

# **DECISION-MAKING FOR LOCAL GOVERNMENT FINANCE MANAGEMENT IN TANZANIA: THE CASE OF BUKOMBE DISTRICT, GEITA REGION**

© 2023 Paul Mtasigazya

MTASIGAZYA Paul, Dr, The Mwalimu Nyerere Memorial Academy, Karume Campus, Zanzibar, Tanzania. Email: p.anton75@yahoo.com

**Abstract.** *This study explored the factors associated with ineffective decision-making processes in local government authorities' (LGAs) Finance Management in Tanzania, the case of Bukombe District. This study was guided by two objectives: i) To examine the institutional decision-making processes which contribute to ineffective governance of public finance in LGAs and ii) To explore the extent local government staff has knowledge on the factors associated with effective decision-making in management of public finances in LGAs. This study used a case study research design while data were collected through interviews and documentary review. A sample size of 80 respondents was selected through purposive sampling and data were analyzed using content analysis. The study findings indicate that public officials were not aware and knowledgeable in financial decision-making processes and did not comprehend the laws governing management of public finances. Thus, the study concludes that LGAs' and central government's decision-making processes fuel ineffective management of public finances in local government authorities. Therefore, this study recommends that the central government should put in place serious measures to support local governments in their efforts to ensure participation in decision-making process by hiring qualified staff with financial management skills.*

**Keywords:** *decision-making process, local government, effective funds management*

DOI: 10.31132/2412-5717-2023-64-3-59-74

## **INTRODUCTION**

In this study, effective local government funds management is construed to mean budgeting, revenue collection, expenditure of the LGAs' funds in order to meet desired goals of serving people in the areas of local government jurisdiction. It also includes transparency in financial and fiscal affairs, in which the council disseminates information on financial and fiscal affairs to the public through meetings organized by the council, including full council meetings, and ward and village meetings.

In this regard, the Tanzanian government has undertaken local government reforms in order to curb ineffective local government fund management. These reforms include the LGAs Reform Programme (LGRP) I, 2000-2007 and LGRP II from June, 2008 to June 2013 [8]. The LGA reform is undertaken because of local governments are vested with power to raise and spend the funds from locally generated revenues and funds disbursed to them by the central government [17;18]. The LGA reform intended to enhance proper management of the public funds and can hardly be effective for local governments if decisions on collection and utilization of the public funds are not based on effective utilization of funds measured by revenue collection and utilization free from corruption, embezzlement and fraud (ibid). Notably, [14] documented that the management of funds in local governments is associated with the dismal participation rate of the public in decision-making. Furthermore, the central

government channels a lot of funds to LGAs in Tanzania, for instance LGAs in 18 regions out of 21 relied on fiscal transfer from the central government for more than 93% of their fiscal resources [18]. So with huge amount of money, i.e 93%, transferred by central government to LGAs for public expenditure, several policy interventions have been brought on board to address the problem of ineffectiveness decision in the governance of public funds. Among policy interventions executed are the Civil Service Reform program (CSRP), which started in 1993, and in 1998 Public Service Reform Programme (PSRP), the LGAs Reform Programme (LGRP) I, (2000-2007), and LGRP II (from June, 2008 to June, 2013). These reforms are based on historical establishment of local governments by local government Act No. 7 in 1984. The moves to re-establish local authorities started in 1982, when several pieces of registration were passed. These include Act No. 7 of 1982, which provides for the establishment of District authorities, and Act No. 9, which provides for establishment of urban authority, as well as Local Government Finance Act No. 9 which provides for control of financial matters in local government [17].

The re-established institutions were expected to provide good environment to solve socio-economic problems of the people. In order to achieve the expected outcomes, the re-instituted local governments were expected to enhance transparent, accountable and uncorrupt financial management capacity in the delivery of services [10; 24]. The decision-making in this context is understood as evaluating course of action and choosing among the alternative course of action [7]. This study, however, operationalize that decision-making is the management of public funds, considering it as an act or process executed by LGAs leaders, which are guided by the policy or enacted laws.

Furthermore, there is a Local Government Finance Act. No.8, which explains the powers of local governments to raise and spend their funds within their areas of jurisdiction. Also, the Local Government Authorities' Election Act No.4 of 1979 explain the process of electing ward councilors who are responsible for decision making at local level. It has been noted that there is a limited number of studies that have examined effective decision making in the governance of public funds [7]. The local government reform was expected to improve effective management of the public funds for service delivery. Nevertheless, the ineffective management of the public funds is still experienced in public institutions, particularly in local governments. For example, massive mismanagements of public funds were noted in 2019, presented by weak control in finance in 86 LGAs. These include Tshs. 3,872,146,712 being total receipts in Councils' cash books, but not reflected in the bank statements [8, 26]. A sum of Tshs. 18,368,780,081 from various Councils' cheques drawn in favour of various payees in the Councils but were not presented to bank until the closure of the financial year 30th June, 2019. Also, a total of Tshs. 842,758,166 was debited (withdrawn) from the Councils' bank accounts without being credited to the Councils' cash books [18]. Despite increased local governance practices (holding village and ward meetings and forming village and facility committees), a study by [8;15] observed a breakdown of the government administrative machinery in responding to the voices of the people, as well as malpractices in the course of management of public funds. For instance, the financial year 2019/20, a total of 123 LGAs budgeted to collect Tshs. 442,034,532,275 from own source revenue, but managed to collect only Tshs. 343,421,345,312, thus resulting in undercollection of Tshs. 98,613,186,963, equivalent to 22 percent of the total budgeted own source revenue, due to weak decision making in enforcement of revenue collection [26].

Therefore, this research attempts to investigate decision-making attributes for effective local government management of funds in Tanzania. It entails to provide answers as to what extent institutional decision-making factors contribute to ineffective governance of public funds in LGAs. Likewise, the research will address concerns of the extent of local

government staff awareness and knowledge on factors contributing to effective decision-making of public funds.

## 2.0 Literature Review

In this paper decision-making means the process whereby an individual, group or organization reaches conclusions about what future actions to pursue, given a set of objectives and limits on available resources, in particular, financial resources of LGAs. This process will be often interactive, involving issue-framing, intelligence-gathering, coming to conclusions and learning from experience [27]. In this regard, there are studies concerning decision-making, which include [19], noting that the subject-matter of the decision-making process is far wider than the traditional coverage of the study of local government. Internal and external factors and the complexity of the processes at various levels are recognized as significant contributors to the process of policy-making. This study attempted to understand this process, based on the conceptual and theoretical framework, and the formulation of a set of decision-guidelines under the new proposed model by interviewing a group of Councilors from Kuantan Municipality Council in Malaysia (*ibid*). Specifically, the forementioned study attempted to understand the role of Councilors in the local government system and factors influencing them in making the right decision. The findings presented are derived from those meetings and supported by input from other parties, such as politicians, planners and academicians. The interpretation of Councilors' responses to certain questions was descriptively analyzed. The conclusion derived from the findings is that Councilors have no clear guidelines in order to assist them in making a right decision on the council's matters. By using the new process that is based on the 13 factors as decision-guidelines, they believed and agreed that will make their decisions fundamentally more accurate and focused. This study has analyzed the role of the councilors in Malaysia but the findings of this study cannot be generalized to LGAs in Tanzania, because LGAs in Tanzania are established with different unitary, administrative and political set up.

Furthermore, [3] conducted a study on comparison of public and private sector decision-making in perspective of problem structuring and information quality issues. The findings indicated that public and private sector operate in different decision-making contexts, and they employ different decision-making processes, and their support needs to differ. This study was based on comparison of public and private decision-making process, which does not tell the factors for ineffective decision making in LGAs in Tanzania.

In addition, [2] carried out a study to assess the effects of LGAs in promoting citizen involvement in decision making process in Ilala municipality. The objective of the study was to find out if there is citizen involvement in local government authorities. The study used a case study research design with a sample of 175 respondents selected through convenience and purposive sampling techniques. Data were collected by using questionnaires and interviews. They were analyzed by using SPSS Version 21 and Microsoft Word for text processing. Findings revealed that there was a policy or regulation which advocated citizen involvement, but few employees and public servants were aware of such a policy. The public was involved in LGA meeting and activities more than three times. The way of involving the public was not constant. The public was involved satisfactorily in different activities other than financial. The study recommended that new employees be made aware of the policy/transparency in financial transactions, that public servants are held responsible for their actions, communication be improved, corruption be fought and that further studies be conducted.

Furthermore, [1;13] noted that the influence of context on decision-making is largely unexplored. Contextual influences arise from an organization's role in a society, such as being

an instrument of public policy or a means for creating wealth for shareholders. This role dictates the governance arrangements that are needed to exercise control for different types of owners, such as elected officials or shareholders. On the other hand, it is reported that the approach to governance leads managers in each sector to experience different demands and expectations, which are apt to influence their decision-making. Each sector's role calls for dealing with users and clients in different ways, which may also influence how decisions are made in LGAs which as noted earlier not been investigated.

Moreover, [14] compared decision-making in a tax-supported general purpose government agency with that done by the business companies. The simulation calls for managers to assess the risk and prospect of adopting budgets tailored to match each sector. The private and public sector difference was consulted to make predictions, suggesting that public sectors' managers would favour bargaining networking and private sectors managers would favor analysis and speculation. The study found that the private sector managers are more apt to support budget decision making, but this study lacks experience of decision making in LGAs.

Likewise, [5; 9] point out that making a decision is the crux of administrative action. Decision-making means choosing a preferred action from two or more alternatives as already indicated previously in this section. Decision making at local government level is a rational attempt by a manager and leaders to achieve the objectives of his/her institution. Decision-making is required from the time when objectives are set at an early stage of the policy planning process and it requires discernment, creativity, capability and experience. Before the appropriate policymaking actions can be taken, it is necessary to identify policy challenges and problems which require attention. Alternatives should then be developed and analyzed where after the appropriate policy path of action is decided upon. The weakness this study has is that it only discusses the problems in decision-making in relation to the policy challenges, but does not give due attention to the factors for ineffective management of local government funds. Hence a specific study was needed to examine the factors for ineffective local government funds management.

In other words, the literature review has enabled identification of two knowledge gaps. The first one relates to the absence of studies investigating the decision making for effective financial management in Tanzania LGAs in an extensive way, thus contributing to the literature development. The second gap is related to the scarcity of studies in this area in Tanzania. Thus, in practical terms, this investigation proves to be important for the LGAs and local people, because it provides a better understanding of the factors that positively contribute to the effective financial management in line with decision making processes in LGAs.

### **2.1. Models guiding this study**

This study reviewed different models so as to establish the guiding model. These models include territorial administration model which exhibits an experience in a wide variety of countries. That suggests strongly that many have neither any tradition of, or experience with, the "electoral and fiscal autonomy" that [22] considers an essential ingredient of fiscal federalism as he understands it. In the territorial administration model found in many such countries, local governments are essentially viewed simply as the local manifestation of central administration as it were, local lines in the central budget. Sometimes such governments have limited powers to impose fees. However, their main role is simply to act as a channel for central funds devoted to carrying out centrally directed functions at the local level. Often, the number, qualifications, and salaries of all "local" officials are also set

centrally. In short, local governments are little more than “deconcentrated” central government offices. In many countries around the world, in which both experience and expectations are along these lines, it is not surprising that most attempts to decentralize in terms of giving local governments responsibility and authority for real decision-making have failed [4; 11]. The various approaches to “second-generation” fiscal federalism were insightfully discussed by [21; 22; 25]. From the present perspective, these approaches can all be seen as (useful) extensions of the canonical model to encompass more explicit treatments of information asymmetry and various aspects of political economy. Similarly, the quite different “public choice” perspective associated with [3]. The point to be emphasized, however, is that if a country (implicitly or explicitly) thinks that territorial administrative model, i.e. deconcentration, is “right” for it, there is probably little point in urging “devolutionist” (local autonomy) reforms on it. Moreover, evaluating the success (or not) of whatever decentralization (by their lights) that they undertake in terms of what is, from their perspective, the largely inappropriate standard of the canonical fiscal federalism model is unlikely to prove useful.

On the other hand, administrative federalism model states that such problems are not confined solely to ex-Soviet countries or to poor countries. Indeed, an important variant of this model is evident in northern Europe in the form of the “administrative federalism” model [12]. Under this approach, the “welfare state” is in effect administered by an integrated system under which central and sub-central governments, although distinct and with different constituencies and responsibilities, nonetheless work almost as one. In countries like Sweden and Denmark, for example, most redistributive spending is financed by both central grants and local taxes but locally administered. Other such countries demonstrate traditional hierarchical rule (Cambodia, Madagascar), central governments unwilling to give up control (Egypt, Ethiopia), expenditure assignments and undue transfer dependence (Albania, Southern Sudan, Pakistan, and Peru), and effective resistance of elites and power-holders (Sierra Leone and Burkina Faso) [11]. In contrast, in two of the cases they consider Yemen and Tanzania; the canonical model fails essentially for the opposite reason, because it does not easily encompass what has elsewhere been called the “federal finance” model.

In contrast to territorial administration model, however, under administrative federalism model local governments have both incentives and freedom to experiment to some extent with new services and new ways of delivering services. Potential problems arising from information asymmetry and differing incentives are assumed to be largely dealt with through an institutionalized structure of central and local cooperation that ensures, in effect, that each level of government is seeking to achieve the same objectives and acting on the basis of the same information. In such circumstances, local authorities are generally both directly regulated with respect to many aspects of local service provision and subject to budgetary regulations that ensure they cannot expect to obtain a bailout by increasing spending.

## METHODS AND MATERIALS

The study was conducted in Bukombe District located in Geita region. The reason for selecting municipal council is based on the fact that within a qualitative research approach, case study strategy approach was adopted. A case study is a small inclusive and extensive study of an individual(s) or area where an investigator employs all his/ her skills and methods so as to allow systematic gathering of enough information about phenomenon and to permit one understands on how it functions as unit of society [20].

The case study strategy is considered to be appropriate in this study because it is the one used to investigate the phenomenon within a small and manageable area and sample.

Selection of the case study included selection of area of the study, in this case, Runzewe East and West Wards in Bukombe District Located in Geita region. Wards and villages/streets were selected because the respondents from these areas have different and varied insights and experiences concerning decision making in local governments' funds management.

Thus in this study purposive sampling was applied for selecting members from the Mtaa/village council in their respective wards, because the village council members have the role of participating in decision-making with local government leaders at village level in Runzewe East and West Wards in Bukombe District located in Geita region. Another reason for using purposive sampling was the issue of extreme case purposive sampling where the researcher expects that the Village council members had rich information of participation in decision-making in LGAs. This study used a sample size of 80 respondents as presented in table1.0 below.

**Table 1: Sample size and Composition at Runzewe East and West Wards (N=80)**

SNo	Category of respondents	Number of Respondents
1	Local Government staff	16
2	Councillors	04
3	Village Council Members	20
4	Citizens	40
5	Total No. of respondents	80

Source: Field data, (May, 2022).

Bukombe District Council was established by the government of Tanzania in July 1995. It is among six districts in Geita Region. These include Geita Town Council, Geita District, Bukombe District, Chato District, Mbogwe District and Nyang'hwale District constituting Geita region and one of the Local Government Authorities in the same region. The district is sub-divided into three divisions, namely Mbogwe, Masumbwe and Siloka, in which there are 17 wards and 120 villages. Population growth rate is 7.4% per annum. According to [24] population and housing results, the district has 395,298 people. It has 17 wards, namely Bugelenga, Bukombe, Busonzo, Butinzya, Igulwa, Iyogelo, Lyambamugongo, Namonge, Ng'anzo, Runzewe South and East, Ushiroambo and Uyovu, Katome, Bulega, Katente and Uyovu [24]. Thus, purposive sampling was plausible for this study because individuals in a defined population were being selected as sample of respondents based on their experience and relevance to the study's objectives.

### 3.1. Data collection

In this study, structured interviews were used, as it involves the use of a set of predetermined questions and highly standardized techniques of recording. This method was used because the researcher intended to get insights, experiences on the practices of decision-making among local government officials and citizens in their areas of jurisdictions.

Furthermore, documentary review included review of books, records, government publications and official statistics as far as this study is concerned. This method was employed to gather information from various local government documents related to financial decision making in local government specifically in Runzewe East and West Wards in Bukombe District in Geita region in Tanzania.

### 3.2. Data analysis technique

The data collected that were qualitative in nature were analyzed thematically. Thus, in using this type of qualitative data analysis, the major concepts or themes were identified, the researcher perused the collected data and identified information that was relevant to the research questions and specific objectives stated in this study. The method used was developing a coding system based on the collected data and the major issues to be covered, as well as the intensity through which the frequency of an idea, word and description appears [20]. For instance, in the research question number two, which states “to what extent institutional decision-making factors contribute to ineffective governance of public funds in Local Governments?”, the data analysis was based on the topics/issues that were identified in the data collected. The factors for ineffective decision-making processes were identified using frequency in the study areas. On other hand, the quantitative data collected were subjected to statistical analysis with the application of Statistical Package for Social Sciences (SPSS) version 21 where calculation of frequencies and percentages relating to research questions and the numerical data were placed under their respective research questions and themes identified in the course of coding and data analysis.

### 4.0. Results and Discussions

This study included 80 respondents. It started with demographic characteristics of respondents and the discussion on how these demographic characteristics impacted decision-making in local government financial management in Runzewe East and West in Bukombe district.

#### 4.1. Socio-economic Characteristics of Respondents

##### 4.1.1. Age of Respondents

Table 2. Demographic and Socio-economic Characteristics of Respondents

Age Category in Years					
18–39	40–59	60 and above	Total		
20 (25%)	40 (50%)	20 (25%)	80 (100%)		
Education Level of Respondents					
Postgraduate	Bachelor degree	Diploma	Secondary Education	Standard seven	Total
10 (12.5%)	40 (50%)	10(12.5%)	20 (25%)	00	80 (100%)
Working/Professional Experience in Years					
Less than a year	1–5 Years	6–10 years	More than 10 Years	Total	
00	40 (50%)	20 (25%)	20 (25%)	80 (100%)	
Gender of respondents					
Female	Male	Total			
40 (50%)	40 (50%)	80 (100%)			

Source: Field data, (May, 2022).

In Runzewe East and West in Bukombe district, the data collected on the age of the respondents presented in the Table 2 shows that 40 (50%) respondents were aged between 18 and 39 years and 40 (50%) were aged between 40 and 59 years. None of the remaining

respondents were aged 60 years and above. Therefore, in Runzewe East and West Wards, half of the respondents were aged between 40 and 59 years.

The age category of 40 to 59 of these respondents indicate that some of them had impact on participation in decision-making in financial management. For example, at Runzewe East and West in Bukombe district, it also was reported that respondents aged 18 to 40 years did not demand participation in decision-making concerning financial management from their hamlet leaders, while citizens of 50 years and above were remarkably demanding participation in decision-making. The findings are summarised in *Table 2*.

#### *4.1.2 Level of Education of Respondents and its impacts on Decision making process in LGAs*

Table 2 demonstrates that 12.5% respondents were postgraduates, 50% were bachelor degree holders while 12.5% were diploma holders. 25% of respondents were secondary education leavers and none of respondents were standard seven leavers. The respondents with bachelor and postgraduate education were of the view that participation in decision-making concerning financial management were limited to the citizens because the local leaders were scared of being questioned by the citizens.

#### *4.1.3 Respondents' Working Experience and its Impacts on Financial Decision Making in LGAs*

The respondents were also asked to state the duration of their working/professional experience in their current business activity in the case of taxpayers/citizens and the professional working experience of the Municipal Councils' staff respondents and councillors. The purpose was to investigate on how this working experience affected participation in financial management decisions at Runzewe East and West Wards at Bukombe district. The study findings indicated that none of the respondents had worked with Runzewe East and West Wards at Bukombe district for less than a year. On the other hand, 40 (50%), a half of respondents had worked for one to five years, 20 (12.5%) had worked for six to ten years while 20 (12.5%) respondents had worked with Runzewe East and West Wards at Bukombe district for more than 10 years. Thus, in Runzewe East and West Wards at Bukombe district, half of the respondents, i.e 40 (50%) had worked between one and five years in their specific professions, such as local government staff and councillors to mention a few.

The working experience of half of respondents (40, or 50%) with one to five years had impacts on decision-making in financial management. For example, out of these 40 respondents, 23 respondents noted that they have never been participating in financial decision-making meetings with local governments. This went hand in hand with lack of deliberation of the by-laws related to paying taxes. The findings corroborate with the response from one of Respondents who stated that:

“Citizens have low turnout in participating in decision-making, such as in financial decisions in building classrooms, because the budgets for the same are not disseminated to them by the local government Officials (Interview, May, 2022).

Hence, the working experience of less than five years of citizens contributed to the forementioned dismal participation in decision-making in Runzewe West and East Wards.

#### *4.1.4 Gender of respondents*

The gender as a demographic characteristic of the respondents presented in Table 2 shows that 50% of the respondents were male and 50% of respondents were females. This affected financial decision-making in the councils. For example, in the male dominated society men tend to be more assertive in demanding financial information from local governments. These



particular findings suggest that some of the male respondents were found to be participating more actively in financial decision-making, compared to female respondents.

#### 4.2 Knowledge of local government staff on management of public funds

This question aims to examine if the local government staff had knowledge on management of local government funds in local governments in Tanzania, particularly in Runzewe West and East Wards in Bukombe District Council in Tanzania. The findings are presented in Table 3 below:

**Table 3. Responses on whether LGA staffs were knowledgeable with decisions in Financial Management**

SNo	Category of respondents	Local Government Officers were knowledgeable	Local government officers were not knowledgeable	Neither	Total No. of respondents
1	Local government staff N=16	2 (1.25%)	14 (87,5%)	00	16 (100%)
2	Councillors N=4	00	04 (100%)	00	04 (100%)
3	Mtaa Council Members, N=20	10 (50%)	10 (50%)	00	20 (100%)
4	Ordinary citizens N=40	20 (50%)	20 (50%)	00	40 (100%)
5	Total No. of responses	32 (40%)	48 (60%)	00	80 (100%)

Source: Field data (May, 2022).

The findings revealed that majority of respondents 48 (60%) were sure that officials were not knowledgeable concerning financial decision-making and also failed to understand the linkage between public policy and law enforcement in governance of public funds. This was due to low level knowledge and skills in financial decision making and LGA staff vested power and authorities. On contrary, some of the respondents 32 (40%) said that they were aware of the financial decision-making procedures and financial regulations. In similar vein, the community members were of the same views that that local government staff were not knowledgeable on the governance of public funds. Inadequate knowledge of local government officials hindered LGA staff in participating in decision-making. For example, local government staff did not know about the by-laws related to tax collection, and this was corroborated by [7] which noted that:

“Local governments are established among other reasons to promote people’s participation and give more decision-making powers at lower level to decide their own matters, however, the village governments in Tanzania show that their establishment has barely given them the powers to decide on their own”.

Furthermore, the findings indicate that financial management in the local governments depends on the availability of adequate, qualified and skilled staff to handle such function, however, as the findings have shown, the local government councils suffer from this drawback because staffing problems were noted, such as shortage of qualified personnel and high staff turnover rates. For example, at Bukombe district council, there was lack of adequate staff in finance department, which manifested itself by the fact that only four staff members instead of ten were dealing with financial matters (Interview, May, 2022).

These findings are corroborated by [26] which noted that in sampled 25 Councils there was shortage of 14,663 staff members. Inadequate number of staff has direct impact on the day-to-day performance and may hinder smooth operations related to finance, such as revenue collection and financial reconciliation of the Councils.

### 4.3 LGAs' factors constraining effective management of public finances

This study thought to examine the LGAs' factors which hindered effective management of funds in local government institutions. The findings indicate that most of respondents 60 (75%) stated that policies, procedures and regulations were a hindrance to effective decision-making on governance of local government funds, because these policies, procedures were not well known to the local government staff.

Other LGAs factors, such as inadequate funds in LGAs, also hindered effective decision making in LGAs. These findings corroborate with [2] who note that to ensure effective local government policy-making, municipal functionaries need to display appropriate policy analysis skills and the ability to manage policy challenges, especially those challenges that occur in an environment of diversity. These skills will not only contribute towards creating municipal policies in compliance with legislation, but will also assist in rendering sustainable municipal services and as such ensuring local government excellence in financial management. Nevertheless, based on the findings of this study, some local officials have no skills concerning financial management, which hinder local participation in decision-making. These findings corroborate with territorial administration model used in this study. It was noted that potential problems arising from information asymmetry and differing incentives are assumed to be largely dealt with through an institutionalized structure of central and local governments.

Table 4. LGAs' factors hindering effective decision in Local Government Finances

S/No	Category of respondents	There were overlaps of the functions and relations fragmented	There was no institutional factors	Neither	Total No. of respondents
1	Local government staff N=16	10 (62.5%)	06 (37.5%)	00	16 (100%)
2	Councillors N=4	00	04 (100%)	00	04 (100%)
3	Mtaa Council Members, N=20	20 (100%)	00 (00%)	00	20 (100%)
4	Ordinary citizens N=40	30 (75%)	10 (25%)	00	40 (100%)
5	Total No. of responses	60 (75%)	20 (25%)	00	80 (100%)

Source: Field data (May, 2022).

Furthermore, the findings indicate that most of respondents had the view that the institutional and legal framework, which regulates the relations between central and local government was multifaceted and to some extent fragmented. This was noted by all 80 (100%) respondents, who said that the institutional factors hindered local governments in effective decision-making for local governments' fund. It was further reported by all

respondents that there were also overlaps and conflicts between major pieces of legislation. Some of the problems emanated from the framework set up during the decentralization era, which remained intact despite the restoration of local authorities and local government reform in Tanzania.

Therefore, this study noted that management problems emanated from the fact that the relations between political leaders at national and local level, civil society organizations and the Local Government Authorities were weak and sometimes hostile. Within some authorities friction existed between councilors and technical staff at village and district levels. Furthermore, it was noticed that the problem of finance management was aggravated by the weak representation at central government level of the views from the councils through national local government associations in matters of vital interest for the local authorities, especially with regard to their ability to manage funds and provide services. These findings are presented in *Table 4*.

These findings, presented in table 4, corroborate with the legal framework governing relationships between central and local government today in Tanzania which seem to be complex and confusing. For instance, local authorities are legally mandated to make and implement their own development plans, finding their own sources of revenue, but central ministries are also legally empowered to determine the sources of local government revenue and can veto decisions made at the sub-national level. Sector ministries are also legally empowered to intervene in the functions of LGAs. The overwhelming power of the minister responsible for local government is suggested by the sheer number of mentions in the relevant legislations. According to [15], the minister is mentioned 95 times in the 156 sections of the Local Government (District Authorities) Act, 1982 [CAP 287 R.E. 2002]; 80 times in the 111 sections of the Local Government (Urban Authorities) Act, 1982 [CAP 288 R.E. 2002]; and 60 times in the 65 sections of the Local Government Finance Act, 1982 [CAP 290 R.E. 2002]. Most of these mentions are concerned with the control and supervision of local government powers, functions, and finance through approval powers; appellate power; issuance of guidelines, regulations, directives, orders, and direct interventions; appointment and transfer powers of local government staff; disciplinary powers over local government staff; variation of local government functions; and powers to dissolve local government councils. Most of these powers are discretionary and can be delegated by the minister to any public officer. In practice, research indicates that the central government indeed exercises tight control over LGAs. Studies carried out [10,16; 23] reveal the most frequently used mechanisms: issuing policy statements and guidelines; giving directives and commands that direct the LGAs to perform or not to perform certain activities; issuing circulars; discipline and transfer of local government staff; setting budget ceilings. In the opinion of 70 (87.5%) respondents, the minister's power negatively influences the autonomy of LGAs, while 10 respondents said that the minister had no any influence on the autonomy of the LGAs. These findings are supported by the territorial administrative model: with deconcentration, as is in this model, there is probably little point in urging "devolutionist" (local autonomy) reforms. Moreover, evaluating the success (or lack thereof) of whatever decentralization (by their lights) they undertake, canonical fiscal federalism model is unlikely to prove useful in Tanzania due to institutional factors and limited knowledge of local government staff concerning effective management of local government funds.

## 5.0 Discussion of the findings

This study explored the factors associated with ineffective decision-making processes in local government authorities (LGAs) in Tanzania, the case of Runzewe East and West Wards

in Bukombe District. The findings indicate that public officials were not knowledgeable in financial decision making processes and they did not comprehend the laws governing management of public funds. Furthermore, this study noted that institutional decision-making process fueled ineffective governance of public funds in local government authorities. For example, The Village Assembly (VA) is supposed to be conducted quarterly in each year. However, there is a call for an emergency assembly if there is need to do so. These VA discuss developmental programs in terms of priorities. The programs include number of schools to be constructed, health centres, local infrastructure projects such as roads and electricity, to mention but a few. These priorities are consolidated and discussed at ward level under the chair of the ward councilor. The composition of the ward level includes the chairpersons of the villages, the village executive officers, and nominees from religion, political parties, and professional people. These meetings, however, are open to every citizen in the ward. They are allowed to observe the proceeding without contributing any concern. The resolutions at this level are presented at the district council.

The findings noted that the main challenges that the district council face are poor attendance of the people in the meetings. Hence, while decisions are made openly, the number of people that participate in this assembly is usually less than a half of the people in the respective village. The law requires that the village assembly be announced to the public. In most villages, the announcement is made, yet rural population, just like the urban, is busy with personal activities that seem to provide tangible merit to their household. Once the announcement is made, the fulfillment of the law is evident. Poor attendance is a deterrent to the performance of the meetings as those who do not attend could have had some innovative thinking on the matters. The village government provides no allowance to the participants of the assembly. Hence, participation to these assemblies depends on the loyalty of the people. At ward level, the situation is different, as payment is made to the participant. Hence, normally the attendance average for four quarters is about 90%.

These findings in the long run corroborate with [9], who noted that the missing link is the bottom-up planning, since any government loophole in service delivery at local level implies citizens have little or no opportunities to participate in developing the public policies/decision. Citizens' participation in local government decision-making has been advocated for as an effective tool of strengthening the level of citizens' trust and public awareness about government ongoing activities. On the contrary, the highest levels of ignorance among citizens with regard to tax collection are found in the rural areas in Bukombe district due to laxity of the Village Executive Officers (VEOs) who are in general the most likely local government officials to make citizens aware of revenue collection laws and procedures.

Furthermore, the study findings concur with territorial administrative model because the LGAs' main role is simply to act as a channel for central funds devoted to carrying out centrally directed functions at the local level. Often, the number, qualifications, and salaries of all "local" officials are also set centrally. In short, local governments are little more than "deconcentrated" central government offices. This is not only found in Tanzania but also in the many countries around the world such as Uganda, as noted in [12], in which both experience and expectations are along these lines. It is not surprising that most attempts to decentralize in terms of giving local governments' responsibility and authority for real decision-making have failed.

In the light of the study findings, it is concluded that institutional decision-making factors, such as the fact that ministers can determine the sources of revenues, affected decision-making in management of public funds, which, in turn, fueled ineffective governance of public funds in local government institutions. This study further noted that the local government staff were not knowledgeable of the local government decision-making with

regards to the funds. These findings were corroborated by [4], which examined factors for effective decision-making in local government organization in the United States of America. The findings indicated that the specific problem was that many elected American local government representatives lack effective decision-making strategies. Furthermore, the findings indicated that the governance of public funds in LGAs is skewed more by institutional factors such as lack of adequate funds and limited knowledge of local government staff related to financial decision-making in local government funds. These findings in line with recommendation by [6] documented that local government must put into consideration the increasing awareness of the public through civic education to attract citizen participation. The implication is that citizens have to be sensitized to strengthen their capacity to participate in local government decision making and financial decisions in particular. This study noted that the government had inadequately qualified staff in financial management at the village, ward and district levels and they could not spearhead people's participation in decision-making, particularly in financial and development projects decisions.

## CONCLUSION

The study findings concur with territorial administrative model because the LGAs main role is simply to act as a channel for central government funds devoted to carrying out centrally directed functions at the local level. Often, the number, qualifications, and salaries of all local officials are also set centrally. In short, local governments are little more than “deconcentrated” central government offices. This is not only found in Tanzania but also in other countries around the world in which both experience and expectations are along these lines. It is not surprising that most attempts to decentralize in terms of giving local governments' responsibility and authority for real decision-making have failed. The central government intervened local governments, which undermines local autonomy in decision-making process.

In the light of the study findings, it is concluded that institutional decision-making factors affected decision-making in management of public funds. This, in turn, fueled ineffective governance of public funds in local government institutions. This study further noted that the local government staff were not knowledgeable with the local government decision-making with regards to the funds. As such, the governance of public funds in LGAs is skewed more by institutional factors and lack of knowledge related to financial decision-making in local government funds. This study recommends that the government should put in place some serious measures to support local governments in their efforts to ensure participation in decision-making by hiring qualified staff in financial management at the village, ward and district levels of local government, so that they can spearhead people participation in decision-making, particularly financial, and in development projects decisions. There is also a need for the government to revisit its political will to decentralize and promote citizens participation in decision-making so that citizens can be motivated to participate in decision-making forums, such as village assembly and ward development committee meetings in their areas of jurisdictions.

## REFERENCES

1. Abdel-Maksoud, A., Elbanna, S., Mahama, H. & Pollanen, R. The use of performance information in strategic decision making in public organizations. *International Journal of Public Sector Management*, 2015, № 28 (7), p. 528–549. doi: 10.1108/IJPSM-06-2015-0114.

2. Adam, M. and Kababiito, A. Citizen Involvement in Decision Making Process in Ilala Municipality, Dar es Salaam – Tanzania, *Journal of Political Sciences & Public Affairs*, 2018, Vol. 7. Issue 3.
3. Buchanan, M. and Corner, G. *The Power to Tax: Analytical Foundations of a Fiscal Constitution*. Cambridge: Cambridge University Press, 2000.
4. Capler, J. A. Descriptive case study of effective decision-making of a local government organization in the United States of America", *International Journal of Public Leadership*, 2020, Vol. 16, № 3, pp. 279–297. <https://doi.org/10.1108/IJPL-12-2019-0090> (accessed 19.02.2022)
5. Cloete, F., Wissink, H. *Improving Public Policy*. Hatfield. Van Schaik Publisher, 2000.
6. Huang, L.L, Feeney, M.K. Citizen Participation in Local Government Decision Making: The Role of Manager Motivation, *Review of Public Personnel Administration*, 2016, № 36 (2), p. 188–209.
7. Kamata, N., Mwendah, H. *The Role of Civil Society Organisations and Business Community in Governance at the Grassroots: The Case of Tanzania in “Democratic Transition in East Africa: Governance and Development at the Grassroots”*. Research and Education for Democracy in Tanzania (REDET), 2011.
8. Kessy, T.A. Local Governance Reforms in Tanzania: Bridging the Gap between Theory and Practice in “Democratic Transition in East Africa: Governance and Development at the Grassroots”. Research and Education for Democracy in Tanzania (REDET), 2011.
9. Kibira, V., Nannozi, S.G & Kiberu, J. Citizens’ Engagement in Local Government Decision Making Process: Toward Public Finance Accountability, Transparency and Improved Service Delivery in Uganda (Policy Brief 008), 2021.
10. Kunkuta, G.E.A. ‘Responsiveness and accountability of urban government: experiences from provision of water and sanitation in Temeke Municipality in Dar es Salaam, Tanzania’, unpublished PhD thesis, Mzumbe University, 2011.
11. Likwelile, S., Assey, P. *Decentralization and Development in Tanzania -Institutional Diagnostic*. Economic and Development Institution. University of Dar es Salaam and Victoria Foundation, 2018.
12. Martinez-Vazquez, J., & François V. (eds.). *Decentralization in Developing Countries: Global Perspectives on the Obstacles to Fiscal Devolution*. Cheltenham UK: Edward Elgar, 2018.
13. Masaki, T. ‘The impact of intergovernmental transfers on local revenue generation in Sub-Saharan Africa: evidence from Tanzania’, *World Development*, 2018, Vol. 106, pp. 173–186.
14. Menon, B., Mutero, J., & Macharia, S. *Decentralization and Local Governments in Kenya*. Andrew Young School of Policy Studies, International Studies Program, 2018.
15. Mnyasenga, T.R. & Mushi, E.G. ‘Administrative legal framework of central-local government relationship in mainland Tanzania: is it tailored to enhance administrative devolution and local autonomy?’, *International Review of Management and Business Research*, 20015, Vol. 4(3), pp. 931–944.
16. Msami, J. Transparency in Local Finances in Tanzania, 2003–2009, REPOA Brief, № 25, REPOA, Dar es Salaam, 2011.
17. Mtasigazya, P. Cost-Effectiveness of Outsourcing Local Government Revenue Collection in Tanzania: The Case of Kinondoni and Morogoro Municipal Councils. PEOPLE: *International Journal of Social Sciences*, 2018, 4(2), p. 1554–1571.
18. Mtasigazya, P. The Influence of Respondents’ Socio-Economic Characteristics on Outsourced Local Government Revenue Collection In Tanzania: The Case of Kinondoni and Morogoro Municipalities, *East African Journal of Social and Applied Sciences*, 2019, № 1 (2), pp. 184–202.
19. Ngah, K., Zakaria, Z., Noordin, N. & Mustaffa, J. Decision-Making Model at Local Government Level: A New Proposed for Majlis Perbandaran Kuantan. *Journal of Economics and Sustainable Development*. 2015, Vol. 6, № 1.
20. Ngozwana, N. Ethical Dilemmas in Qualitative Research Methodology: Researcher’s Reflections. *International Journal of Educational Methodology*, 2018, Volume 4, Issue 1, pp. 19–28.
21. Oates, W.E. On the devolution of fiscal federalism: Theory and institutions. *National Tax Journal*, 2008, № 61 (2), pp. 313–34.
22. Oates, W. E. Toward a second-generation theory of fiscal federalism. *International Tax and Public Finance*, 2005, № 12 (4), pp. 349–74.

23. Research on Poverty Alleviation (REPOA). '*Oversight processes of Local Councils in Tanzania, Final Report*', Tanzania, 2008.
24. United Republic of Tanzania (URT). *Poverty and Human Development Report*. Ministry of Finance and Economic Affairs, Dar es Salaam. Tanzania, 2012.
25. Weingast, B. Second-Generation Fiscal Federalism: Implications for decentralized democratic governance and economic development. Hoover Institution Working Paper, June, 2006.
26. Controller and Auditor General, Annual General Report for Controller and Auditor General Financial Year 2019/2020 in Local Government Authorities 2019/2020.
27. Schoemaker; J.H.P & Russo E.J, *Decision-Making*, Palgrave Macmillan, January 2014. Available at: [https://www.researchgate.net/publication/320042464\\_decision-making](https://www.researchgate.net/publication/320042464_decision-making) (accessed 27.04.2022)

## **ПРОЦЕСС ПРИНЯТИЯ РЕШЕНИЙ В СФЕРЕ УПРАВЛЕНИЯ ФИНАНСАМИ МЕСТНЫМИ ОРГАНАМИ ВЛАСТИ В ТАНЗАНИИ НА ПРИМЕРЕ ОКРУГА БУКОМБЕ (ОБЛАСТЬ ГЕИТА)**

**© 2023 Пол Мтасигазья**

МТАСИГАЗЬЯ Пол, доктор наук, Мемориальная академия имени Мвалиму Ньерере, кампус Каруме, Занзибар, Танзания, e-mail: p.anton75@yahoo.com

***Аннотация.** Статья обобщает и анализирует данные исследования, проведенного автором в танзанийском округе Букомбе с целью выявить факторы, оказывающие влияние на уровень компетентности представителей местных административных органов власти в области принятия решений и управления бюджетными средствами. Социологический опрос, проведенный автором, а также анализ соответствующих нормативных документов и опубликованной ранее литературы на эту тему позволили автору статьи прийти к выводу о том, что местные органы власти в целом не обладают навыками, необходимыми для принятия эффективных финансовых решений, а также слабо ориентируются в соответствующих областях законодательства. Для решения этой проблемы автор предлагает ряд мер, среди которых – целенаправленные действия центрального правительства по повышению уровня профессиональной компетентности представителей местных органов власти, а также по повышению уровня вовлеченности местного населения в процесс принятия финансовых решений, непосредственно затрагивающих его интересы, в том числе за счет введения мер экономического стимулирования такого поведения.*

***Ключевые слова:** процесс принятия решений, местное самоуправление, эффективное управление бюджетными средствами*

DOI: 10.31132/2412-5717-2023-64-3-59-74