

UNITED REPUBLIC OF TANZANIA

UNITARY COUNTRY

AFRICA

BASIC SOCIO-ECONOMIC INDICATORS

Income group - **LOW-INCOME** Local currency - **Tanzanian shilling (TZS)**

POPULATION AND GEOGRAPHY

AREA: **947 300** km²

POPULATION: **50.8** million inhabitants (2014),
an increase of 3.2% per year (2010-2014)

DENSITY: **54** inhabitants/km²

URBAN POPULATION: **31.6%** of national population

CAPITAL CITY: **Dodoma** (0.45% of national population)

Sources: World Bank, UN World Urbanisation Prospects, ILO

ECONOMIC DATA

GDP: **127.7** billion (current PPP international dollars)
i.e. 2 514 dollars per inhabitant (2014)

REAL GDP GROWTH: **7.0%** (2014 vs 2013)

UNEMPLOYMENT RATE: **3.1%** (2014)

FOREIGN DIRECT INVESTMENT, NET INFLOWS (FDI): **2 045** (BoP, current USD millions, 2014)

GROSS FIXED CAPITAL FORMATION (GFCF): **31%** of GDP (2014)

HUMAN DEVELOPMENT INDEX: **0.488** (low), **rank 159**

TERRITORIAL ORGANISATION AND SUBNATIONAL GOVERNMENT RESPONSIBILITIES

MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGs
160	-	-	160
MAINLAND: 38 URBAN COUNCILS AND 109 RURAL COUNCILS ZANZIBAR: 4 URBAN COUNCILS AND 9 RURAL COUNCILS AVERAGE MUNICIPAL SIZE: 3 17 500 INHABITANTS			

MAIN FEATURES OF TERRITORIAL ORGANISATION. Tanzania is a unitary country with a single level of sub-national governments. Decentralization by devolution initiatives started in 1982 with the reintroduction of local government administration, and Tanzania is currently implementing decentralization by devolution through the Local Governments Reform Program (LGRP). Art. 145 and 146 of the Constitution of the United Republic of Tanzania state categorically that the National Assembly must provide for local government through legislation. The country is divided between Mainland Tanzania and the archipelago of Zanzibar, which have a separate government. Local authorities are composed of 118 rural councils and 42 urban councils. There are three types of urban councils (city, municipal and town councils), and two types of rural councils (district and villages councils). There are neither city councils nor village councils in Zanzibar. The country is also divided into 30 regions (25 in mainland Tanzania and 5 in Zanzibar), *wards*, *vitongoji* and *mtaa* for administrative purposes. Local governments are enshrined in the Constitution. All councilors are democratically elected; council elections are held every five years.

MAIN SUBNATIONAL GOVERNMENTS RESPONSIBILITIES. The specific powers of district and village governments are detailed in the principal local government acts that have been amended since 1999 as part of the LGRP. Most local authorities' competences are shared with the central government. These include primary education, primary healthcare, agriculture and livestock, water supply, local road maintenance. Local authorities' own competences include the establishment and maintenance of recreation grounds, promotion of public health, the construction of drainage works, the administration of markets, etc.

SUBNATIONAL GOVERNMENT FINANCE, MAINLAND (DATA EXCLUDING ZANZIBAR)

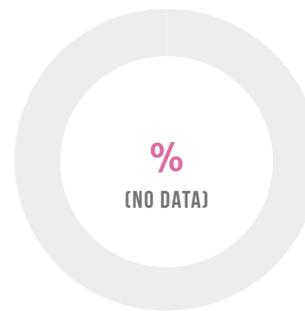
EXPENDITURE	% GDP	% GENERAL GOVERNMENT (same expenditure category)	% SUBNATIONAL GOVERNMENT
TOTAL EXPENDITURE (2013)	3.9%	16.6%	100%
CURRENT EXPENDITURE	3.1%	-	81.3%
STAFF EXPENDITURE	2.3%	30.8%	59.2%
INVESTMENT	0.7%	20.4%	18.7%

Tanzanian municipalities are in charge of expenditures in public services, including general administration, education, welfare, public health, housing and town planning, transport, environment, culture and economic affairs.

EXPENDITURE BY FUNCTION

% SUBNATIONAL GOVERNMENT EXPENDITURE

- GENERAL PUBLIC SERVICES
- DEFENCE
- SECURITY AND PUBLIC ORDER
- ECONOMIC AFFAIRS
- ENVIRONMENTAL PROTECTION
- HOUSING AND COMMUNITY AMENITIES
- HEALTH
- RECREATION, CULTURE AND RELIGION
- EDUCATION
- SOCIAL PROTECTION



In Tanzania mainland, a large share of local authorities' expenditure is allocated to education spending and healthcare.

REVENUE BY TYPE	% GDP	% GENERAL GOVERNMENT (same revenue category)	% SUBNATIONAL GOVERNMENT
TOTAL REVENUE (2012)	4.7%	21.8%	100%
TAX REVENUE	0.2%	1.8%	5.3%
GRANTS AND SUBSIDIES	4.3%	-	90.6%
OTHER REVENUES	0.2%	-	4.1%

The three government levels receive their finances from national budget allocations through different ministries. Apart from the national budget allocations, local governments can raise funds from different sources, including fees (e.g. on forest products), licenses, property taxes and rents, charges and fines. Generally speaking, the local authorities have a weak revenue base. To strengthen this, the Local Government Finance Act of 1982 was amended in 1999 to appoint local governments to be licensing for commission agents, manufacturers' representatives, brokers, travel agents, motor vehicle sales, import trade, regional trade, and companies' co-operative societies.

TAX REVENUE. Local authorities have the ability to levy the taxes, fees and charges established in the Local Government Finances Act. They include the council property tax, a tax on crop cession, a tax on forest produce cession, a guest house tax, a service levy, etc, most of them being difficult to collect. Local governments are not able to create taxes besides those allocated to them by the central government.

GRANTS AND SUBSIDIES. Transfers are the main source of revenues for local governments. Transfers to local authorities include earmarked transfers for five national policy priority areas education, healthcare, water, roads and agriculture, as well public administration. These transfers cover recurrent expenditures, including salaries and operating expenses; the charges for operating expenses are estimated through a formula. Most transfers are earmarked for education (around 60%) and healthcare (around 16%); the bulk of recurrent financing is for salaries. 30% of national revenues from the fuel levy are transferred to local authorities for the maintenance of roads, and local governments also receive 20% of the revenue from land rent. In Zanzibar, local authorities may receive transfers from the Revolutionary Government of Zanzibar, in the form of conditional grants, block grants, equalisation grants, state support grants, and in addition donor grants.

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

OUTSTANDING DEBT	% GDP	% GENERAL GOVERNMENT
OUTSTANDING DEBT (2013)	-	-

Local authorities are able to borrow with the approval of the Ministry of Finance. Currently, the only approved borrowing mechanism for local authorities is the Local Government Loans Board, a government-supported financial intermediary. They are requested to contribute a minimum compulsory reserve equal to 10% of own-source revenues, which serves as a reserve with the LGLB.

A joint- study of:



Sources: Local Government Finances Act (1982) • Tanzania Prime Minister Regional Administration and Local Government Office <http://lginf.pmoralg.go.tz>, Tanzania Ministry of Finance and Planning <http://www.mof.go.tz/> • V. and S. Yilmaz (2010), Decentralization in Tanzania: an Assessment of Local Government Discretion and Accountability, Public Administration and Development Vol. 30, Venugopal • USAID (2010), Comparative Assessment of Decentralization in Africa: Tanzania In-Country Assessment Report • National Bureau of Statistics: 2012 Population and Housing Census • Commonwealth Local Government Forum (2013), Country Profile: The local government system in Tanzania • Zanzibar Local Government Bill (2014)