



Decentralisation and Poverty Reduction

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Decentralisation and Poverty Reduction

A review of the linkages in Tanzania and the international literature

Part 2

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Foreword

Norwegian development cooperation has a long tradition of emphasising locally based development and grassroots participation in the governing process. Over the last 15 – 20 years, this focus has gradually shifted to political and administrative reforms at the local level, in line with the emphasis on the cooperating countries' own responsibility for the development process.

Over the years, Norway has been engaged in many programmes and projects in this field and gained experiences in a wide range of local reform issues and challenges. Today, the focus is shifting again, from national reform processes to budget support and sector reform implementation. The implementation of cross-sector reforms has, to a large degree, become a responsibility for government alone, and the dialogue around reforms has become part of the overall governance dialogue in the budget support cooperation.

In this setting, experience from the various decentralisation programmes and processes could give valuable insight into the difficult task of translating budget support to local level development and poverty alleviation.

Therefore, Norad has asked the Norwegian Institute of Urban and Regional Research, NIBR, to assemble and analyse the Norwegian participation in a number of local development and local governance programmes and projects over the past 20 years. It has been a challenging task to review these processes, many of them several years back in time. Consequently, finalisation of these two reports has taken a considerable time, but has still been a worthwhile exercise. Senior Adviser Lornots Finanger at Norads Department of Economics and Public Administration has organised and guided the implementation of the review.

The first report summarises experiences across all the selected programmes and presents a synthesised overview over lessons learned from them. This second report looks closer at one specific programme that Norway has followed for many years, the Local Government Reform Programme in Tanzania, and elaborates the linkages between decentralisation and poverty reduction in Tanzania, in light of the international literature on the subject.

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1 Introduction

Rigid and ineffective central governance systems and weak popular participation have been seen as important contributing factors to persistent poverty. Can decentralisation be a remedy?

Decentralisation can be defined as the transfer of tasks and public authority from the national level to any public agency at the sub-national level (Eriksen et al, 1999:14). There are many types of decentralisation, depending on the scope of authority transferred and the character of the sub-national institutions on the receiving end. Usually a wide range of tasks and authority spanning multiple sectors are transferred, and the local institutions are based on political representation and have a territorially restricted mandate. Tasks and authority are transferred, or devolved, to a local democratic authority. It is this type of integrated and political decentralisation (devolution) (ibid.: 36-38), or democratic decentralisation, we refer to when using the term ‘decentralisation’ in this study.

Then, does decentralisation lead to more effective poverty reduction?

1.1 No linkages?

First of all, there has not yet been any systematic cross-national empirical research examining the linkages. There is no empirical evidence² that decentralisation is good for poverty reduction. In evidence-based policy-making, this could be an argument against further support to decentralisation reforms. Technocrats who regard decentralisation only as a means to wider developmental ends may no longer embrace it. While decentralisation was part and parcel of the reform agendas in the 1990s, for some advocates even an end in itself and among most development agencies recognised as a contribution to good governance, poverty reduction has been the primary objective on the development cooperation agenda since the turn of the millennium.

This has been accompanied by increased emphasis in the international donor community on a more harmonised approach in the delivery of aid.³ Sector-wide approach programmes, direct budget support and other reorientations resulting from this may strengthen the central level of government in the developing

² ‘Evidence’ here used in the strictly statistical methodological sense.

³ The Millennium Development Goals and Declaration, the Monterrey Consensus on financing the MDGs (2002), the Marrakech Declaration on Results (2004), the Paris Declaration on Aid Effectiveness (2005), to name just some of the declarations reflecting this orientation, involving SWAPs and direct budget support.

countries - at least if no new role is stressed for decentralisation. Likewise, political power holders at the national level – parliaments and presidents – try to regain some of their sovereignty, facing increased donor independence and economic globalisation. These efforts may take place to the detriment of local authorities. Thus, decentralisation must prove its relevance in a new policy context in order to remain high on the agenda.

For the record, there have been some reviews of selected studies and national evaluations of the linkages between decentralisation and poverty reduction (see Vedeld, 2003). On the one hand, the findings are discouraging for the decentralisation advocates. The academic literature documents a set of problems, such as governments and bureaucracies uncommitted to decentralisation, lack of local capacity (finances and skills), local elite capture, and marginalisation of the poor in local agendas (Bardhan and Mookherjee 2000, Hadenius 2003, Crook and Sverrisson 2001, Alsop et al. 2002, Blair 2000, Loquai 2001, Manor 1999, Litvak et al. 1998). In general, decentralisation reforms have not led to poverty reduction (see Manor 2003; Crook, 2003; Steiner 2008: 2; Johnson 2001). On the other hand, some very few positive exceptions have been identified. They will be presented in chapter 2, as part of a review of recent international literature on decentralisation.

Notwithstanding the anecdotal character of the studies made so far, we find two main flaws in the literature on decentralisation and poverty reduction:

- First, while being conceptually strong on decentralisation and governance issues, these reviews – usually carried out by political scientists or policy analysis generalists – have been conceptually weaker on the poverty issues. Hence, there is a need to address this weakness before discussing the linkages with decentralisation (see below, chapter 1.2).
- Second, they have largely been based on experiences prior to the Poverty Reduction Strategy Papers, in which the attempt to link poverty policy and governance reform strategies has been accentuated. Thus, this study will make a case of Tanzania, where the interrelationship between a local government reform and the PRSP is more emphasised. Hence, the Tanzanian experience in linking decentralisation and poverty reduction is presented in chapter 3.

The aim of the Tanzania part of the study is explorative, in the sense that we do not pretend to present a full and objective picture of the country. Instead, we explore the hypothesis that decentralisation (A) has shaped certain poverty reduction measures (B), and that these measures have impacted on poverty (C). It is not possible for this study, however, to present clear evidence on the latter causal linkage (impacts of B on C). Hence, the focus is on the linkages at the policy level (between A and B). The review is inspired by the participation in the Formative Process Research project on the Local Government Reform

Programme in Tanzania, and some of the empirical material presented is based on reports from that research.⁴

Chapter 3, Poverty Reducing Decentralisation, tries to discuss the findings from the Tanzanian case in view of the international literature and the conceptual-theoretical frameworks suggested in the previous chapters. Chapter 4 presents the conclusion of that discussion.

1.2 Poverty re-conceptualised

In this study, we take the following discussions on the poverty concept into consideration:

1. The morphology of poverty, ranging from 'liquid' to 'fixed' forms.

Using an analogy to the distinction in conventional economic theory between liquid and fixed capital, 'liquid capital' refers to household income, consumables and other goods that may be easily converted to money. 'Fixed capital' refers to assets that are more locked up and not readily exchangeable, although assets over time may generate revenues. While the World Bank and other donor agencies still use liquid capital ('One-dollar-a-day') as indicators for setting poverty lines and thus defining poverty, the asset approach has been presented as a potent alternative (Moser, 2004). There is an increasing consensus that, in order to measure changes in poverty over time, the asset approach is more valid (Adato, Carter and May, 2006).

2. The multi-dimensionality of poverty, ranging from material to immaterial dimensions. Poverty can be defined as lack of a conjunction of assets – financial, economic-productive, educational, social knowledge/cultural and political assets (Moser, 2004). Assets provide what Amartya Sen points out as capability to reduce poverty (Sen, 1999). On the material side, lack of financial and economic-productive assets is interrelated with income poverty, lack of food security and other types of consumption poverty. On the 'immaterial' side, lack of social assets in terms of access to networks and associations may deepen other dimensions of poverty. Somewhere in the middle we find poor health and low levels of education (low human capital). A policy implication is that the aims of poverty reduction should be specified according to which material or immaterial aspects of poverty, or which assets of the poor, they want to increase. Then it is possible to establish whether too much emphasis has been put on 'human capital' assets rather than on economic-productive assets of the poor, and whether an increase of the social and political assets of the poor have been addressed at all.

⁴ The project was financed by Norad in order to provide the stakeholders with useful data and analysis of a change process - the LGRP - while in operation. In consultation with the President's Office of Regional Administration and Local Government (PO-RALG), the project was organised on the basis of institutional collaboration between the Research on Poverty Alleviation (REPOA), Dar-es-Salaam, Chr. Michelsen Institute (CMI), Bergen, and the Norwegian Institute for Urban and Regional Studies (NIBR), Oslo. The project was in operation over the four-year period 2002-2006.

3. *The distinction between a consumption and a participatory approach.* Kanbur and Shaffer (2006) make a distinction, building on the mentioned multi-dimensional understanding, between a consumption approach and participatory approach to poverty. The consumption approach is more akin to the mentioned ‘liquid capital’ approach, counting income and consumables at the household level. It requires quantitative methods of measurement. (Although these assumptions are challenged if we also talk about ‘consumption’ of more intangible and collective types, see below). The participatory approach requires qualitative methods, and it has affinity to the assets approach. The participatory approach emphasises empowerment starting with the poor citizens’ acquisition of political, social and educational assets – through sensitisation and mobilisation into more active political and social participation. This approach is interlinked with the rights-based approach to poverty. In policy-making, the consumption and participatory approaches may inspire competing strategies for poverty reduction: depoliticised/technocratic and politicised/participatory strategies, respectively. However, there is no pragmatic reason why the two approaches should not be combined, although kept analytically apart.

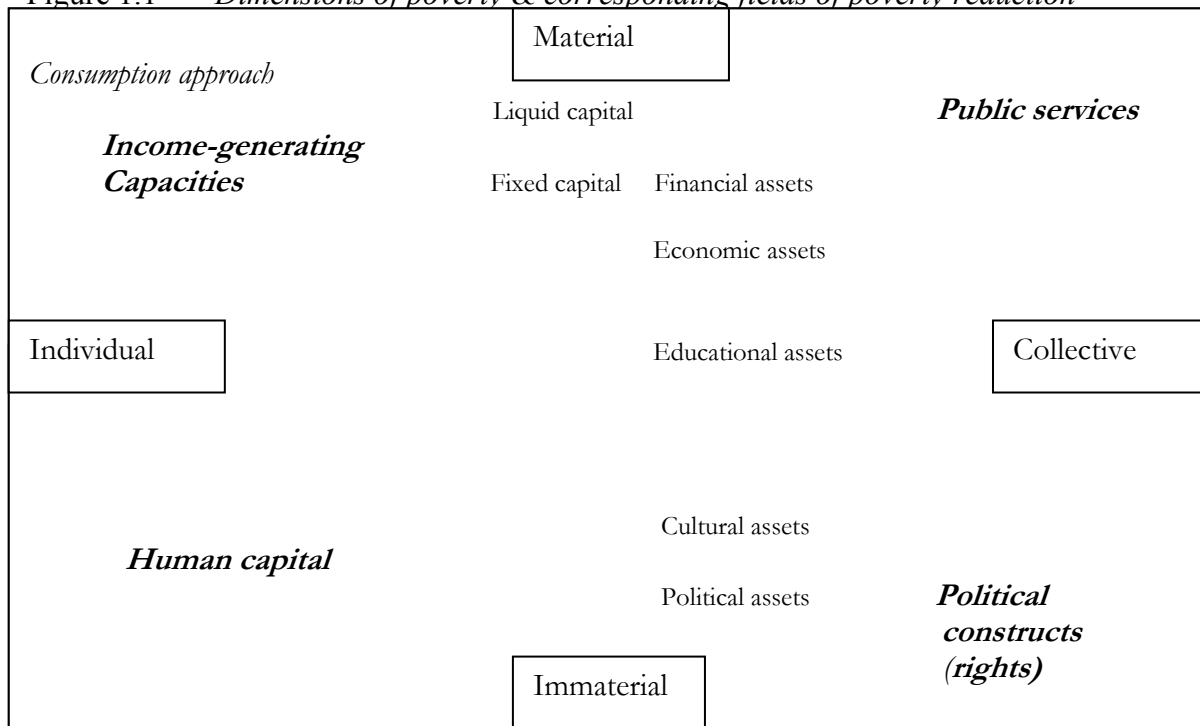
4. *The distinction between individual and collective poverty.* This distinction could be made for any form of poverty. To take the liquid capital/consumption approach, for instance, we could distinguish between individual and collective consumption. The latter collective type refers to the use (‘consumption’) of public services like the provision of water, health and education. To take the assets approach, there are certain ‘intangible’ collective goods like rule-of-law and political, social and economic rights. Lack, or little use, of such public services and goods can be defined as collective poverty. Usually, this type of poverty is usually shared by all individuals within a collective, independent of their household income and other aspects of individual poverty, although those with individual wealth may escape from this type of poverty. These collectives are usually within certain political-territorial boundaries – countries, regions, districts and sub-districts. Thus, collective poverty is an analytical intake to spatial aspects of poverty.

The four conceptual distinctions made above – of liquid and fixed forms of poverty, of material and immaterial dimensions of poverty, of consumption and participatory approaches, and of individual and collective poverty – are summarised in figure 2.1. We try to illustrate how they can be perceived as relating to each other. This conceptual framework may be further operationalised into four fields of variables relevant for poverty reduction policy, e.g. income-generating capacities, human capital, public services and political constructs (rights).

With figure 1.1 we suggest that there are four fields of poverty reduction. On the material side of poverty we have two fields: *income-generating capacities*, which mainly address individual aspects, and with a typically consumption approach, and *public services*, which can be associated mainly (but not only) with collective aspects of poverty. On the immaterial side we have *human capital*, which deals

with individual aspects, and *political constructs* (rights) which in this setting deal with collective aspects of poverty and with a typically participatory approach.

Figure 1.1 *Dimensions of poverty & corresponding fields of poverty reduction*



5. *The distinction between poverty and inequality.* A hegemonic concept used in developing countries is that of absolute poverty, with the World Bank and other agencies defining the ‘poverty line’ based on absolute minimum requirements to live without poverty. This approach is applied in the formulation of the Millennium Development Goals. However, leading poverty researchers (Øyen, 1996) recommend that ‘individual poverty’ is addressed in its concrete contexts – social, cultural, economic, political etc. – with emphasis on the relationships between the non-poor and the poor. In other words, poverty analysis needs to be made within the context of inequality. Particularly in societies with high social inequality (measured by the g-coefficient – Wilson et al 2001), the poverty levels should be defined according to a concept of relative poverty, e.g. the portion of the population with less than 50 % of the median income or median assets. This requires a level of statistical (population and income) data that very few developing countries have obtained. It might therefore be useful to streamline the participatory qualitative approach, as presented above. This approach usually fleshes out social inequality among people, and manages to identify degrees of poverty, at the local or community levels (Kanbur and Shaffer, 2006).⁵ The

⁵ From the participatory approach point of view, we can argue that it does not make sense to distinguish between ‘inequity’ (e.g. in access to public services) and ‘inequality’ (in income and assets). This distinction is adequate for planners with a top-down and long-term view of policy impacts (e.g. impacts of inequity-reducing policy measures).

participatory approach to identifying inequality is also more practical where a majority are relatively poor, where poverty has multiple facets, and where there is a need to make pro-poor priorities due to limited resources. Inequality can also be a more practical reference for decision-makers at district, regional and national levels – in the distribution of public service and goods across space. Norms of justice require that all sub-units should get something, although the most disadvantaged should get more. Hence, we suggest that collective poverty can best be identified in geographical terms, as spatial (territorial) inequality. Individual poverty can be measured in terms of social inequality.

From this set of dichotomous poverty concepts we could make a selection of concepts according to their relevance for decentralisation/local governance issues, from immediate relevance to long-term and potential, if any, relevance.

Table 1.1 *Concepts of poverty categorised and operationalised according to their relevance for decentralisation/empowered local strategies.*

Long-term potential relevance	Immediate relevance	=> Empirical focus
Absolute poverty	Relative poverty	<i>Social inequality</i>
Individual poverty	Collective poverty	<i>Spatial inequality</i>
Material poverty	Immaterial poverty	<i>Social and political rights of the poor</i>
Individual consumption poverty	Collective consumption poverty	<i>Public services (availability, affordability and quality for the poor)</i>
Quantitatively measurable poverty	Qualitatively identified poverty	<i>Participatory approach to poverty</i>

Individual and material poverty is hard for decentralisation policy alone to address. Many factors, and a long-term perspective, need to be played out. However, individual poverty includes the absolute and relative subcategories, and the latter subcategory in terms of *social inequality* may be addressed on a short - or medium-term basis by reformed local government authorities. Collective and immaterial dimensions of poverty are more immediately relevant for decentralisation policy, although they are not easier to tackle. Hence, this study suggests an enhancement of the focus on collective poverty, treated as *spatial inequality*, and immaterial poverty understood as lack of *social and political rights* of the poor. *Public services* (e.g. their availability, affordability and quality for the poor) are also an important empirical focus.⁶

⁶ Public services may transcend the material-immaterial divide in our scheme, and it is suggested that it relates to 'collective consumption poverty'.

Some assumptions can be made from this conceptual framework. The more emphasis there is on inequality and on immaterial aspects of poverty (like the social and political rights of the poor), the more a participatory approach is needed. In addition, the more important the participatory approach, the more relevant are policies for democratic decentralisation and pro-poor local governance. Likewise, the more important spatial (geographical) inequality is, the more pertinent is the issue of linking decentralisation and poverty reduction.

2 Decentralisation reassessed

This section presents a view of recent international literature on decentralisation.⁷ In order to present coherent arguments, the presentation is to some extent idealised and does not always present a full or balanced picture of the literature referred to. The aim has been to be selective, by mainly reviewing decentralisation literature that has relevance for the issues of poverty (inequality) and poverty reduction. The presentation will be grouped in two sub-sections. First, a political economy framework will be applied to review conservative vs. transformative decentralisation. Then elements from an emerging new research agenda emphasising ‘governance’ rather than ‘government’ will be presented under the label ‘Post-Weberian framework’, which have inspired certain governance reform strategies.

2.1 A Political Economy framework: Conservative vs. Transformative Decentralisation

From the previous distillation of poverty concepts, let us present some propositions (hypotheses) inspired by a political economy framework. Proponents of this framework have in common that *power relations*, shaped by the political and social contexts, are a key to understanding the course of decentralisation reforms. They oppose views in the donor community that “inadequate local capacity” is the reason why the decentralisation has failed, and that success depends heavily on training for both national and local officials in decentralised administrations. The political economists criticise old-style modernisation theory that the success of governance reforms rely on the rationality, good will and intelligence of a (Western-trained) modern, technocratic and bureaucratic elite (Hadiz, 2004).⁸

Liberal advocates of a political-economic framework also emphasise institutional and cultural factors, such as a competitive party system, a free press, and ‘a culture of accountability’ among the factors in successful ‘democratic decentralisation’ (Crook and Manor, 1998:302-3; Manor, 2002; Francis and Robert, 2003). Radical advocates (Fine, 2001; Harriss, 2002; Hadiz, 2004:

⁷ A more comprehensive review is attached in the appendix.

⁸ One may argue that this is a simplified and not very updated perception of the ‘capacity-building’ approach. The approach emphasises that local capacity is a function of national capacity, and that changes in administrative systems and cultures, and not only training, need to take place. Nevertheless, this approach can be labelled as ‘old’ or even classical in the Weberian sense of modernisation, where a well-functioning national public administration is seen as a prerequisite for progress in all other national spheres – including in local governance and poverty reduction.

Jayasuriya and Hewison, 2004)) hold class and other social theories in higher esteem.

We may operate with a wide range of propositions – from those that are pessimistic as to poverty reduction (zero hypotheses) to those that are more optimistic:

H (0): Decentralisation increases both individual and collective (geographical) inequality because:

- Decentralisation may help those LGAs that can help themselves, by leaving the poorest LGAs alone, thus causing increased spatial inequality, e.g. between urban and rural areas, and between the centre and the periphery of the country
- Decentralisation may be prey to ‘local elite capture’ and strengthen patrimonial forces and patronage systems locally, thus causing increased individual inequality.

H (1): Decentralisation remedies poverty increasing side effects through:

- disproportionate support and affirmative action in favour of disadvantaged LGAs
- the enhancement of transparent and accountable local governance.

H (2): Decentralisation reduces poverty if:

- The state leadership (central government) has a firm commitment to poverty reduction, ensuring that the state targets inequality in its multiple dimensions
- The state is committed to enhancing local governance systems that work for the poor.

Thus, H (2) may lead to the following ‘formula’ for poverty-reducing decentralisation:

Inequality-targeting state action	=>	Pro-poor local governance
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The common understanding that guides this formula when it is put into practice is that decentralisation as well as poverty reduction are characterised by *redistribution⁹ of powers and resources in order to move towards an equal local society where basic needs and rights are fulfilled¹⁰* (Bonfiglioli 2003; Manor 2000). Inasmuch as decentralisation is a redistribution of powers and resources (i) across space (territorial decentralisation) and (ii) from central to local government levels, poverty reduction is a redistribution from the wealthy (or ‘better off’)

⁹ By arguing that redistribution is part of poverty reduction, the authors have a view in line with the common perspective on PRSP and the first MDG (see Vos and Cabezas 2005:11-12).

¹⁰ There has been an extensive debate on democracy vs. economic growth (cf. Huntington 1991?)

segments of the society to the poor segments. The ideal scenario is when these two types of redistribution converge, mutually support each other and create positive synergies.

Thus ‘poverty-reducing decentralisation’ is part of a redistributive project secured by the democratic mandate and commitment of the central government. Poverty-reducing decentralisation is a variant of *transformative* decentralisation, in opposition to *conservative* decentralisation. Transformative decentralisation combines democratic and technocratic forces into a hegemonic bloc, while conservative decentralisation leaves the upper hand to patrimonial forces and patronage practices.

2.1.1 Conservative decentralisation

Most developing countries are characterised by neo-patrimonial political-administrative systems: wealth is mainly accumulated through control of state resources, and this control is in the hands of elite networks that do not respect rules or norms to separate private interests from public office (Médard, 1982; Chabal and Daloz, 1999). The elites that abuse public resources for their private interests are what we here define as patrimonial forces. They resist reforms that may lead to a more democratic, transparent and accountable state. The decentralised power and resources have been *captured by conservative local elites*. Decentralisation increases problems of corruption, misallocation of resources and other types of bad governance. In many sub-Saharan African countries, structures of *local despotism* were created before and during the colonial era (with all power in the hands of the commissioner-governor and/or local ‘tribal chief’) (Mamdani, 1996). These structures may co-opt – and be revitalised by – decentralisation measures. The same applies to patronage practices. Two cases can be referred to: Indonesia after Suharto (1998-) and Uganda under Museveni (1986-).

The Indonesian experience clearly illustrates the way in which institutions can be hijacked by a wide range of interests. “Predatory interests nurtured under the Suharto regime’s formerly vast, centralised system of patronage have largely survived” (Hadiz, 2004). They have captured the institutions of Indonesia’s reborn democracy to further their own objectives. Via business alliances and assorted instruments of political violence – amid a confusing array of paramilitary groups and (anti-)crime/‘youth’ organizations – they won local elections (e.g. in Medan, Northern Sumatra). In short, decentralisation is facilitating the emergence of more localised patronage networks that are relatively autonomous of central state authority (Hadiz, 2004).

The Ugandan case reveals a ‘dual-mode’ system of local governance: a “technocratic mode” and a “patronage mode” (Francis and Robert, 2003). *The technocratic mode* is based on conditional funding from the state centre – transferred resources are earmarked for particular programmes but with little local participation, based on a development ideology that nationally (and internationally) imposed poverty reduction blueprints should prevail. However, the technocrats are not in

control of the local level. Personnel are employed directly by the districts – the district service commission, usually appointed by the executive committees of the elected district councils. The responsibility for service delivery rests with the districts and not with the line ministries. This may sound like a radical decentralisation reform. However, it is *the patronage mode* that prevails. It emerges from an elaborate system for local ‘bottom-up’ planning, but with limited resources, which are largely consumed in administrative costs and political emoluments (seating allowances). Along with the spoils of a committee system controlling contracts and appointments, these resources provide the means for building political alliances and loyalty. The financial resources are unconditional grants (20 % of district budgets) plus locally generated revenue. The political resources are their control of the District Tender Board, responsible for awarding building contracts and private tax collection contracts, and the District Service Commission.

As to accountability, the upward reporting is limited, horizontal checks and balances are manipulative, and downward reporting in Uganda is limited to just electoral accountability of councillors. The plans fail to reflect the priorities of lower levels or to enhance the flow of information downward to communities in ways which would enable them to hold their representatives accountable. There is little public knowledge, and votes are regarded as a form of reciprocity in return for ‘goodwill’ gestures. It perpetuates a network of patronage for political mobilisation. “For NRM, decentralisation serves the purpose of entrenching party machinery into the organs of the state, facilitating the use of public resources for political patronage”. “In the absence of a culture of transparency and civic engagement to assure downward accountability, it remains to be seen whether decentralisation can promote both efficient service delivery and local empowerment simultaneously”. What is needed is a shift of ‘the political economy of information at the local level’ (Francis and James, 2003).

Usually a neo-patrimonial state is a weak (soft) state. Although it has the ‘despotic power’ to exclude most groups from access to state resources, it does not have the ‘infrastructural power’ to help make positive changes – ‘development’ – on the ground (Mann, 1993; Eriksen, 2000). From this we may make two implications. First, the neo-patrimonial state tends to be a conservative state, in spite of the progressive rhetoric and reform pronouncements that may often come from its leaders. Second, poverty-reducing decentralisation should be part of a larger reform-oriented social movement that aims at making the central state ‘stronger’: more autonomous from rent-seeking actors, capable of taxing some of the wealth in the country and curbing corruption, and capable to (re-) distribute resources to sectors and regions according to the plan/budget. In other words, successful decentralisation requires a strong central state as a prerequisite, which again must be driven and controlled by a democratic-transformative political movement.

2.1.2 Transformative decentralisation

There are only a few examples of this type found in the recent history of decentralisation – in particular in the Indian states of West Bengal and Kerala as well as Brazil (Abers, 1998, 2000; Heller, 2001, Santos, 1998, Schneider and

Goldfrank, 2002; Souza, 2001). There, democratic decentralisation has achieved both greater participation and social justice for marginal groups and localities: linked to redistributive policies that had pro-poor outcomes (Harriss, 2002:15; Heller, 2001:142), and helped reduce the (ab)use of political power by landed elites (Crook and Sverrisson, 2001) and increased the political space within which poor groups could participate (Webster, 2002). In Brazil, it changed investment patterns and increased efficiency in terms of planning and implementation (Santos, 1998; Schneider and Goldfrank, 2001; Souza, 2001). Patronage has been challenged (Heller, 2001), and people make claims as citizens rather than as clients (Abers, 1998, 2000).

Decentralisation leads to a deepened pro-poor democracy and effective poverty reduction if it is championed by:

- (i) ‘political radical projects in which an organised political force – and specifically non-Leninist left-of-centre political parties that have strong social movement characteristics – champion decentralisation’ (Heller, 2001), Decentralisation should be part of an underlying process of social change rather than in the form of *discrete technocratic interventions*, e.g. to ‘reduce’ or ‘smarten’ the central state (Campbell, 2001)
- (ii) strong political and ideological commitment by the central government and ruling party to pro-poor participatory approaches, not only democratic decentralisation, but also participatory governance with the institutionalisation of participation through regular elections, council hearings and, more recently, participatory budgeting. The government and ruling party aim specifically at securing citizenship rights and participation for marginal and subordinate groups. (Blair, 2000; Hickey and Mohan, 2005);
- (iii) a civil society of popular movements and associations with capacity and will to pressurise for decentralisation, counter-balance local strongman tendencies, and cooperate constructively with pro-poor local government (UNDP 2000);
- (iv) effective mechanisms of accountability, in particular downward accountability: mechanisms for the poor and ordinary citizens (and their associations) to hold their elected local councils to account even in-between the elections, from month to month. (Crook and Sverrisson, 2001; Heller, 2001; Crook, 2003; DAC/OECD 2004; Vedeld, 2003).

2.1.3 The threat from The Anti-Politics Machine

In development cooperation, redistribution of wealth is supposed to take place between nations, or within the global society, and not only within nations. The involvement of external and international agencies may in general weaken the central state and its democratic checks-and-balances. In addition, the external forces may undermine, with their actions more than with intentions, the ‘redistributive’ and transformative’ (national) character of decentralisation and poverty reduction, thus weakening the political economy argument for why the

two efforts should be interlinked. Central control is ‘restructured’ around the increasingly dominant Ministry of Finance, Planning and Economic Development, through which all donor funding, the most significant source of capital spending, passes (Harrison, 2001). Development is depoliticized (Mohan and Stokke, 2007). At the same time, the donors’ new agenda for poverty reduction uses the liberal language of participation, empowerment and social capital. “This is a strategy of ‘anti-politics’ that marginalises political contestation and issues around the broader context of economic and social power” (Jayasuriya and Hewison, 2004).

In this way, the international agencies strongly dilute any radical political project linking decentralisation and poverty reduction, further depoliticising development. Actually the technocrats may contribute to strengthening the conservative-patrimonial forces. Sometimes the patrimonial forces co-opt technocratic elements. Technocrats may design and head a pro-poor decentralisation policy, but this policy tends to get stuck in a predominantly conservative-patrimonial environment with politicians and bureaucrats that pay lip service to ‘poverty-reducing decentralisation’ in exchange for continued inflows of aid and rents. “The technocratic ‘experts’ and their allies of ‘rationality’ are being brushed aside by those who are more deeply entrenched, better organised and simply more powerful” (Hadiz, 2004).

Hence the ‘proof of the pudding’ lies in the policy implementation – the way the local government works.

2.2 A Post-Weberian framework: Networks, Nodal Governance and Co-production

Chabal and Daloz (1999) depict how Africa works contrary to all European prescriptions, in particular prescriptions linked to formalisation of politics and administration, a modernisation (de-traditionalisation) of society, and a good management of the economy. Inspired by the French school of the ‘politics-from-below’ approach of Bayart (1993), they observe informalisation of politics, ‘re-traditionalisation’ of society, and ‘productivity’ of economic failure with patrimonial networks being enriched.

Joshi and Moore (2002)] agree that most of the Third World ‘develops’ very different from Euro-centred Weberian expectations. However, they argue that there are pro-developmental innovations to be seen: services essential for social well-being and economic development are often delivered through unorthodox organisational arrangements that cannot simply be dismissed as relics of ‘traditional’ institutions or as incomplete modern organisations. They argue that the concept of institutionalised *co-production* provides a useful point of entry.

2.2.1 Co-production

The concept was introduced as a theme in development studies by Ostrom (1996) and Evans (1996). Co-production is understood broadly as a process through

which inputs used to produce goods or a service are contributed by individuals who are not ‘in’ the same organisation (Ostrom 1996). Joshi and Moore (2002) emphasise that co-production is “a regular long-term relationship between state agencies and organised groups of citizens, where both make substantial resource contributions”. It is a hybrid innovation, with ‘fuzzy’ boundaries between the public and private sectors that challenge the ‘rationalistic’ tradition in social science, from Marx, Weber and Parsons to New Public Management, emphasising modernisation as increased division of labour and specialisation.

They admit that institutionalised co-production is problematic in terms of accountability. “A is accountable to B if A is obliged to explain and justify his actions to B, or if A suffers sanctions if his conduct, or explanation for it, is found wanting of B”. (Goetz 2002:5). Accountability mechanisms may be *horizontal*, between state and citizens, the most usual form referred to, is elections and the resulting representative-democratic institutions holding the government and state bureaucracies accountable. The *vertical* accountability mechanisms: upward (administrative), through monitoring, auditing, etc., or downward with people’s rights and mechanisms to question and even revoke their representatives.

Co-production “implies blurring and fuzziness in the lines that Max Weber in particular taught us to try to define clearly and precisely: the boundaries between the public and private spheres (in terms of organisations, resources, authority, etc.) Where co-production occurs, power, authority and control of resources are likely to be divided (not necessarily equally) between the state and groups of citizens in an interdependent and ambiguous fashion. This is not in itself something to be welcomed: sharp, clear boundaries between public and private spheres are indicators and components of effective, accountable polities.” (Joshi and Moore, 2002:15). Hence, there is a trade-off between effective governance and democratic governance.

2.2.2 The new governance paradigm

The concept of co-production can be seen as part of a new paradigmatic discussion of governance. It is based on the assumption that hierarchical political steering, ‘government’, is increasingly replaced by ‘governance’ defined as ‘a basically non-hierarchical mode of governing’, where non-state actors participate along with state actors in the formulation and implementation of public policy (Mayntz, 2003). Bob Jessop (2001) groups this new approach under the ‘institutional turn’ within academics, with a new heterodoxy referring to intensified internationalisation (or ‘globalisation’), shifts toward reflexive and more knowledge-intensive forms of capitalism, and the increasing ‘nested-ness’ of multilevel governance structures. Devolution and regionalisation processes redraw the political and administrative structures. A context of constant change, uncertainty and risk has placed a premium upon adaptability, learning, and reflexivity within local and regional economies (Pike, 2004). The search for ‘Third Way’ solutions beyond state and market are also part of this context (Giddens, 2002).

The more generalised shift from ‘government’ to ‘governance’ emphasises, e.g. (i) the involvement of non-departmental ‘public’ bodies (NDPBs or ‘quangos – quasi-autonomous nongovernmental organisations) alongside the private and voluntary sectors in economic development. Multi-agency and ‘inclusive partnerships’ have become the chief coordinating mechanisms to address entangled issues beyond the remit of any single body (Jessop, 2001).

Governance (like co-production) can be approached in several ways. Burris et al. (2005) and Kempa et al. (2006) suggest a new common denominator definition: governance is the *organised efforts to manage a course of events in a social system*. At the conceptual level, the structure of governance can be described in network terms. The importance of information flows are pointed out, along with the ability to gather and use information. As suggested by Friedrich Hayek (1988), who claimed the inability of central planners to comprehend or effectively manage social systems, the big challenge is the flow of information. The flow of information is best managed by decentralised, polycentric processes exemplified by markets. This ‘information’ approach tends to ignore power, in particular the distribution of governing resources between the ‘nodes’ of the network (Rhodes 1997; Sorenson and Torfing 2003). In addition, there are important roles to be played by political brokerage and exchange between the nodes (Mouffe, 2000; Burris et al., 2005.) Thus, power and public policy analysts prefer the *policy network* approach (Mayntz, 2003). Peter Evans (1996) presented an innovative network approach to explain different development and poverty eradication outcomes in different countries.

From these discussions on governance, networks and co-production, one may see two types of governance reform strategies.

2.3 Governance reform strategies

Reinvention of technocracy – a new hierarchical order. It involves efforts to recalibrate state structures to improve their capacity to exercise centralised control of diffuse systems, often by ceding much of the implementation of policy (“service delivery) to non-state actors through devices such as self-regulation and public-private partnerships, while retaining a firm grip on the business of specifying goals. Partnerships are the key words in this approach embraced by neo-liberal, principal/agent, and the New Public Management advocates (Kempa et al., 2006).

New forms of organisational and territorial modes of coordination have surged – Action Zones, Horizontal Working Groups, Interagency Projects, Neighbourhoods, Priority Action Themes, and Task Forces (e.g. for local economic development). However, this increasingly apparent *technocratic mode of ‘quasi-governance’* of economic development has created institutional structures that lack accountability, coordination and transparency. Elected local authorities have expressed concern about the increasing central direction, ‘managerialist’ culture, and the ceding of decision-making to external bodies – such as partnerships and task forces – that has downgraded the role of local

authorities and local democracy and depoliticised many issues that should properly lie in the political sphere (Pike, 2004).

It has been argued that this reform strategy amounts to an attempt to *privatise* governance (Jayasuriya and Hewison, 2004):

First, citizenship is understood as ‘customership’. Marshall famously defined citizenship in terms of the sequential adoption of civil, political, and social rights. However, the kind of social rights implicit in the new contractual state and its forms of governance are determined not on the basis of membership in a broader political community, but on being customers or members of the kinds of quasi-public organisations that define the contractual state.

Second, the purpose of participation and deliberation is then problem-solving or the effective management of policy and policy implementation rather than the achievement of any legitimate political and constitutional consensus. Participation is not an end in itself; instead, it is seen as a mechanism for achieving better technocratic policy outcomes (Jayasuriya and Hewison, 2004).

Reinvention of democracy – a new hierarchical order. It takes innovations beyond the state and public-private partnerships towards efforts to mobilise and empower the citizens, often explicitly directed at democratic deficits by seeking to make distributed governance systems work for the poor (Kempa et al., 2006)

Then, can this type of reinvented democratic governance reduce poverty? Under which conditions, and why? There are some cases under difficult structural contexts – like the combination of state failure and market failure – that decentralised democratic bodies and involvement of non-state sectors through co-production can work for the poor (Johnson 2001, Tendler 1997, Vedeld 2003, DAC/OECD 2004). Examples used by Kempa et al. (2006) are: the management of fisheries and other common pool resources; the governing of security in poor townships in South Africa; and using standard-setting to promote sustainable or eco-friendly coffee-growing practices, (proliferation of ‘mass private property’ and ‘communal space’).

It can be argued that two important resources of poor people in relation to co-production are (i) their ‘organised’ social capital and (ii) their voice.

Organised social capital: Social capital refers to features of social organisation, such as trust, norms, and networks that enable people to act collectively (Putnam, 1993:167; Woolcock and Narayan 2000). Networks and trust within a group/small community produce ‘*bonding*’ social capital. Most poor communities in developing countries have strong bonding social capital. There is often a lack of extra-community networks and trust between different groups and actors within the larger community, i.e. ‘*bridging*’ social capital. ‘*Linking*’ social capital, the aspect of social capital that enables communities to get access to resources outside the community itself, is crucial in co-production (Evans, 1996). It is the very ‘task’ of local self-government to create such linkages, through coordinating and

representative structures that bridges communities and links them with the authoritative decision-making bodies.

Voice: Access to information and transparent operations are important preconditions for accountability mechanisms to work. There is a difference between de jure lines of accountability, and de facto lines. Failure of de jure lines of accountability has increased interest in “efforts which engage citizens directly in the workings of horizontal accountability institutions” (Goetz and Gaventa 2001:8). This presupposes that ordinary, and poor, people have a ‘voice’, i.e. that they may question the power-holders, service providers and others and hold them accountable. Accountability and ‘voice’ are therefore complementary. ‘Voice’ is only one of three possible strategies which people may use to influence their situation; the others are loyalty and exit (Hirschman 1970).

The most radical, and successful, example of ‘bridging and linking’ social capital combined with institutionalised voice of the poor in a democratically accountable setting is presumably the system of participatory budgeting in Brazilian and several other Latin-American countries (Advertiser and Navarro 2002).¹¹ The citizens are given real control over budgets and priorities; control is ceded to non-state actors, and they have to co-operate across the geographical space of the territory.¹² Similar success has been experienced in rural settings in Karalla (Heller 2001).

¹¹ This is particularly linked to the famous ‘Porto Alegre’ model of participatory budgeting in several hundred municipalities in Brazil.

¹² See, Moore, 2005: 21; 24-25, *Signposts to more effective states: responding to governance challenges in developing countries*. Centre for the Future State Brighton: University of Sussex, Institute for Development Studies

3 The Tanzanian experience in linking decentralisation and poverty reduction

If we can establish that, on the one hand decentralisation has been significant, and on the other poverty has been substantially reduced, and that the two processes have taken place fairly close in time and space, we can formulate, as a *hypothesis*, that there are linkages between the two. The hypothesis will be strengthened if we can identify a linkage at the policy-formulation level, e.g. that there has been a subjective attempt to link the two processes of decentralisation and poverty reduction. In this section, this hypothesis is explored in the case of Tanzania. First, we describe and assess the decentralisation process that has been taking place in the country. Then we address available data as to whether poverty has been reduced. The next task is to find out which linkages have been implemented at the policy formulation level, and finally we discuss to what extent these linkages can be found on the ground. The section is inspired by participation in the Formative Process Research Project on the Local Government Reform Programme (LERP) in Tanzania, and some of the empirical material presented is based on reports from that project.

3.1 What kind of decentralisation?

Decentralisation in Tanzania came mainly as “a technical necessity subsequent to the Civil Service Reforms in the early 1990 LG.” The reforms were part of a wide reform package that involved the introduction of multiparty democracy, privatisation and civil service reforms. The ruling party, COM, has maintained a high level of control of the process and continues to have a very clear political majority in both Parliament as well as in LGs. “COM has no interest in radical changes, but pursues incremental reforms that are perceived as leading to improvements in service delivery and are non-threatening to its hold of power” (Stephenson et al. 2004:81).

Thus, it is realistic to view the decentralisation programme in Tanzania as fairly *donor driven*, although closely negotiated with the government. The bi-lateral partners have been Denmark, Finland, Ireland, Netherlands, Norway, Sweden and the UK. These, primarily with the EU and UNDP/UNCDF, have funded the programme through a Common Basket Fund (URT 2002b:3).

The reform started out with a “Local Government Reform Agenda” presented in 1996. The reform was to build “largely autonomous”, “strong and effective

institutions that reflect local demands and conditions”. They were to be “democratically governed”, “conducting activities with transparency and accountability”, with capability to “foster participatory development”, building on the LGAs (local councils) installed in the 1980s (URT 1996:2-3).

In 1998, the government presented its policy paper on local government reform. It deepened the vision of the future local government system, formulating well the mainstream ideas of democratic decentralisation: “The Tanzanian local government system is based on political devolution and decentralisation of functions and finances within the framework of a unitary state” (URT 1998: viii). Ever since this policy has been referred to a ‘*decentralisation-by-devolution*’ (URT 2002b:2). Decentralisation included four main policy areas:

A. Political decentralisation. It “would include integration of the previously centralised or deconcentrated service sectors into a holistic local government system installing councils as the most important local, political body within its jurisdiction”.

B. Financial decentralisation. The local councils were to execute “powers to levy local taxes and the obligation of central government to supply local governments with adequate unconditional grants and other forms of grants.

C. Administrative decentralisation. This deals with the human resources. Local government staff shall be made accountable to local councils. Local governments will thus have, and recruit their own personnel, organised in a way decided by the respective councils in order to improve service delivery.

D. Changed central-local relations. Line ministries have to change their role and functions into becoming policy-making bodies, supportive capacity-building bodies, monitoring and quality assurance bodies, and regulating bodies (URT 1998: vii-viii).

Tanzania embarked on decentralisation reform later than most other countries in the Eastern and Southern African region. In hindsight, this lateness created some advantages:

First, it could build on the experiences of other countries. Particularly its close East African ally, Uganda, served as a learning site in the field of devolution with visits from Tanzanian policymakers (Steffensen et al., 2004). As a highly aid-dependent country, and with the major donor agencies pushing for state and civil service reform, Tanzania drew heavily on expatriate expertise with recent insights on decentralisation exercises in developing countries. A main lesson from other countries that Tanzania tends to emphasise is that the success of decentralisation – e.g. transfer of powers and resources to local self-government entities – depends on the governance qualities of these local entities (URT, 2004). Robust and competent management structures, accountable and transparent financial management, as well as empowerment through well-sensitised and trained

councillors and community leaders need to be in place before increased shares of national financial and human resources are transferred and put under the command of local councils.

Hence, while the main slogan of the reform has been ‘decentralisation-by-devolution’, the reform was carefully designed to unfold step-by-step. The primacy has been the Local Government Reform Programme, itself composed of 17 steps to be carried out by each local council incorporated in the reform. Only 38 of the 112 local councils in the country were included in the first phase of the reform, with the rationale that each council had to be closely supervised by a Technical Reform Team in Dar-es-Salaam, with delegations of advisers in each region (Zone Reform Teams). From 2002 on, all local councils were included in the reform. Gradually and fully implemented only during Phase 2 from 2005 to 2009, the fiscal decentralisation and increased financial flows were designed to accompany the reform.

Thus, unlike the more home-grown decentralisation process in Uganda, the reform in Tanzania was very top-heavy, controlled and driven from above, almost entirely funded by donor agencies and with a substantial existence of foreign advisers in the Technical Reform Team. Nevertheless, the positive side of this top-heaviness is that the reform is administratively under the President’s Office, in its department for Regional Administration and Local Government (PO-RALG). It has been acknowledged that President Mkapa has put considerable political weight behind the reform.

Second, as the preparations of the decentralisation reform dragged on for a long time, with the general policy document in place in 1998, the reform merged with the first talks on the Poverty Reduction Strategy Paper. The details of Phase 1 for the Local Government Reform Programme were agreed upon in 2000/2001, at the same time as the first PRSP (see below).

Approximately six years after its inception, at the end of the first phase, what were the main assessments of the reform?

An independent comparative study stated that there was a “rather clear and radical policy” for decentralisation in Tanzania (Steffensen et al. 2004). The joint donor-government review was also satisfied with the progress made (URT, 2004). However, they agreed that progress at the LGA level had not been matched at the national level. In relation to the four targeted features of decentralisation, the examples were:

1. Political decentralisation: Instead of putting the LGAs in the local driver’s seat, “the growth of multiple planning, budgeting, reporting and auditing systems through parallel vertical programmes imposes unnecessary burdens and transaction costs on weak and over-stretched LGAs” (URT 2004).

2. Financial decentralisation: Instead of a net increase of LGA's own revenues, the LGAs saw their tax base erode when the so-called 'nuisance taxes' (development levy, cess levy, bicycle levy, etc) were abolished from July 2003 (URT 2004). They were to "reduce administrative costs and the distortions of the local economic development. However, the reforms have increased dependency on transfers", which already provided 79 % of the LG revenues (FY 2002/2003) (Steffensen et al. 2004). While fiscal autonomy was reduced, LG finances however had improved: Total transfers from central government to local governments had fallen from 16 % of total government expenditures in 1995/96, to 13 % in 1996/97 and only 10 % in 1998/99 (Naustdalslid et al. 1999:40). In 2003/04, the LG share of the total public expenditures had risen considerably, to 19.2 % (Steffensen et al. 2004). The LG's share of sector spending in education was 9 % in 1998/99 but had now climbed to 59 %. The LG share of health spending was 3 %, but had jumped to 16 % in health. In other sectors, however, it remained low – only a 5 % share in water and roads. Total public expenditure of the GDP was 23.4 % and the LG share of the GDP was 4.5 % (ibid.)

3. Administrative decentralisation: Instead of transfer of government staff to LGAs, the line ministries retain the control of appointment and promotion of key public servants (URT 2004). "Sector legislation, and in particular legislation for the public service, contradicts or is unsupportive of [decentralisation] policy". Junior technical staff and support staff were devolved to the reforming LGAs in 2001, while "Category A staff" (the Director and Head of Departments) were still centrally managed through a Local Government Service Commission (Steffensen et al., 2004).

4. Changed central-local relations: The main problem is the strength of line ministries resisting decentralisation. "...council reforms continue to be delayed or disrupted by continuing central controls". There is a "continuing lack of progress on high-ground structural reform" (URT 2004).

Nevertheless, the joint donor-government review found "significant progress over the past years in the competence and service-delivery role of local government in Tanzania, and LGRP's work has been pivotal in this" (URT 2004).

3.2 Has poverty been reduced?

The overall picture: 36 % of the Tanzanian population was living under the national poverty line in 2000/2001 – in the rural areas the incidence of income poverty was 39 % (URT 2005c:2). According to the Human Development Report (HDR) 2006, 58 % earned less than \$1 a day and 90 % less than \$2 a day on average in the period 1990-2004 (UNDP 2006:294). The HDR 2006 ranks Tanzania as no.162 of 177 countries in terms of human development. Tanzania is among the 10 percent of the world nations with the lowest 'human development'. The low index attributed to Tanzania is mainly due to one key indicator: the GDP per capita – 674 USD in 2004. The neighbouring countries have far higher GDP

per capita: Zambia 943, Kenya 1140, Mozambique 1237, and Uganda 1 478 (ibid.: 286, table 1).

Thanks to its very robust universal primary education system however, producing a high adult literacy rate (69.4 %), Tanzania fares well on the education index. Hence, while its income poverty is among the worst in the world, it is ranked no. 64 among 102 developing countries in terms of 'human poverty' (ibid.:294, table 3). However, the country is scheduled to achieve only one of the Millennium Development Targets, namely access to safe drinking water (rural) (ECA 2005), and even achievements in this area are questioned by reports on Tanzania, see below (URT 2005c, Braathen 2006).

What has been the overall development the last decades? Until 1995, the trend was negative. It became positive 1995 to 2000, and the country has consolidated its positive trend from 2000 to 2004 (UNDP, 2006: 291, table 2). Tanzania's Poverty and Human Development Report (PHDR) provides a balanced view of the progress made after 2000:

- The economic growth has been important: the average annual growth 2000-2004 has been 8.7 % for the industry, 5.9 % for the services, 4.8 % for the agriculture, making it 5.8 % for the total GDP. (URT 2005c:4).
- The estimated effects on poverty are significant: the rural poverty incidence of 38.6 % in 2000/2001 has been reduced to 34.5 % in 2004/2005. The urban poverty incidence of 23.1 % has been cut to 17.1 %. This makes the official poverty figure 31.1%. (ibid.:7)

If this trend continues, the projected poverty incidence in 2010 will be 23 %. The official target for 2010, in line with the Millennium Development Goal, is 19 %. Thus, Tanzania is behind target even if the current positive and allegedly pro-poor economic growth continues (ibid.: 7).

Moreover, the growth and poverty reduction is extremely unevenly distributed across and within the districts of Tanzania. The urban areas benefit more, and the capital region of Dar-es-Salaam benefits the most. The PHDR claims that it provided the first spatial analysis of poverty and inequality ever made at the national level in Tanzania. There are geographic disparities both in income and non-income poverty. Among the rural areas, some districts in the central regions and most districts in the Southeast stand out with extremely low scores on all indicators, while districts in Kilimanjaro and Arusha are better-off (ibid.: xvi; 74-77).

The first Poverty Reduction Strategy Paper for 2000-2005 defined education and health as the main priorities. The PHDR confirms that there has been progress in these sectors, mainly in services that benefit the youngest part of the population. The primary school net enrolment has increased from 59 to 91 % (ibid.: 11). The completion rate as well as the pass rate for the primary school leavers have been improved particularly since 2003 (p.16). However, key indicators for quality of

education such as the pupil/qualified teacher ratio and text books/students ratio have not improved. At the same time, the transition rate from primary to secondary school is still very low – the secondary net enrolment has increased from 6 percent to 8 percent (ibid.: 11). In health, there has been a positive reduction of infant mortality from 99 to 68 and of under-five mortality from 147 to 112 per 1000 live births (ibid.: 21). Much of this decline is likely to be the result of improved malaria control (ibid.: 23). Also the child immunisation is at a higher level than in other sub-Saharan countries (ibid.: 25).

However, child nutrition and maternal health have not improved, reflecting the high (income) poverty (ibid.: 27-30, 35-38). On the positive side, the HIV/AIDS prevalence seems to have reached its peak around 2000; national survey data show a prevalence rate of 7 percent and blood donor data show a decline in new infections (ibid.: 30-31). Access to safe drinking water is precarious, with only 42 per cent access in rural areas in 2002 (census data). The government routine data show improving coverage, but the PHDR calls into question the validity of relying on routine data for monitoring progress towards targets both in water and sanitation (ibid.: 48).

In sum, it is likely that there has been a significant reduction in income poverty as well as human (non-income) poverty in Tanzania the last five years. As to spatial inequality, which has emerged as a recent concern in the country, there are no comparable data over time.

3.3 Which linkages at the policy formulation level?

It can be established as a fact that there have been both substantial poverty reduction and significant decentralisation in Tanzania after the year 2000. To what extent has there been a subjective attempt to link the two processes of decentralisation and poverty reduction?

The “Local Government Reform Agenda” (URT 1996) presented six reform components, none of them with explicit references to poverty or other social issues. At this time, the GoT, assisted by the donor community had started to formulate Vision 2025, with economic and social objectives to be attained by the year 2025. This resulted in the formulation by 1998 of the National Poverty Eradication Programme, with objectives for poverty alleviation through 2010 (URT 2000).

Thus, by the beginning of 1999, when an appraisal of the LGRP was prepared, its terms of reference suggested a more focused approach to poverty. The appraisal was to:

- “evaluate the feasibility of the proposed programme and the extent to which it represents an appropriate achievement of the objectives of LGRP, especially concerning the issues of good governance and democracy and

the cost effective delivery of services to presently underserved communities”

- “assess the consequences of the programme on poverty reduction and service delivery and try to describe the crucial factors for the programme to have any impact on these issues”
- “identify specific poverty-focused improvements and provide verifiable indicators to assess performance against expectations”
- “assess potential impact of LGRP on different social groups, including women, minorities, and children” (Naustdalslid et al. 1999:133-34,141).

This can be interpreted that (i) inequalities not only between, but also within districts, should be addressed; and (ii) it should be addressed as part of the democratic reorientation of the councils, in other words as a way of expanding the governance component of the programme. “Social issues” was one of four sets of issues to be addressed by the appraisal, alongside institutional, financial and technical issues.

The social sector specialist recruited to the team drafted an interesting chapter on social sector issues. It observed that “the programme’s strong emphasis of improvements in services as the primary output is not matched by strategies” (ibid.: 93). The LGRP action programme and budget did not intend to “include specific interventions for service improvements, poverty reduction and women empowerment” (ibid.: 93). The LGRP action plan and budget were revised accordingly. While the overall programme goal was unchanged, “to improve the quality of and access to public services through or facilitated by Local Government Authorities” (URT 1999:12), the reformulated Component 1 of the LGRP, namely ‘Governance’ incorporated a few items dealing with poverty and social issues. LGAs were to be “assisted in drawing up plans of action for the implementation of the National Poverty Eradication Strategy”, including, among other things, land use and environmental protection, promotion of productive activities, employment generation, food security and nutrition, utilisation of available social action funds (e.g. TASAF, community development funds), promotion of cleanliness and hygiene, raising the literacy level (ibid.: 37). A strategy for mainstreaming gender into the affairs of the LGAs was to be developed and operationalised (ibid.: 37).¹³

Unfortunately, the 1999 appraisal was not connected with the preparations of the Poverty Reduction Strategy Papers, which included participatory poverty assessments as pioneered by the World Bank’s Voices of the Poor project and UNDP in Shinyanga 1997 (URT 2000:11). Some consultations with ‘grass-roots stakeholders’ selected at regional ‘zonal workshops’ regarding the draft PRSP were carried out mid-2000 (ibid.: 5). The PRSP emphasised the income and non-income poverty equally, the latter category covered by cross-cutting issues such as human capabilities, survival and well-being (ibid.:18-21). In practice, education and health were defined as the main priorities in the PRSP for 2000-2005 (URT

¹³ The gender mainstreaming strategy was, however, not in place before 2006.

2005:11). Primary school fees were recommended to be abolished from FY 2001/2002 (ibid.: 26).

Governance issues were not highlighted in the PRSP 2000-2005 – they were confined to objectives listed for the judiciary (ibid.: 31).

Perhaps in order to adapt to the PRSP, the goal and purpose formulations of LGRP were changed in the rolling action plan for 2000/1 and for the medium-term plan and budget 2002-2005. The new overarching goal of the Local Government Reform Programme was: “*Reduction in the proportion of Tanzanians living in poverty*”. The purpose was: “Improved quality, access and equitable delivery of public services, *particularly to the poor*, through reformed, autonomous, local authorities”. (URT 2002a: 11, italics added by author.) “Outcome 1 – [good] governance” was specified to expect outputs such as:

- “Guidelines on planning and budgeting unified into one (poverty-focused) system to be adopted by LGAs”
- Poverty Audit approach introduced to LGAs”
- Methodologies and approaches for coordinated and participatory local development designed and introduced” (URT 2002a: 20).

Regrettably, the 2001 joint government/donor review of the LGRP (Watson et al. 2001) did not address those new elements of the revised action plan and budget (URT 1999) that dealt with poverty and social issues, cited above. Although the terms of references stated that, “overall the issues of gender and poverty alleviation should be addressed as mainstream cross-cutting issues” (p.2 in appendix 2 in Watson et al. 2001), there was no poverty focus in the team’s review of service delivery and governance. The review contained nine technical papers – one on ‘gender in LGRP’, but none on poverty reduction. The technical paper no. 9 on monitoring and evaluation commended the baseline survey made during spring 2000. “The strength of the baseline study lies in its attempted assessment of the level of service delivery/poverty before the initiation of the reform.

However, we doubt that the baseline methodology can discriminate between effects of LGRP on service delivery levels, and on poverty alleviation, and the influence of other ‘external factors’. These include changes in the availability of donor funds or changes in the world market. The amount of financial resources available in LGAs is an important determinant of their ability to deliver adequate services” (Watson et al. 2001:106). The 2001 review was a lost opportunity in the development of a methodology that could measure “effects of LGRP on service delivery levels, and on poverty alleviation”. Not surprisingly, the LGRP implementation report (URT 2002b) mentioned no work done to realise the poverty-related plans of the 1999 action plan and budget, such as “assistance in drawing up local plans of action for the implementation of the National Poverty Eradication Strategy”.

In this context of little progress on social reorientation of the LGAs, yet another serious social issue was suggested that was introduced into the LGRP: the issue of HIV/AIDS. A joint statement was presented by the DAC HIV/AIDS group to the Consultative Group meeting, 2-5 December 2002, suggesting more care for young people, women, orphans and vulnerable children to be taken at all levels. However, presented to the same CG Meeting, “Statement of Bilateral and Multilateral Partners on Local Government” did not raise any socio-economic issues (URT 2002b: Appendices).

The second PRSP was issued in June 2005, named *National Strategy for Growth and Reduction of Poverty (NSGRP)* (URT 2005a) also referred to as *MKUKUTA* after its Swahili acronyms. It lists goals to be achieved by 2010. Like the first PRSP, it emphasised the income and non-income poverty equally. However, it contains several strategy novelties compared to the first PRSP:

First, it “aims at fostering greater linkages and collaboration among different actors” (ibid.: 34). Hence, specific broad outcomes, goals and operational targets are grouped in three ‘clusters’, and there are some common themes across all clusters, although emphasised differently.

Second, governance and accountability issues are much more emphasised; these constitute cluster III. The goals include:

1. “Structures and systems of governance as rule of law are democratic, participatory, representative, accountable and inclusive”
2. “Equitable allocation of public resources with corruption effectively addressed”
3. “Effective public service framework in place to provide foundation for service delivery improvements and poverty reduction”
4. “Rights of the poor and vulnerable groups are protected and promoted in the justice system”
5. “Reduction of political and social exclusion and intolerance”
6. “Improved personal and material security, reduced crime, eliminate sexual abuse and domestic violence”
7. “National cultural identities enhanced and promoted”. (ibid.: 35).

The seven goals in cluster III are elaborated through eight pages with operational targets.

MKUKUTA states that the LGAs have a key role in its implementation arrangements. The LGAs were to mobilise, allocate and monitor financial resources made available to the national strategy for growth and reduction of poverty. “LGAs (districts/town/municipal/city councils, village/mtaa) will plan and implement programmes within their jurisdiction, in collaboration with other actors including communities and households through participatory processes” (URT 2005a:56-57). Thus, in the preface to the new 2005-2008 medium-term plan and budget for LGRP, President Benjamin Mkapa wrote: “The

implementation of MKUKUTA depends critically on the capacity of local government authorities” (URT 2005b: i). However, most of the goals mentioned in MKUKUTA were not addressed in the 2005-2008 LGRP plan.

In sum, there was a peak in the poverty reduction orientation of LGRP from 1999 to 2001. With the first PRSP in operation from FY 2000/2001, the main interface between the two policy processes was reduced to social service delivery, particularly education and health. The second PRSP, the MKUKUTA, is far more vocal than the first PRSP on governance issues and the role of the LGAs in all areas. The LGRP has, by contrast, abandoned explicit references to poverty reduction in its 2005-2008 targets. In other words, the second PRSP makes many references to decentralisation while the LGRP has been reducing its references to poverty reduction.

3.4 Three possible linkages on the ground

There has indeed been a subjective attempt to link the two processes, although not mutually or simultaneously, by the policymakers of decentralisation and poverty reduction, respectively. Tracing the implementation, can we see outcomes from A (decentralisation) that have impacted B (poverty reduction measures)?

A realistic approach, some would perhaps call it cynical, is to view the decentralisation programme in Tanzania as *financial supply (donor) driven*. One may distinguish between two stages of the Local Government Reform programme:

- The first stage was linked to release of funding for the recurrent grant system. The focus was then, logically, service delivery.
- The second stage was linked to release of funds for the Capital Development Grant system. The challenge was then to respond to local priorities’ and develop ‘local solutions’. A logical focus was the local planning and allocation system, with efforts to streamline participatory approaches.

Hence, we suggest that the following three areas of the Local Government Reform Programme have served as linkages between decentralisation and poverty reduction:

1. Services delivered to the poor¹⁴
2. Mobilisation and participation of the poor
3. Finances transferred from the central government.

¹⁴ Given that the majority of the poor in Tanzania live in the rural areas, and given that a large extent of social equality prevails in these areas, ‘the poor’ are here identified as the rural population in general.

3.4.1 Services delivered to the poor

The 1996 vision included a strong statement typical of New Public Management thinking of that period: “The *raison d’être* for the devolution of roles and authority by the central government, and the existence of local government, will be the latter’s capacity and efficiency in delivering services to the people” (URT 1996: 2-3). The main potential social impact of the LGRP lay in its close coordination with “sectoral reforms aimed at improving the coverage and quality of service delivery in education, health, water, roads and agriculture” (Naustdalslid et al. 1999:93) as well as with larger foreign NGOs and donor agency programmes for district development (ibid.: 97). A report (Braathen 2006) emanating from a LGRP-connected research project, analyses data on service delivery with regard to performance and change processes from 2000 to 2003 in six local councils, of which four are rural ‘district councils’.¹⁵

Fifty-four percent of all respondents in a 2003 survey among the citizens in the six councils had seen general improvement in LG service delivery over the last two years. The variations between the six councils were quite large: from 44 percent to 60 percent. However, only *Primary Education* stood out as the only service rated as ‘satisfactory’ by a majority of the respondents (see table 1 below). *Primary health* (dispensaries) received the second highest rating. This was the picture in all six councils. For all the remaining services the satisfaction rating is much more mixed, with significant variations between the councils.

The respondents in all six case councils were definitely least satisfied with agricultural extension services and garbage collection. *Water supply* is the single service that most citizens want to see improved in all six councils. However, we found that councils did not respond positively to this demand. For example, in their total expenditures, no council spent more than 2 % on water supply. We found that half of the case councils were not in line with the priorities of their citizens. This shows that a truly participatory, bottom-up and cross-sector planning system for service delivery left a lot to be desired, primarily because there were not enough resources available.

Let us look a bit deeper into the differences in the service delivery picture, represented by primary education and water supply.

In *primary education* there has been an immense growth in the school enrolment from year 2000 to 2003. Enrolment was close to 100 % in all six case councils.

¹⁵ The Formative Process Research Project on the LGRP, 2002-2005. The data were collected from six local councils that had been selected as ‘case councils’ for the formative process research on the Local Government Reform Programme (LGRP): Ilala Municipal Council, Mwanza City Council, Iringa District Council, Moshi District Council, Kilosa District Council, and Bagamoyo District Council. There is no pretension that the six were fully ‘representative’ of the 114 local councils in Tanzania of that time. However, the six councils should witness some of the vast differences between the councils across the country. When this study claims to identify certain common features across the six councils, or across the four rural district councils, it is supposed that these features are shared by a large majority of Tanzania’s local councils.

This success can be attributed to the abolition of school fees in 2001 and the massive foreign aid to the implementation of the Primary Education Development Plan (PEDP). The pass-rate has also increased in all the case councils, although a majority of the grade/standard 7 pupils still, in 2003, failed to pass. There are some clear signs of progress in the quality of education – measured by indicators such as pupil per class room, pupil per desk, and pupils per text book. However, the main quality indicators, like the pupil-teacher ratio and share of qualified teachers, did not show progress for many of the councils. The lack of (qualified) teachers threatens the sustainability of the education reform and tends to widen the gap between ‘advanced’ and ‘backlogging’ councils

In *domestic water supply* there was no significant progress reported on accessibility, with the exception of Mwanza CC. In three of the six councils, approximately half of the population was not covered by adequate water supply services. It is likely that these are overestimates. Data on the quality of services are also few. The citizens’ top priority concerning water supply, as indicated by the survey, seems to be based on rational and common sense.

As to *cross-sector service delivery*, we may identify *anti-HIV/AIDS* work as the most urgent area. The citizens surveyed reported that they were well informed by multiple national and local sources. In 2003, guidelines for forming AIDS committees were circulated to all the local councils from the President’s Office for Regional Administration and Local Government (PO-RALG). Within a few months such committees had been established at the council level, and in two districts, even at the ward level. However, we found big discrepancies among the six councils. Only councils were identified as ‘high prioritisers of anti-HIV/AIDS work’. When it came to performance (implementation of awareness, testing and treatment programmes), two were defined as ‘low performers’, and the remaining four were medium performers. A lot remains to be done even in the local councils with proven dedication to the struggle against HIV/AIDS.

As to *anti-poverty work*, the planning documents and interviews from the case councils did not reflect any consistent or clear definitions of poverty. There were only vague definitions of ‘the poorest-of-the-poor’, and there were no coherent anti-poverty strategies. Moreover, the emphasis was on “equitable delivery of public services” rather than “services particularly to the poor”. If vulnerable groups or ‘the poorest of the poor’ were identified, the emphasis was on alleviation of extreme poverty of an unspecified number of ‘deserving poor’ rather than pro-active safety nets for everybody within the category. There was an emphasis on social-reproductive services rather than on economic-productive services like support to the reorganisation and revitalisation of the agricultural sector, which the surveyed citizens found in a dismal state (see table 3.1).

Table 3.1 *Citizens' satisfaction rating of key services*

Description	Council name						Total
	<i>Ilala MC</i>	<i>Bagamoyo DC</i>	<i>Kilosa DC</i>	<i>Iringa DC</i>	<i>Moshi DC</i>	<i>Mwanza CC</i>	
Primary school	68.6	61.4	83.3	73.3	66.7	67.1	70.1
Dispensary	45.7	36.7	34.8	36.7	35.2	38.1	37.9
Secondary school	19.0	21.0	29.0	34.3	16.2	21.4	23.5
Water supply	18.1	10.0	21.0	35.2	18.6	30.0	22.1
Road maintenance	25.7	27.1	13.3	27.6	13.8	24.8	22.1
Sanitation	23.8	16.7	20.5	26.2	21.0	18.6	21.1
Electricity	23.8	10.0	20.0	15.2	27.6	19.0	19.3
Law and order	21.9	12.4	24.8	27.6	9.5	15.2	18.6
Health clinic	25.2	23.8	5.2	15.7	9.5	13.3	15.5
Market place	19.0	11.9	3.8	4.8	24.8	14.8	13.2
Agricultural ext.	1.9	8.1	12.4	5.7	10.0	9.0	7.9
Garbage collection	19.0	5.7	1.0	-	7.1	10.0	7.1
Number of resp.	210	210	210	210	210	210	1260

Source: Citizen survey (FPRP 2003): % of respondents satisfied, by council and total.

The conclusion is that local service delivery in Tanzania has improved, as also stated by the Poverty and Human Development Report 2005 (URT 2005c) cited above. However, the citizens are still dissatisfied with the accessibility, quality and affordability of almost all public services. The exception is primary education, where foreign aid and comprehensive community involvement may be the main factors that have 'co-produced' citizen satisfaction.

3.4.2 Mobilisation and participation of the poor

The 1999 appraisal warned against one-dimensional promotion of service delivery. "Without impacting an awareness of opportunities, new possibilities and a sense of empowerment at the community, household and individual levels, the poor may fail to take advantage of the services delivered to them (...) This mobilisation should [connect] the recommendation from the National Poverty Eradication Strategy that the LGAs will plan and implement poverty eradication initiatives in collaboration with the people themselves" (Naustdalslid et al. 1999: 96-97). "The emphasis on enhanced participation does not suggest any lesser importance to the need for greater resources' flow to local institutions, but (...) participatory approaches are likely to achieve better targeting of poor people, mobilise additional resources by requiring direct community contributions, enhance accountability, and attain greater sustainability through increased community participation" (ibid.: 99).¹⁶ In this setting, "very significantly, inclusion and participation is at the centre of the programme strategy" (ibid.: 94). Thus the challenge was to mobilise the largely poor population at the sub-district level.

¹⁶ Naustdalslid et al. here made references to Parker, 1995 (a World Bank report).

The revised LGRP action plan responded to this call. It suggested civic education with “public discussion groups at grass-roots levels” to exchange views and ideas with civic leaders on socio-economic issues and on possible interventions for resolving identified problems” like women’s participation, poverty alleviation, the level and quality of service delivery. It was also going to operationalise (ibid.: 39-40) “guidelines on Participatory Village Land Use Management operationalized”, based on the Land Act 1999 and the Village Land Act 1999 (URT 1999: 39-41).

Furthermore, “a system of participatory planning and budgeting will have been designed and adopted by LGAs”. A devolved system of local government has roots in people’s participation in determining priorities, planning for those priorities and in implementing them. This is better done through a participatory planning and budgeting process. In Tanzania, this is not new, for it is being implemented, though in different approaches, by some local authorities, mostly with donor support. The various approaches of PRA will be reviewed with the aim of adopting one that will be acceptable for application by local authorities in Phase 1 and subsequent phases. In addition to PRA, an elaborate bottom-up planning and budgeting system will be designed” (URT 1999:48).

In 1999, the immediate challenge for the ‘governance’ part of the LGRP, and a key element of the phase 1 ‘Mobilisation’, was the national grass-roots elections ((URT 1999:22). “Materials for public sensitisation for grass-roots elections will have been prepared and distributed”. “Local government elections have in the past been characterised by low turnout both during voter registration and on polling day. The next grass-roots elections... [end of 1999] will be a valuable opportunity to operationalise the reform principles on democratisation and participation”. “Feedback information on conduct of grass-roots elections will have been gathered and compiled” (ibid.: 40).

The first grass-roots elections were held in October 1992, the second in 1999 (and the third in 2004). There were direct, secret and multi-party/multi-candidate elections of chairpersons and village councils/street committees in all the rural villages and urban mtaas (‘streets’ or townships) of the country. These elected people formed the foundations of a two-tier local government system. With a very meagre administration, only a ‘Village Executive Officer’ assisting the chairperson to lead a community of 3,000 up to 9,000 inhabitants, they formed the laymen strata of local government. The second tier, the District or City Council, is much more dominated by the public servants, although the councillors elected from wards (each ward consists of four to six Villages or Mtaas) are supposed to play an increasing policy-formulating, monitoring and controlling role in the local councils. The 1999 grass-roots elections were reported to be free and fair, although marred by many shortcomings. The turnout was quite low, typically ranging between 27 and 35% (Chaligha 1999:35-40). The Lower Level Local Government (“LLG”) in Tanzania consisted of 10 045 rural villages plus nine townships. In addition there were 2,757 urban Mtaa committees (Steffensen et al. 2004:20).

It would be worthwhile to compare Tanzania with Uganda and Kerala's People's Planning system, combining different sources (Steffensen et al., 2004; Heller, 2001).

- As in Kerala and Uganda, the Lower Local Government (LLG) tier at the village level is regulated by the law and protected by the Constitution. They partly work together, partly supervise, other sector-specific committees directly elected by the people: for example, school committees.
- Like Kerala, but unlike Uganda, these Village Councils are elected through competitive multi-party elections, and the LGRP and PO-RALG seem to have succeeded in building good governance capacities in these councils. Norms of transparency and accountability have to be introduced before the Village Councils may receive relatively big amounts of fiscal resources. Endemic corruption is reported at the local level in decentralised Uganda. Although corruption is also perceived as a big problem in Tanzania, one could make a hypothesis that there will be less corruption at the LLG level in Tanzania than in Uganda.

The Tanzanian empowerment of the LLG structures has followed three tracks:

First, general public information through weekly radio programmes, pamphlets and shorter workshops with the Ward Development Committees that comprise all the Village or Mtaa Chairmen of the ward. This has been the responsibility of the Governance section of the LGRP. The goals have been to “establish broad-based community awareness and participation” and “promote principles of democracy, transparency and accountability” (URT 2002a).

Second, there has been a mass training programme; 65,000 elected grassroots officials received “relevant information and training” by the end of December 2002 (URT 2002b:6). The weekly radio programmes may have contributed to the updating and maintenance of the engagement of the grassroots.

Third, a programme to roll-out a methodology for participatory planning to all Villages and Mtaas of the country: *Opportunities and Obstacles for Development (O&OD)*. It was built on the method of Participatory Rural Assessments, enhanced for some time in most developing countries by the donor agencies. However, the distinguishing feature of O&OD is that it starts by “identifying the opportunities or attributes inherent in a community environment that can be effectively deployed to address the obstacles to development (...) Thus the approach is an attempt to change the peoples' mindsets that development is possible by using the resource endowments of the local environment” (Cooksey and Kikula, 2005:7). The output of this methodology resembles a SWOT (Strength Weakness Opportunities Threats) analysis. In this way, O&OD is supposed to promote true participatory planning with self-mobilisation, and it is supposed to be a vital instrument in the formulation of District Development Plans. Participatory village plans should feed into district plans. The methodology

was piloted in the Hai district in the Kilimanjaro Region in 2002. Hence, “a system of participatory planning and budgeting system has been devised and staff of the President’s Office (PO-RALG) are in the process of rolling it out to all LGAs” (URT 2002b:5). By 2004, it had been rolled out to 81 of the 121 LGAs.¹⁷

District Development Plans have been formulated with real grassroot input from the O&OD exercise. Many challenges have been revealed in this regard. We suggest the following:

1. Participatory planning tends to be an entry point for village people with leadership ambitions. The planning process tends to identify negative aspects of the performance of the Village Council and Chairman. There has not been enough emphasis on embedding the participatory planning output in the existing political village structures, and to solving the political conflicts that necessarily come out of these processes.
2. The costs involved in participatory planning have been quite high, due to extensive use of facilitators and distribution of allowances. The communities have to internalise the planning capabilities and become self-reliant, in order to reduce costs and make participatory planning sustainable.
3. District centre (LGA) - village (LLG) relations need to be innovated and maintained, e.g. in the following ways:
 - Let people’s roles as ‘users’ (members of community, or of sector) and ‘citizens’ (members of polity) converge
 - Integrate sector committees into village councils/village assemblies
 - Link management with planning, and planning with budgeting/accounting
 - Let annual district-wide meetings of village delegates decide (parts of) the District Plan and Budget (village delegates who will bring ‘their’ democratic decisions/plans with them)
4. Planning needs to be linked with budgeting. In some district councils rolling plans are set up, with first priority items linked to the budget for the next year, and next priorities referred to coming budget years. In this way, thorough participatory planning needs to be carried out approximately every third year, if downward accountability and transparent budgets are emphasised in the years between.

Tanzania reports a very high popular participation in local governance institutions:

¹⁷ Lack of resources may have halted the roll-out of the last part of the LGAs.

Table 3.2 *Percentage of population participating in local governing committees*

<i>Local governing institution</i>	<i>Population that participated</i>
School management committee	28 %
Village ward/planning	23 %
Village council, ward committee, district council	22 %
Water management committee	13 %
Public works project committee	8 %
Agricultural/livestock extension contact group	3 %

Source: Citizens Survey (FPRP 2003).

This might indicate that there is a high level of legitimacy, or social and political capital, amassed around these participatory-democratic institutions at the grass-root level. This is something most countries, not only in the region but in the whole world, could *envy* about Tanzania's system.

3.4.3 Finances transferred from the Central Government

The Poverty and Human Development Report focused on spatial inequality. The report concluded that the main tool of poverty reduction in this regard is the national system for transfer of grants to the local councils. Improved financing and staffing to the poorest districts through formula-based allocations is the remedy to address geographical collective poverty. The rural districts need a higher number of service outlets and qualified professionals (*ibid.*: 94). (URT 2005c: 77, 94). How can that grant system be designed, and to what extent has it been put to work?

From the outset, the key purpose of the LGRP was “that local governments will provide more *equitable* and better quality services, and will facilitate and enable other agencies, to do the same” (URT 1996:4). The concept ‘equitable’ was now used with reference to “disadvantaged councils”, or *spatial inequality*. The present grant system reinforced existing inequities in access to services. Grant allocation was based on the existing infrastructure (e.g. the staffing of existing service outlets). Hence, the per capita transfers to Shinyanga Region were 68 % of the national average, and to Kilimanjaro Region 134 % of the national average” (Naustdalslid et al., 1999: 40-41). As a result, an *equalisation grant* for clearly disadvantaged councils was to be established, compensating local governments with a weak resource base (URT 1998:38). Equalisation grants should be part of the recurrent grants to assist “poorer councils” to “enable them to provide the necessary services required from them. However, this retributive approach was downplayed by suggestions in another section of the policy paper that “the future magnitudes of grants to local government from central government will depend on how well local governments carry out these reform measures (...) The ability of councils to attract additional donor funds to improve service delivery is also linked to their ability to improve their performance significantly”. (URT 1998:4).

Two grant transfer systems were redesigned:

1. *Recurrent grants.* Grants to fund the recurrent expenditure of the LGAs have tripled from 1998/99 to 2004/5. Since 1997, the World Bank had pushed to provide block grants for recurrent expenditures for the education sector as well as for health centres and dispensaries, piloting in at least 20 districts. A WB Structural Adjustment Credit (SAC) of USD 25 million for the social sectors was yet to be allocated (URT 1999:146). This scheme paved the way for the sharp increase in education and health spending in the LGAs during the first PRSP 2000-2005, fuelled by PRSP/HIPC arrangements like sector basket funds. Of total on-budget transfers to LGAs in 2003/4, 67 % was transferred to education and 16 % to health (URT 2004). The formula-based allocation system, favouring the poorest LGAs on an objective basis, has been elaborated, initially including health and education, and extended to other sectors and purposes, like LG administration and general purposes from 2005/6.

2. *LG Capital Development Grants.* The 1999 appraisal suggested: “The inclusion of a budget support component in the programme, [with] some additional resources to promote local development and alleviate poverty, should be considered” (Naustdalslid et al. 1999: 21). This was a precursor for unconditional, or development capital grants. Hence, in 2004 it was reported that unconditional development grants were moving towards a formula-based and more equitable system. A performance-based system for capital grants and capacity-building (LGSP) was introduced the budget year 2005/5 covering more than 40 LGAs. There were minimum conditions plus adjustments against the LGA performance within generic areas. From FY 2004/5, 50 % of the grants in lieu of abolished taxes were to be allocated to the villages/mtaa on the basis of population (Steffensen et al. 2004:31-42). The grants were to be linked to incentives for LGAs to enhance performance and to implement the second PRSP (the MKUKUTA). “The challenge now is to engage the sectors with a view to merging, [or] at least harmonising, their district-based programmes with the LG-CDG system”. Harmonisation with the second Tanzania Social Action Fund programme, TASAF II, “also remains a challenge, though some progress has been made in the areas of the formula used, the use of access [to funds] criteria and common appraisal systems for projects” (URT: 2005b: 26).

Two challenges can be linked to this type of transfer of resources. First, the system of transparency and accountability. That is a main priority in the 2005-20008 LGRP plan. Financial information and downward financial accountability is to be promoted. “The design of standard reports for LLGs, their publication through village and service outlet notice boards” is to be delivered (ibid.: 30). Supporting such downward accountability is the main sub-component of the governance chapter of the LGRP. “Public tracking surveys will be extended beyond the current piloting zone. Leaflets will be prepared which outline the rights of service users in relation to service delivery and distributed nationally” in cooperation with two NGOs (“the demand side of the information equation is where NGOs in particular have a comparative advantage”) (ibid.: 50).

Second, a challenge is to reconcile the redistributive purpose, e.g. reducing spatial poverty, with a managerialist belief that central government grants should serve as an incentive for the local councils to improve their performance. Poor performance of district councils tends to be a function of the poor living conditions in these districts, making it difficult for them to attract qualified personnel. As long as the human resource policy for the local government system does not address this problem, it is unlikely that spatial justice and economic effectiveness can be achieved simultaneously.

4 Poverty Reducing Decentralisation

There have been some reviews of the linkages between decentralisation and poverty reduction. On the one hand, the findings are discouraging for the decentralisation advocates. Decentralisation has in general not been accompanied by any reduction of poverty levels. The explanation in political economy terms is that most of the reforms have not changed the power relations, and can thus be termed *conservative decentralisation*. There has not been change within the neo-patrimonial political-administrative systems prevailing in most developing countries: wealth is mainly accumulated through centralised control of state resources, and this control is in the hands of elite networks. The decentralised power and resources have served as a patronage mechanism linking national elites with local supporters, or the decentralised structures have been captured by local elites usually linked to national patrons. Thus, decentralisation increases problems of corruption, misallocation of resources and other types of bad governance. Conservative decentralisation contributes to an increase rather than reduction of poverty.

On the other hand, some very few positive exceptions have been identified. We suggest categorising them as cases of *transformative decentralisation*. They are characterised by redistribution of powers and resources in order to move towards a more equal local society where basic needs and rights are fulfilled. Since this means there is a redistribution of powers and resources (i) across space (territorial decentralisation) and (ii) from central to local government levels, and since most of the wealth in neo-patrimonial states tends to be amassed through elite control of the central state functions, this type of decentralisation represents a redistribution from the wealthy (or ‘better off’) segments of the society to the poor segments. At the same time, there is a mobilisation and empowerment of the poor, combined with political and institutional measures that prevent elite capture. In other words, poverty-reducing decentralisation changes the power relations in the society, improves democratic governance locally, and addresses inequality.

Then, what kind of case does Tanzania represent?

4.1 Transformative decentralisation?

Tanzania does not share the main characteristics of the few successful cases of transformative decentralisation, as defined in the literature. However, the process has been characterised by complexity and contradictory tendencies. On the one hand, some features of conservative decentralisation. On the other hand, elements

that may prevent the most anti-social outcomes of conservative decentralisation, and even point in the direction of transformative decentralisation. Let us look at Tanzania in terms of four allegedly key independent variables of transformative decentralisation: (i) The transformative role and capacity of the national government; (ii) the role and strength of the civil society; (iii) the commitment by the government to pro-poor participatory approaches; (iv) mechanisms of accountability, particularly downward accountability.

(i) The transformative role and capacity of national government.

Tanzania is *not* anymore a “political radical project in which an organised political force – and specifically non-Leninist left-of-centre political parties that have strong social movement characteristics – champions decentralisation”. For decades, Tanzania has been ruled by the one and same party, CCM, although its predecessor, TANU had a transformative and mobilising role in the 1960s. The ruling party, CCM, has maintained a high level of control of the process and continues to have a very clear political majority in both Parliament as well as in LGs. Tanzania is characterised by a stable, but democratised neo-patrimonial state. “CCM has no interest in radical changes, but pursues incremental reforms that are perceived as leading to improvements in service delivery and are non-threatening to its hold of power” (Steffensen et al. 2004:81).

The main ‘champion’ of the decentralisation programme in Tanzania has been the international donor group (Denmark, Finland, Ireland, Netherlands, Norway, Sweden and the UK; EU, UNDP/UNCDF, and lately World Bank), although the programme has proceeded through close negotiations between the donor group and the government.

Therefore, there has not been a real change in the local-central relations. Local government has *not* been strengthened vis-à-vis the central government. Political decentralisation has led to an increase of administrative burdens and upwards accountability. There has not been any real fiscal decentralisation – fiscal autonomy has been further eroded, and although central government financial transfers have increased the last years, it is still very low (the LG share of the is GDP 4.5 %) but probably not higher than it was 10 years ago.

(ii) The role and strength of civil society.

Tanzania does *not* have “a civil society of popular movements and associations with the capacity and will to pressurise for decentralisation, counterbalance local strongman tendencies, and cooperate constructively with pro-poor local government”. Although the role of civil society has not been a focus of this study, there are other studies underlining the organisational weakness of the civil society in Tanzania and the subordination of CSOs to the party state when/if conflicts emerge. The Association for Local Government of Tanzania, ALAT, has not been a major, independent player in the process.

(iii) *The commitment by the government to pro-poor participatory approaches.*

However, there has been some (although not ‘strong’) “political and ideological commitment by the central government and ruling party to pro-poor participatory approaches, with the institutionalisation of participation through regular elections, council hearings and, more recently, participatory budgeting and planning. The government and ruling party aim specifically at securing citizenship rights and participation for marginal and subordinate groups”. Grass-roots elections – direct, secret and multi-party/multi-candidate election of chairpersons and village councils/street committees in all the rural villages and urban mtaaas (‘streets’ or townships) of the country – have been held in 1992, 1999 and 2004 and thus institutionalised. The rights and powers of this lowest tier of local government are guaranteed by the constitution. This has been followed up by concrete measures in the Local Government Reform Programme.

(iv) *Mechanisms of accountability, particularly downward accountability.*

Besides, Tanzania has indeed introduced some “mechanisms of accountability, in particular downward accountability: mechanisms for the poor and ordinary citizens (and their associations) to hold their elected local councils to account even in-between the elections, from month to month.” For example, public notice boards with presentation of all finances received, accounts for the last budget year and plans/budgets for the next year have been instituted at the ward level.

Hence, this study supports reviews stating that there has been a “rather clear and radical policy” for decentralisation in Tanzania, although progress has mainly been seen at the LGA level. The central-local relations have not been transformed.

4.2 Decentralisation and poverty reduction?

Then, does Tanzania demonstrate any positive linkages between a decentralisation that has been significant, although not transformative, and poverty reduction? In answering this question, the study suggests two approaches. One is what can be termed a ‘hypothesis-testing’ approach. The other is a ‘re-conceptualising’ approach.

The hypothesis approach: If we can establish, on the one hand, that decentralisation has been significant (which we have suggested), and on the other that poverty has been substantially reduced, and that the two processes have taken place fairly close in time and space, we can formulate the *hypothesis* that there have been linkages between the two. The study assumes, on the basis of available statistics, that there has been a significant reduction in income poverty as well as human (non-income) poverty in Tanzania during the last five years.

The hypothesis will be further strengthened if we can identify a linkage at the policy formulation level, e.g. that there has been a subjective attempt to link the two processes of decentralisation and poverty reduction. In fact, we do find such linkages. There was a peak in the poverty-reduction orientation of the Local Government Reform Programme of Tanzania from 1999 to 2001. With the first

Poverty Reduction Strategy Paper ready for implementation from FY 2000/2001, the main interface between the two policy processes dealt mainly with 'equitable' social service delivery, particularly in education and health. The second PRSP, the MKUKUTA (2005-2010), is far more vocal than the first PRSP on governance issues and the role of the LGAs in all areas. Although this is not fully matched by the LGRP for 2005-2008, which has abandoned explicit references to poverty reduction, this weakness is more than compensated by the comprehensive approach of MKUKUTA. The latter is more important in national and local policymaking than the LGRP. Still, more studies are needed of the implementation of MKUKUTA to conclude that there have been strong policy linkages.

The re-conceptualisation approach: Our policy analysis will be less difficult if the outcome variable, poverty, is clearly (re-)conceptualised. If so, the selection of focused 'throughputs' in the policy process (the actual poverty reduction) will be easier, upon which the impacts of certain inputs (decentralisation) can be assessed.

Thus, we suggested distinguishing between individual and collective dimensions of poverty, on the one hand, and between material and immaterial dimensions on the other. The dominant approach in the developing countries has been to treat poverty not only as individual and material categories, but also to reduce poverty (conceptually) to a sub-category of individual poverty, namely absolute poverty. The policymakers then operate with a defined 'poverty line' based on absolute minimum requirements for an individual to survive, and poverty is typically counted in terms of individuals with income less than one USD a day and/or without access to certain specific services such as primary education, community health facilities, potable water and shelter.

However, individual poverty also includes the sub-category labelled relative poverty, in terms of social inequality. Furthermore, collective and immaterial dimensions of poverty also need to be addressed. Examples are geographical *spatial inequality* (collective poverty) and lack of *social and political rights of the poor* (immaterial poverty). *Public services* are also an important empirical focus, viewed as collective efforts to meet people's social rights. Low degrees of availability, affordability and quality of public services for the poor can be defined as collective poverty.

As a mere coincidence, we found that the decentralisation reform in Tanzania has actually emphasised these issues, although not as part of a conceptually clear poverty approach. One may distinguish between two stages of decentralisation. The first stage was championed by the Local Government Reform Programme emphasising improved equitable *service delivery*, with a substantial release of donor and government funding for the recurrent grant system. Improved cross-sector planning and restructuring of local service delivery took place. This stage also emphasised *mobilisation and participation of the poor*. To strengthen the relevance of the institutionalised grass-roots elections, there was a mass training

programme – 65,000 elected grassroots officials received “relevant information and training” by the end of December 2002, and this has been followed up by weekly radio programmes, civic education pamphlets and shorter workshops. Participatory planning – from the village level up to the LGA level – has been rolled out to all Villages and Mtaas of the country, through the Opportunities and Obstacles for Development (O&OD). Consequently, an impressively high portion of the population has participated in local governance institutions, with 23 % of the population reporting in a survey that they had participated in village ward planning. Mechanisms of downward accountability, for example through the use of public notice boards at the ward level, have been introduced. The 2005-2008 LGRP plan promises to extend this notice board system further down to the village and service outlets through standardised reports.

A second phase of decentralisation has emphasised a reform of the system of *financial transfers from central to local government*. As to recurrent grants, a formula-based allocation system has been introduced, favouring the poorest LGAs on an objective basis, initially including health and education, and extended to other sectors and purposes, like LG administration and general purposes from the FY 2005/6. This has been followed up by the Local Government Capital Development Grants. The grants were to be linked to incentives for LGAs to enhance performance and to implement the second PRSP (the MKUKUTA). Although guided by a managerialist belief that central government grants should serve as an incentive for the local councils to improve their performance, these grants serve a clearly redistributive purpose by addressing spatial inequality in the country.

These three salient features of Tanzanian decentralisation – improvement of local service delivery, mobilisation and participation of the poor, and an increase of redistributive financial transfers to the LGAs – have been combined and pioneered by the Primary Education Development Programme. The parents have been mobilised, accountable and democratically elected management committees have been elected for every primary school in the country, and flows of recurrent and capital development grants into the LGAs have been reasonably well utilised. As a result, Tanzania has achieved an almost universal coverage of the public primary school.

5 Conclusion

Tanzania seems to present a novel type of decentralisation: not conservative, and not transformative. Still, its reforms have helped produce a significant progress over the past years in the competence and service-delivery role of local government, they have enhanced grass-roots democracy and participation of the poor, and they have led to improved local finances for poverty-reducing measures. At the policy level, Tanzania represents a new generation of central-local reformers where democratic decentralisation is synchronised with poverty reduction strategies. This synchronisation might be a result of the strong influence of the donor community on the Tanzanian government, mixed with changing policy conjunctures internationally. Tanzania has taken action against spatial inequality, perhaps as a result of its strong rural constituencies in the electoral system. If the poverty reduction efforts are orientated towards strengthened public services locally, towards mobilisation and political empowerment of the poor, and towards reduced spatial inequality, it is likely that decentralisation efforts will have a positive impact on poverty reduction.

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