda, in accommodating the contradiction between the need for central control of pro-poor policy, and the creation of participatory forms of government, a dual-mode system of local government has emerged under which a 'technocratic' mode co-exists alongside a 'participatory' mode. The technocratic mode can be placed in the context of national poverty reduction targets and the funding of specific nation-wide sectoral programmes (e.g., Universal Primary Education - UPE), all of which reflect centrally determined top-down policy solutions. By contrast, the process mode is principally driven by notions of popular democracy and bottom-up planning and is fuelled by LRR and limited unconditional grants (which are largely consumed in administrative costs and political emoluments). Such a dual-mode system it is argued, results in a façade of democratic local government under which local priorities remain un-addressed and downward accountability continues to be poor.

The challenge is therefore to clearly define how decentralised local governments can effectively feed into national poverty reduction plans whilst ensuring meaningful participation and ownership locally. The answer may not be a simple matter of best balancing the trade-off between achieving national goals and local participation *per se*, but rather requires us to look at the relative strengths of local as compared with central government, in different areas of public sector activity. In the case of social sector provisioning there are strong arguments that national programmes, albeit implemented through decentralised local governments, may be the best means of ensuring national poverty reduction. Arguably however, in the case of promoting rural growth, the significance of local specific factors may necessitate a more flexible approach that cedes more autonomy over spending, to local authorities.

The PRSPs identification of economic growth as a long-term condition for poverty reduction resulted in the formulation of a rural development strategy. Nevertheless, little in the way of real livelihood facilitation can be witnessed on the ground. The research presented here is not unique in suggesting that attempts to increase agricultural production and farming related incomes are constrained by a multitude of factors, including: land constraints, poor extension, lack of input availability, lack of credit to purchase inputs, high transaction costs and market distortions. Some of these problems are nationwide, others location specific. This suggests the need for a multi-dimensional approach that takes into account local factors. Furthermore, research from this same series (Ellis et al, 2002) suggests that economic growth in rural areas may require a broad based strategy of support, not just to agriculture but to the non-farm sector as well. Again the options for non-farm rural livelihoods clearly vary as a function of location and natural resources. Taken together these findings point to the need for concerted public sector support to rural livelihoods that is both multi-dimensional - in the case of agriculture, and multi-sectoral - in the case of rural livelihoods generally.

Given that the constraints and opportunities for rural areas are so closely linked to local specific factors it is perhaps in the facilitation of rural activities, that the opportunity for decentralised local government could be most effective. The PRSP and the RDS need to recognise the potential of local governments in this role, not just in words and rhetoric but in clear and active support. For example, the creation of a rural development non-sectoral unconditional grant (with appropriate incentives and penalties) accessed by districts could form the centrepiece of efforts to promote rural growth.[21] Conversely, whilst assisting LGAs to facilitate rural livelihoods, it is vital that central government, perhaps through the Rural

Development Secretariat, prevents the development of institutional arrangements at local level, such as rural taxation that is inimical to trade, investment, risk-taking and enterprise in rural areas. In addition to promoting economic growth in rural areas, such an approach could in the medium-term do much to increase the opportunities for genuine participatory planning and effective local government.

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[1] According to the 1991/1992 Household Budget Survey of 5328 households, basic need poverty was estimated at 57 % in rural areas compared to 41% in urban centres excluding Dar es Salaam where the estimate was as low as 5.6%. The 1993/1994 Human Resource Development Survey (HRDS) of 5218 households indicates that within rural areas farmers are poorer than non-farmers.

[2] Indeed considering the high population growth estimated to be 2.8 percent per annum the figure of 3.6% corresponds to little or no real growth per capita for most rural citizens.

[3] In the Zanzibar archipelago multi-party elections have led to violent clashes between the GOT and CUF, a well-supported separatist party who do not accept the outcome of either the 1995 or the 2000 elections.

[4] The Tanzania Assistance Strategy states that in 1992 the civil service consisted of 355,000 workers, a figure that had reduced to 270,000 by 1997. Therkildsen (2000) further states the reduction came almost exclusively from lower-level staff and some 16,000 ghost workers.

[5] Many of these programmes are ongoing, chief among which include the Public Financial Management Reform Programme, the Civil Service Reform (begun in 1993) and the National Anti Corruption Strategy and Action Plan.

[6] Harrison notes that in Tanzania the “implementing partner for the Public Service Reform Programme is not actually the Civil Service Department – although this is the institution that executes the programme – but the Tanzanian Ministry of Finance” (p. 665). He further notes that all bilateral donors negotiate their aid programmes with the Ministry of Finance, many referring to it as the ‘point of entry’ regardless of the nature of the aid programme.

[7] The Villages and Ujaama Villages Act, 1975 recognised regular or pre-existing villages as well as the newly created Ujaama villages. Therefore not all rural people were forced to relocate, however, to qualify for registration as a village it was necessary to have not less than 250 homesteads in the area.

[8] Furthermore with the introduction of multi-parties the former system of a ten-cell (household) leader who was also the government representative at that level could not continue. Nevertheless for reasons of security and the settling of minor disputes, leadership at sub-village levels was thought necessary.

[9] The LGRP involves Tanzania mainland only as local government is not a union matter under the 1977 Constitution of Tanzania.

[10] In October 1998 there were 111 local authorities in Tanzania made up of 92 district councils, 9 town councils 9 municipal councils and 1 city council (Dar es Salaam), a number which has since increased

[11] The Ministry of Local Government and Regional Administration (MRALG) was established in 1999 and incorporated in 2000 into the Presidents Office (PO) making it a central ministry with increased power and authority. PO-RALG has the role of co-ordinating relations between the central and local government on the one hand, and co-ordinating sectoral ministries in their relation with local government bodies, on the other. After the reforms have been established it is envisaged that PO-RALG will take over responsibility for sustaining the reforms, particularly through the regional secretariats.

[12] The composition of the WDC has changed from appointed officials only in 1969, to a mix of both elected and appointed officials in 1982 to only elected members in 1999. Shivji and Peter (2000) argue that the sitting of elected politicians at ward level despite the ward supposedly being an administrative unit, further fuels the tendency for WDCs to act and behave “like a superior body to the Village Councils” (p.73). They suggest that is should be strictly for co-ordinating decisions made at district and village levels and not have the power to over-ride village assemblies and village councils.

[13] Morogoro region is made up of five districts: Morogoro Urban; Morogoro Rural, Kilosa Ulanga and Kilombero.

[14] Morogoro town, the regions capital, is located conveniently at the convergence of the Dodoma-Dar es Salaam highway and the Dar es Salaam – Mbeya.

[15] There are numerous in-depth reports on fiscal decentralisation and in particular the negotiation mechanism between central and local government for funding allocations and will not be explored in detail in this paper (e.g., Price Waterhouse Coopers, 1998).

[16] According to the KD Treasurer it is specified that not more than 15 percent of locally raised revenue should be spent on council allowances though accounting technique make this problematic to verify as the figure is frequently included in general ‘administration’.

[17] However, appeals were being launched, as the full council did not yet have the power to do this, as authority on personnel matter had not been fully decentralised at that time.

[18] Dissatisfaction with agricultural extension is nothing new, indeed Nyerere in 1975, announced that he could sack all extension staff and yet agricultural production would continue unaffected. Such comments it has been argued made extension staff feel that they were not appreciated by the leaders and the public as a whole.

[19] In most such cases produce is carried to the centre by foot, or in more fortunate circumstances by bicycle

[20] Findings drawn from interviews on the 26th and 27th of July 2001 with Morogoro Rural District Co-operative Officer: Mrs Kahewanga and Professor Mattee advisor to MVIWATA (a network of farmer groups) and the Uluguru Mountain Agricultural Development Project (UMADP).

[21] Lessons on developing such a holistic approach can be drawn from Uganda where a multi-sectoral “Plan for the Modernisation of Agriculture” has already been devised.