

Public Participation in Financing Local Development: The Case of Tanzanian Development Levy

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Résumé: Les autorités gouvernementales locales ont été partout considérées comme des agents agissant pour l'intérêt des populations locales. Elles ont joué divers rôles dans la gestion de ces populations en les associant non seulement à la prise de décisions les concernant mais également à la recherche des moyens financiers par le truchement des taxes et redevances. L'une de ces taxes, appelée taxe de développement en Tanzanie a connu une évolution difficile, objet de cet article. En effet, utilisée d'abord par l'administration coloniale pour son auto-financement, elle a également été utilisée diversement par les autorités gouvernementales locales mais sans grand succès. C'est pourquoi elle a été pour une période supprimée avant d'être re-introduite. Cette évolution plutôt mouvementée témoigne des difficultés d'applications de cette taxe qui n'a pas toujours obtenu l'adhésion des populations locales. C'est pourquoi, au lieu d'imposer des taux de taxes supérieures aux capacités réelles de paiement des populations locales, les autorités locales auraient dû les informer objectivement des difficultés que le pays traversait et demander leur collaboration dans la recherche d'une solution passant par une réadaptation des modèles de consommation au contexte nouveau et par l'application des recommandations du groupe du Secrétariat du Commonwealth. Le gouvernement doit enfin exempter les femmes de taxe, particulièrement celles qui sont sans ressources.

Introduction

Local government authorities have always been hailed, wherever they are introduced, as institutions intended to serve the interests of the people in their localities. Such praises flow from the understanding that these authorities provide opportunities in which the people in their localities could effectively participate in the decision making process in regard to matters pertaining to their welfare. The participation envisaged being, not only in the deciding of their priorities, but also involvement in the actual implementation of the priorities so decided (Montgomery and Esman: 1971).

Associated with the above strategy has always been the fact that having participated in the determination of the priorities and their running, the people in their localities should also be willing to contribute towards their financing.

Tanzania, has at one time or other, advocated the above strategy, although with some difference. We say with some difference because it

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advocated participation after independence along the colonial lines - where the people were required to contribute to the financing of the services in their localities; abolished that and instituted its own in 1972 in the name of decentralization, abolished that also - or at least re-structured it, and resumed the colonial master's model in 1982.

There must be reasons for that oscillation which Mahwood has called the swing back of the pendulum (Mahwood 1987:8). The purpose of this paper is not to look at the reasons for the oscillation, but to examine one source of revenue for the financing of the activities of the local authorities in Tanzania - the development levy.

Development levy is the name which the law makers in Tanzania chose to describe what is commonly called 'poll tax'. Our choice for this source of revenue, as the subject of this paper, needs to be explained.

First this source of revenue has been behind the changes in the participatory models adopted in Tanzania and therefore itself subject to the oscillation. This is to say that poll tax has been on and off and on again, depending on the model of participation the government has gone for.

Secondly, it has been chosen because of its name. Instead of calling it poll tax, as it is commonly known, it has been called development levy. Thirdly, is its impact and implications to the people for whom the local authorities are created. The three reasons above would be examined further at a later stage in the paper.

The paper is divided into six parts. Part two discusses the charging of local rates to finance the colonial administration; part three examines the payment of rates to the local authorities for the services in the localities, which was abolished in 1969 and leading ultimately to the abolition of local authorities. In part four we look at the revival of local authorities and the attendant imposition of local rates - especially development levy. We also outline criticisms levelled against it. Part five is devoted to the development levy in practice - and especially the difficulties involved. In our conclusion we outline what we call the way ahead as we enter into the 1990s.

Financing of Colonial Administration

The British ruled the natives under the indirect rule scheme. Under this scheme the natives were not directly ruled by district officers, but indirectly through their own institutions of leadership. These institutions were established under the *Native Authorities Ordinance 1926*.

Although the native authorities were local authorities within the conventional meaning, they were never empowered to collect taxes for their own use. They instead collected taxes as agents of the central government (Lord Hailey 1979: 234).

The collection of taxes for the use of the central government was in conformity with the colonial policy which required the colonies and

protectorate administration to be self financing (Katalikawe 1988:179). The colonial administration achieved that objectives through a variety of methods ranging from hut tax to poll tax etc. We will, for our purposes, confine ourselves to hut tax and poll tax as predecessors to development levy.

Hut Tax

This, as the name implies, was a tax on housing. It was payable as a flat rate by the owner - occupier in the household notwithstanding their number in there or their respective abilities. Writing about this tax and its administration in Uganda Katalikawe observes that: 'it was cheap to assess and collect, but easy to evade...(1988:179).

It was because of the evasion that the colonial masters abolished it and introduced poll tax in its stead. In the absence of literature about that tax in the then Tanganyika, and because of the commonalities in the British methods in the colonies, we think, that must also be the reason for its abolition and substitution for the other kind of tax in the then Tanganyika, as well.

Poll Tax

Katalikawe (1988:180) quotes a British official saying that poll tax was introduced 'to reach those who were able to pay, but who, not possessing huts, at present go free, to prevent evasion of the tax by overcrowding...and particularly to remove the great distinction made by the Hut tax between married unmarried state'.

Unlike the hut tax which was easy to assess and collect by the counting of the huts, poll tax had to be assessed and collected by the counting of the people - and hence the name 'poll tax' - meaning taxation by counting of the people.

Like its predecessor, it contributed towards the financing of the colonial administration in the colonies - the success of which is outside the purview of this discussion.

Local Authorities and their own Revenue

It was not until the enactment of the Municipalities Ordinance 1946 - Cap. 105 and the Local Government Ordinance 1956 - Cap.333 that the colonial local authorities were empowered to collect taxes for their own use (Mwaikusa 1985: 116).

A variety of local tax sources were used. They included:

- local rates
- produce cess
- fees and charges,
- urban site rates, etc.

It is the local rates - in the name of poll tax - that is the subject of this paper.

Charging of Local Rates.

Writers on this subject agree that this source of revenue contributed about half of the total revenue of the local authorities (Lee 1965, Penner 1970). They also agree that this source of revenue was regressive and difficult to administer.

In colonial days and even at independence, it was a flat rate collected from all adult men of or above the age of 18, and women were an exempted category under the section 93(2), unless they were employed and having an independent source of income.

Also agreeable among the writers is that urban dwellers were never required to pay a rate similar to the personal tax chargeable against the rural community. Although we are unable to obtain a statutory exemption to confirm that assertion, we also have no reason to dispute it, especially because several reasons are advanced to explain that exemption, which we examine next.

Difficulties in Their Administration.

We indicated above that urban dwellers were not required to pay anything similar to the personal tax payable by the rural inhabitants. The reasons being that:

- a) it was difficult to administer, and
- b) that urban dwellers already had an extra burden on their shoulders imposed on them through import duties (Lee 1965, Penner 1970).

The soundness of these reasons is doubted, and Lee for one goes further to suggest that they might also have contributed to the urban - rural migration (Lee 1965:60).

It is not easy to explain the justification for this exemption of urban dwellers from the payment of that tax; but we can argue, at the risk of exaggeration, that since it was the colonial motive to exploit the natives - and as such they were sure that the natives resided in the rural areas.

The Abolition of Local Rates and Local Authorities.

It is common knowledge that local rates were abolished in Tanzania in 1969, and that the abolition of local rates also culminated into the abolition of local authorities in 1972. Gould and Mahwood (1985:3 - 4) observe that:

The decline of local government in the 1960s was very largely a financial decline: the autonomous local authorities were loaded with heavy burdens of expenditure but were unable to obtain sufficient income.

There are various reasons advanced for the 1969 abolition of local rates, but for the purposes of this discussion it is worth noting that one of the

reasons is that there were difficulties in the administration of the direct tax that the government thought it could do without it, especially in the wake of independence. There are speculations that those administrative difficulties were fuelled by the death of 13 people, out of the 42 arrested defaulters, who had been detained in an unventilated room in Ilemera - Mwanza, that the government finally said local rates should go.

With the abolition of local rates and the increased requirement for services, which the local authorities could not provide due to shortage of funds, the government decided to abolish the local authorities as well, as it thought, they had no useful purpose left for them to serve.

The central government took over all the activities earlier on performed by the abolished authorities.

It did not, however, take over the collection of direct taxes in the form of local rates, between 1972 and 1982.

We will see later in the paper the doubts about the government's wisdom to abolish the local rates, and how that has been brought to light by the dictates of the time.

The Imposition of Development Levy

The local government system was re-introduced in 1982¹. The Act under which District Authorities came into being became effective from the 1st January 1984 by virtue of Government Notice number 206 of 1983. Those who hated personal tax before its abolition in 1969 would definitely hate the revival of local government in 1982 because it was through it that personal tax also came back. The government officials behind the re-introduction of local government might have known of the association between the two, and hence the disguise of the tax behind the name - development levy.

The Passing of the Bill

Whereas the power to establish local authorities (urban and rural) are granted to the Minister under the Acts of the same names; development levy is chargeable under the *Local Government Finances Act* 1982. The Act provides for a long list of sources of revenue for the local authorities, in which list development levy is one such source.

The Act also empowers the local authorities to charge levy on all persons of or above the age of 18 and who are habitually resident in the area.

1 The Local Government Acts in force were passed in 1982, however, urban councils were already in existence since the passing of the Urban Councils (Interim Provisions) Act 1978.

The passing of this Act was not an easy matter. Observers suggest that it caused a lot of uproar in Parliament to the extent that it was finally passed by a bare majority of two (56 - 54) in a Parliament of 200 plus². We are told that some MPs left the Chamber when they suspected that voting was about to take place. The Act, however, went through and found itself a place in the statute books of Tanzania.

Criticisms About The Levy

Despite the passing of the Bill and its assent by the President, as required by the Constitution, criticisms has never faded. It is criticized for being levied on women, secondly for its name, and thirdly on the timing for its imposition. We will examine those criticisms in that order.

Why Should Women Pay?

For the purposes of development levy, the *Local Government Finances Act* does not distinguish between men and women. It requires that both must pay provided they are of the age of 18 or above.

There is a divided view about the wisdom of levying it on women. On the one hand it is argued that women like any citizen ought to pay as they are part of the population, and expect, from the local authorities, as much, if not more, as anybody else. After all, argues this view, women are equal to men in the terms of the *Law of Marriage Act 1971* - which empowers them to hold property separately from their husbands³.

On the other hand it is argued that notwithstanding the provisions of the *Law of Marriage Act*, most Women in Tanzania, and especially in the rural areas, do not actually hold any property of their own.

It is, therefore, illogical to stretch the provisions of that law beyond the realities in which it applies.

Whereas some women (and probably a few) have an income of their own and even hold property, most of the others do not, and those who do not, should not be obliged to pay.

The latter view has not found favour with the government. The councils which passed resolutions to exempt women in their areas have been rebuked by the government.

During the local government system under which councils charged local rates for their own use (before they were abolished in 1969), most women were exempted, and it was only those who were employed or had separate

2 These issues are discussed in detail in Bukurura (1988a and 1988b).

3 Sources close to the Ministry of Local Government, Cooperatives and Marketing suggest that the main reason for the government refusal to exempt women is that, if women were so exempted, the income gap for the local authorities to which they contribute, would be enormous.

earnings who paid (Penner 1970). That part of the *Local Government Ordinance* - Cap. 333 provision under which women were exempted, has been conspicuously omitted.

Why Development Levy and not Any Other Name?

We observed, in the introduction, that development levy is essentially and in effect the same as poll tax besides the difference in their names. The Commonwealth Secretariat Team commissioned to advise the Tanzania Government on the financing of local government, appreciated the re-introduction of personal tax as a source of revenue, but was not very happy about its name. This is what they said:

The title "development levy" is, we feel, an anomaly that should be removed as soon as possible. Collections of this money bear no relation to the amounts spent locally on development, and frustration is caused among members of the public who try to discover such a relation. The personal rate is a form of local taxation paid into general revenue, and might better be described as Local Rate or 'kodi ya Mitaa'. (Gould and Mahwood 1985: 9).

The following extracts from the letters appearing in the peoples forum, of the government owned Daily News, may explain the feelings of the 'confused public' the Commonwealth Secretariat Team might have had in mind.

1) Daily News 1st May 1986 - G.J. Vira:

Much has been said on repairs of City roads which are in appalling state but the authorities seem to ignore the people's outcry. To name a few of the roads around Askari Monument, Clock Tower, around Riddoch Motors etc, leaves much to be desired. The busy Chang'ombe Road looks like a coal mine thus endangering the lives of pedestrians and the vehicles... Let us hope that the development levy fund is being used as the name implies, or else..."we should find a fitting name for its purpose". We hear a lot about crackdown on levy defaulters, but who will crackdown on the authorities concerned who ignore genuine people's outcry.

2) Daily News 1st May 1986 - B. Mgumbo:

I would like to ask the City Director how much millions does those toilets at Old Post Office need for repair and maintenance? For two years now the City Council is milking millions of shillings from the pockets of Dar es Salaam residents. But it is rather discouraging to see that for a year now, the City Council does not think even to repair the public toilets around the City. Do they also need foreign exchange or expatriates... We wish we could have the peoples militia and courts also to enforce that misuse of the levy funds...

3) Daily News 16th July 1987 - K.I. Kanyamala:

Despite people's expectations and councils promises roads are still in bad condition, schools not repaired, towns becoming more dirty than before the levy. It is under development levy ... and not otherwise.

The extracts from the first two letters refers to Dar es salaam City Council as an example of the unproportionality between the funds collected and the letter writers' expectations for the services. The third was a more general one, and like the other two, mention the misnomer of the levy and even suggests a sarcastic new name.

From these letters and the like, we could detect two intertwined things: the collection of the levy, and the probable misuse thereof. It is our view that the tax payer - or in this case the development levy payer - expects that the money collected would be spent on something that reveals the difference between collection and non collection. The writers of the letters think that, the demands for and the collection of, development levy, can only be justified if it leads to the development of the people and the area in which it has been collected. This should be revealed by the provision of the services. the examples of which appear in the letters. In their case, they have not seen any results.

In writing this section, we are mindful of the new poll tax introduced in Britain recently under the name 'community charge', we do not however understand why governments prefer to disguise it (Katalikawe 1988).

The Timing For Its Re-introduction

Development levy has also been criticized from the point of view of the timing for its re- introduction. Local government in general and development levy in particular were re-introduced in 1982 but did not effectively start until 1984. At that time the government was experiencing massive budget deficit and IMF conditionalities in regard to cutting down of almost all government subsidies. Observers have said that: 'without this regressive tax measure, the budget deficit would have been 33% larger in 1984/85' (Boesen et. eds.1986: 75).

It could be said therefore that in those circumstances the government had no other option but to re - introduce both the local rates under the name development levy, and the local authorities to collect it. One could even safely conclude that it was because of the budget deficit and the IMF conditions that the Tanzanian government realized Lee's wisdom that: 'not only are taxes the price that must be paid for civilization, they are the price that must be paid for existence itself' (1965:1).

The government therefore substituted 'development' for 'civilization' to complete the circle of events as revealed by the budget deficit and IMF conditionalities. It could now read: 'development levy is the price for development in the difficult times of IMF and budget deficit'. The local

authorities were chosen as vehicles for that development as it is they who should charge and collect that price - development levy!

Development Levy in Actual Practice

Notwithstanding the statutory powers to raise and collect development levy from the inhabitants of the localities, the task has not been an easy one. Maybe the inhabitants have not yet understood the purpose for which they have to pay or the payment has been set too high. We will in this part examine the difficulties encountered by the local authorities in the charging and collection of development levy. That we will do by the use of the data in the three schedules attached, which has been chosen for several reasons.

First, they represent the figures obtained since the beginning of the local authorities. They are indicated as for example 1985/86 because the financial year of the local authorities were changed from January - December, as prescribed in the *Local Government Finance Act*, to July - June, to suit the convenience of the central government. But after several demands the financial year was reverted to that prescribed by the Act with effect from 1988. Secondly the difficulties and uneasy access to more current data, this goes with the bureaucratic secretiveness. Thirdly, the need, on our part, to compile the available data, however outdated they may appear, to enable other researchers, who might not have access even to this kind of data, have something to work on.

From the available data, we will discuss the compilation of tax registers, the setting of development levy amounts in different local authorities and the collection of those rates. The discussion of these issues cannot be mutually exclusive, and the points made under one head might apply under another without distorting the message. Also as a matter of caution, is that although some numbers are available others are not and we rely on other sources to concretize certain arguments, of course without any distortion or exaggeration.

The Tax Registers

The tax payers register is a list of all persons of or above the age of 18 and who are therefore required to pay development levy. The list is supposed to be prepared by rate collectors under section 26 of the *Local Government Finances Act*

Similar provisions are found in the colonial statute books, and according to Lee, it was difficult to know when one has become 18 and thus subject to local rate because there are no vital statistics maintained throughout the country. He continues that "rough and ready judgements are made by village officials and names periodically added to the list..." (Lee 1965)

There are indications that the problem has not been eliminated today. In fact it has been aggravated. The compilation of the registers at the commencement of the activities of the local authorities relied heavily, if not

wholly, on the 1978 census statistics on which they added an annual growth rate percentage. From Schedule 1 it could be noted that some councils got their estimates in respect of the tax payers right, but there are those who got it all wrong and had to keep on adjusting the figures of tax payers from year to year.

Our sources in the local authorities suggest that village officials and especially the elected ones, have not been very cooperative in the tax register compilation exercise. They, at times attempted to shield the would-be tax payers from being registered. The reason for this might be that they do not want to be misunderstood by the villagers with whom they live. Gould and Mahwood observed this point in the following words:

...the officials at all levels who will be involved in creating and administering the taxes are themselves tax payers, and feel that their personal financial burdens are already too great. (1985: 7)

We could have thought that, after the publication of the 1988 census statistics, the local authorities would be able to compile accurate tax registers, but those hopes were dashed when we learnt that the census figures and the counting process has already been doubted, just after the disclosure of the preliminary results. Some MPs castigated the counting process and even called the preliminary report - bogus (April 1989 session of Parliament - see *Daily News* 22nd April 1989).

Secondly there are whispers in the local authorities circles that the people might have avoided the counting because of the fear that by coming out for counting, they would be exposing themselves to the levy.

Both arguments are difficult to assess but they are raised here to highlight how problematic it is for the local authorities to plan their activities on the basis of uncertain figures.

Without accurate registers, it remains hard for them to know how much they should expect in terms of revenue, let alone knowing who actually pays.

We have, on several occasions, heard councillors being urged to mobilize the people in their respective wards to register and pay the levy, but we do not know what results have been achieved through the exercise. In the absence of any encouraging results, the local authorities will continue working on the basis of inaccurate numbers of tax payer compiled when they started, and therefore inaccurate numbers of service consumers, if at all.

The Amounts Of Development Levy

Section 14 of the *Local Government Finances Act* imposes a duty upon local authorities to charge such rates as will be sufficient to provide for such part of the estimated expenditure to be incurred. The Act also provides for four systems of taxation out of which the local authorities may raise their revenue. These are:

- a) uniform rates per capita,
- b) graduated rates per capita,
- c) rate based on immovable property situated in the area, and
- d) rate assessed on the earnings, livelihood or possession.

Since the commencement of the local authorities activities, systems (a) and (b) have been used. All urban authorities used the uniform rates in the year 1984/85, but since 1985/86 Dar es Salaam City Council and Mwanza Municipal Council has switched to graduated rates. The rest of the councils have retained flat rates.

Flat Rates

The system of charging flat rates seems to be the most popular for most of the local authorities. Although it is the most common, the amounts charged differ. In 1984/85 when only urban authorities charged development levy, the different rates were as follows:

shs. 100/-	6 councils
shs. 120/-	2 councils
shs. 150/-	3 councils
shs. 180/-	1 council
shs. 200/-	6 councils
shs. 220/-	2 councils

In year 1985/86, rural authorities also started charging development levy, alongside the urban authorities. The following were the amounts charged and the number of councils which charged that amount:

shs.100/-	2 councils
shs. 120/-	1 council
shs. 150/-	11 councils
shs. 180/-	2 councils
shs. 200/-	62 councils
shs. 220/-	2 councils
shs. 250/-	16 councils
shs. 300/-	1 council

In the year 1986/87 no council charged shs. 100/- or shs. 120/-.

The number of councils charging shs. 150/- changed from 11 to just 2, while those which charged shs. 200/- increased from 62 to 69, and those charging shs. 250/- also increased from 16 to 24.

Those charging shs. 300/- also increased from 1 to 2. The actual amounts are as follows:

shs.150/-	1 council
shs.2 00/-	69 councils
shs. 220/-	2 councils
shs. 250/-	24 councils
shs. 300/-	2 councils

What these figures reveal is that in 1984/85 the minimum development levy was shs. 100/- while the maximum was shs. 220/-.

The minimum remained shs. 100/- while the maximum increased to shs. 300/- in the year 1985/86.

But in the year 1986/87 the minimum of shs.150/- was only charged by Bukoba Town Council while the maximum of shs. 300/- was charged by Tarime and Ludewa District Councils.

This wide difference in the amounts charged is explained by the fact that the full council meetings, which constitute the decision making bodies of the authorities, are free to impose any amount, as it is them who represent the will of the people in their respective areas, if they have any will.

It appears that the government has already noted the different amounts charged by different authorities. That prompted the Principal Secretary in the ministry responsible for local authorities to advise the councils "to set reasonable amounts of development levy, which will not be burdensome to workers and peasants". He emphasized that:

although these are the easiest ways to raise funds, it is advisable for the councils to set reasonable amounts laying down good ways of collection. (Charles Keenja in the Daily News of 25th August 1986).

Despite the fact that the full council meetings represent the will of the people, and the government advice to the councils in regard to the amounts; the questions which arise are: can any one say, with any amount of certainty, whether the income assessment of the people of Tanzania, and the cost of living, differ that much, as to justify the difference in the amounts chargeable by different local authorities? Or can anyone argue, in the alternative, that the services rendered by the councils differ to the extent of charging more for them?

These might be questions easily answered by an economist, depending on the data available to him but it is our sincere feelings that there is no justification for such big difference in the amounts charged.

Related to that is the question of increases in the amounts from year to year. Whereas, of course, the expenditure patterns of the councils increases from year to year due to inflation, and the councils have no other ways of raising adequate sums to cover the gap, besides development levy; the incomes of the people of Tanzania has not been rising correspondingly.

The councils have been forced, by circumstances beyond their control, to increase the amounts they charge without due regard to the incomes of the taxpayers.

It is true, as Lee observed in 1965 (p.35), that flat rate is obviously regressive as all the people in the district pay the same tax rate irrespective of income. It is equally inequitable to increase the amount of rate payable in the absence of a corresponding rise in income.

Tax experts insist that the taxes chargeable should have the following qualities, which do not seem to be met by development levy. They are that the tax:

- a) should be administratively and politically practicable (and relatively cheap to assess and collect);
- b) should produce a large amount of revenue;
- c) should be buoyant, that is tend to increase proportionately with inflation and the demands for services;
- d) should be equitable, in that it does not offend the good conscience of the payer (Davey 1983)

Whereas Lee (1965) and Penner (1970) were unhappy with flat rates as offending the qualities of prudent taxation, and were inclined to recommending the use of graduated rates, Dar es Salaam City and Mwanza Municipal Councils which have opted for graduated rates, do not seem to alleviate the inequities. We indicate that in the following section.

Graduated Rates

The two councils which use graduated rates had used flat rates in the year 1984/85. They, however, changed to graduated rates in 1985/86, the reasons of which are unknown to this writer.

From the available figures, even this graduated tax system is regressive (see schedules 2 and 3). Whereas the amounts payable go up with the income brackets, they do not go up correspondingly with income. The going up of the tax payable creates an impression that the high income earner pays more in money terms, but in actual percentage terms the high income earners pay less.

Also unrealistic with the graduated rates is the fact that the amounts payable are determined according to salary brackets. It is common ground that salaries in Tanzania do not correspond with the cost of living. As such they are a poor basis for determining the incomes of the people.

On what basis, then, can the local authorities assess and set progressive taxes instead of the present regressive ones, is not for this paper to suggest, besides signifying and indicating the dilemma in which they find themselves into. Since development levy does not satisfy the taxing qualities, it is not likely to be popular (Davey 1983).

The Collection Of Development Levy

We indicated earlier that one of the qualities of good taxation is its capability for effective and economic administration. We also said that development levy does not satisfy that quality, the assertion of which we substantiate in this section.

The law provides for the mechanisms for the collection; being deductions from the salaries of wage earners and self/individual payments by other people who are not wage earners.

Deductions From Salaries

Local authorities are authorized to notify in writing employers in their area to deduct the rates payable from the salaries, wages, and other monies in the possession of employers to these persons (section 30 *Local Government Finances Act 1982*).

We have found out that similar provisions existed in the *Local Government Ordinance 1956*; the examination of which led Lee (1965: 35) to conclude that the administrative problem of collecting the local rates from the wage earners, is, of course, far simpler than in the other categories of tax payers. Wage earners, therefore, are a category of development levy payers, who cannot default. But, as we will see later, they have at times been harassed as if they were defaulters.

Other Categories Of Levy Payers

These categories include the self employed, peasants, and the unemployed. They can either go to the local authorities offices and pay or wait for the rate collectors and pay to them. It is in this category that default is rampant and therefore the increased costs of collection.

Both the parent Act and regulations made thereunder provide that the rates should be paid within three months of their falling due. After the three months the rates become payable with a penalty amounting to 50% of the rate due.

It is after these three months that council officials have to supplement the efforts of the tax collectors by visiting the villages, and at times erect road blocks. During such times not only are taxes collected; but also harassments occur.

Default And Harassments

Tax collection exercise is not an easy or smooth exercise. It is for this reason that penalty is always prescribed on the would-be defaulters. Associated with penalty has always been harassments. It might even be the reason why the *Ilemera* defaulters found themselves detained in a room with inadequate ventilation.

Development levy has not been without default or harassments. Employees whose rates are deducted from wages have been reported harassed (*Daily News 25th April 1986*). The tax collectors in Iringa Town were reported to have harassed NBC employees despite their having paid development levy, though not yet issued with the levy cards.

It was also reported (*Daily News 6th April 1988*) that Coast region residents had asked the regional leadership to act immediately to stop acts of maltreatment on the people in the process of checking development levy defaulters.

We should not be misunderstood as saying that rate collectors should not do their difficult job. What we are in fact saying is that they could do it without necessarily harassing those who have already paid.

The cases of Mwanza Municipal Council erecting road blocks and charging people from other councils twice could be eliminated. Similar cases in Morogoro district council confiscating levy cards from municipal council were shs.250/- is charged, in order to force them pay shs. 400/-, would not arise. We are informed that similar instances leading to double taxation exist in Bukoba, Musoma and other places.

Mindful of both the default and harassments, the government made the *Local Government (Collection of Rates Procedure) Rules* (Government Notice number 346 of 12th June 1987). The purpose of these rules were twofold. To reduce/eliminate default, and do away with harassments. the rules directed local authorities to collect development levy through village leaders and ten - cell leaders.

Reacting to reports that in certain rural and urban areas people were being harassed by both the police and the militia when collecting levy, the Minister responsible for local government reminded the council officials of the obligation to follow those rules, failure of which disciplinary steps would be taken (*Sunday News* 24th April 1989).

Our sources in the local authorities suggest that these rules have not at all helped them to collect development levy, although they should help them to avoid harassing the people. According to these sources. the rules have made it more costly in both the time and resources involved in visiting the villages to see whether there has been any collection. Sometimes, say the sources, trips are made only to find nothing has been collected.

We had the benefit of attending the seminar at which these rules were discussed; we heard and appreciated the skepticism sounded about the practicability of these rules. We keep on listening to hear how much they will help the councils to do away with the twin problems.

Judging The Effectiveness Of Collection

Penner (1970: 37) correctly observes that "it is extremely difficult to judge the effectiveness of the collection efforts in Tanzania". That was in respect of the local rates collection before their abolition, but the observation is also true to date.

Notwithstanding that difficulty, there are indicators which can be relied on to determine effectiveness, one of which is the statements made by well placed sources. Addressing an international symposium on financing local governments in East and Southern Africa, Mr Keenja is reported to have sounded the government's dissatisfaction with development levy collection. He said: "collection of development levy was too slow" (*Daily News* 24th April 1986).

It is our belief that nobody can doubt the statement as it is confirmed by other statements and figures from another senior official in the ministry of local government in August 1987 (Nchimbi 1987: 78).

At the regional level, the Regional Development Committees have also been heard complaining about the collections (*Daily News* 7th March 1988 - Arusha, *Daily News* 10th February 1987 - Kigoma, *Daily News* 9th February 1987 - Kilimanjaro etc.) Mbeya Regional Development Committee on its part threatened to deny the council officials their salaries if the collection of the levy stayed that low (*Daily News* 27th March 1987).

The Government's dissatisfaction with the levy collections, may be explained by what we said earlier about the budget deficit, because, if the local authorities do not reach their collection targets, the government's budget deficit remains high. It is from this explanation that we get tempted to associate the budget deficit with the rules made to assist the local authorities collections. Our fears are that the government rules might have been attempts to implement the Commonwealth Secretariat Team's recommendations, that is the use of local leaders in the collection of rates (Gould and Mahwood 1985: 7).

Such recommendations and their implementation through the rules are faulted. Whereas local leaders did the collections during the colonial era, they might not do it successfully today.

During the former era, they did it on compulsion from the District Commissioner - a colonial ruler, and they feared of the sanctions that could be meted out in the case of failure.

Today, no such sanctions exist, only persuasion. The same leaders, whom the government thinks can assist in the collection, depend on the public votes for survival in those offices. The public withdrawal of its votes means a lot to these local officials. Given an option, they would prefer to continue serving as local leaders, even if that means assisting levy defaulters.

Public Feelings About Development Levy

The Tanzanian party and government controlled press does not hold opinion polls to determine the peoples feelings and views on any issue. In the absence of such polls, it is not easy to know the public feelings in regard to development levy.

The above constraint notwithstanding, it does not mean that the people of Tanzania hold no opinion. They hold opinions without expressing them, unless that is done at a requisite party meeting, by the party members. It is within that constraint that our discussion in this section should be understood.

It is common knowledge that a good number of people, with an opportunity to default, have been defaulting in their payments of

development levy since its inception. Several explanations may be given for that. These includes: the inability to pay because of poverty, deliberate refusal to pay, lack of understanding of their duty/obligation to pay, and lastly but not least, the question of why should one pay at all.

It is not easy to say, with certainty, which one of these is more contributory to the overall default than the other. For the sake of brevity and at the risk of over-generalization, we will argue that the last three look more consonant to the overall default than the first.

Our view is supported by the Tanzania News Agency investigation (not opinion poll) in Kigoma Town Council, where it reported that many people were defaulting apparently because they thought the council was not doing its best to serve the residents (*Daily News* 10th February 1987).

The truth in these feelings may not be very difficult to get. The Tanzanian public had been excused from paying local rates since 1969. They had done without it for a good decade or so. The question which arises is: what is it that the local authorities as a whole can do at a price, that the central government did not do - at no price?

The party and the government on their part have not done very well in their explanations and mobilization of the people for the payment of the levy. They have only been telling the people to pay because it is development levy. That does not in itself explain what sort of development that has only to be achieved through the local authorities, which the central government did not achieve between 1969 to 1982. They have at times made statements which are counter productive as observed by Gould and Mahwood (1985:7 - 8)

Party and Government officials at all levels, including Ministers and MPs, should avoid statements that cause damage to effective tax collection - such as suggestions that local authorities should moderate their demands for taxes or school fees, or use gentler methods of recovery than the rigorous ones provided by the law.

When asked, for example, why shouldn't women, especially in the rural areas, be exempted, the answer has always been that they also need development. But when it came to exempting soldiers and their wives, no reasons were given (Ministerial Circular No.5 of 1984)⁴.

4 Note that the statutory provisions under which soldiers are exempted did not come until the enactment of act no. 17 of 1985 which amended the Local Government Finances Act section 13 by adding subsection 4. We are not sure whether the safeguards provided for under that section has been observed.

Taken together the feelings of the people cannot be very favourable to development levy. Without favourable feelings, the task of charging and collecting development levy will not be very easy to accomplish⁵.

The Way Ahead

From what we have outlined above, it is only true that the revival of local authorities had more to do with the current economic difficulties than the sense of democracy and public participation. Both the government budget deficit and the IMF conditionalities must have forced the government into rethinking about the wisdom of providing all the services in the areas where local authorities were best suited for such purpose, which in turn meant spending more.

Much as the government economic situation has been in crisis, (Boesen et. eds.1986) the individuals who live in the country with economic crisis should equally be crisis ridden. As such the government attempts to tax its subjects more than they are able to pay, could be equated to a cow owner milking it beyond what it has eaten. The government should not, therefore, be more concerned with its budget deficit and IMF conditions, in total disregard of its subject abilities.

The government could actually do better by telling the subjects of all the facts - budget deficit, IMF conditions etc - and change its consumption patterns to correspond with these facts.

In so doing, it should relinquish much of its controls over the local authorities to allow them more autonomy and enable them to be more democratic institutions.

That will give the people and the authorities a chance to contribute to the identified economic crisis, instead of handling them roughly for quick results. We should not forget that Mahwood advised long ago that we can change institutions as we are dissatisfied with their performance without actually solving the problems that cause the non - performance (Mahwood 1985:250).

The government should take the courage to implement the recommendations made by the Commonwealth Secretariat Team, and do it in accordance with the suggested programme of action. Such implementation would ensure that each item is taken care of after those items on which it depends. Implementations of the recommendations through the choose and pick method, causes more harm than good. We have already seen how the items so picked could fail simply because they are dependent on other items not yet implemented.

5 If the essence of local government is to harness the local resources, the need for the public understanding of the policies and their implementation cannot be overemphasized.

The government should, therefore, release those revenue sources recommended by the team, instead of appointing other teams to advise it on matters it has already been advised (*Uhuru* 16th September 1989).

In the same token, it should also accept the fact that development levy is a misnomer and the sooner the name is changed, for a proper name, the better.

Failing to implement the recommendations by the Commonwealth Secretariat Team and picking other teams to study an area already studied, only postpones the problems, instead of solving them. That does not do the government any better.

The government should accept the public calls to exempt women, especially those without income of their own, from paying development levy, much as and probably more than, it took the initiative to exempt soldiers and their wives. That move would be proof of the government's understanding that not only is the government in economic crisis, but also its people.

Without doing the above, in this era of recession and deficit, both the government and its people will suffer, and we cannot say who will be in position to help who. If taxes are a price for existence itself, then existence must be worth the price.

Annexes

Schedule I

	Tax payers			Amounts in shs.		
	1984/85	1985/86	1986/87	1984/85	1985/86	1986/87
ARUSHA						
Arusha MC	60000	45000	49000	200	200	250
Arumeru DC		120000	120000		200	200
Ngorongoro DC		26000	26000		200	200
Mbulu DC		70000	70000		200	200
Babati DC		65000	65000		200	200
Hanang DC		*	25000		*	200
Kiteto DC		20000	20000		200	200
Monduli DC		46600	46000		250	250
DODOMA						
Dodoma MC	45000	50000	50000	150	200	200
Dodoma DC		114000	114000		200	250
Mpwapwa DC		80000	80000		200	250
Kondoa DC		94800	94800		200	250
IRINGA						
Iringa TC	42000	28840	31169	180	180	250
Iringa DC		108000	108000		200	200
Mufindi DC		70000	70000		200	200
Njombe DC		884000	88400		200	300
Ludewa DC		45000	45000		250	300
Makete DC		26000	26000		250	250
PWANI						
Bagamoyo DC		70000	70000		200	200
Kibaha DC		40000	40000		200	200
Kisarawe DC		70000	70000		200	200
Mafia DC		14000	14000		200	200
Rufiji DC		70000	70000		200	200
KIGOMA						
Kigoma TC	20000	45000	45000	100	100	200
Kigoma DC		90000	90000		200	200
Kasulu DC		110000	110000		200	200
Kibondo DC		74500	74500		200	200
KILIMANJARO						
Moshi TC	28000	35000	35000	100	200	200
Moshi DC		120000	120000		250	250
Hai DC		70000	70000		250	250
Rombo DC		68000	68000		200	200
Same DC		41300	41300		200	200
Mwanga DC		27500	27500		200	200

Public Participation in Financing Local Development

LINDI						
Lindi TC	12500	12000	16000	120	150	200
Lindi DC		116300	116300		150	200
Kilwa DC		43300	43333		150	200
Nachingwea DC		40849	46424		150	200
Liwale DC		21000	22125		150	200
MARA						
Musoma TC	18000	20000	25000	100	150	200
Musoma DC		88360	88360		150	200
Tarime DC		94500	94500		300	300
Bunda DC		80000	80000		200	200
Serengeti DC		70050	70050		200	200
MBEYA						
Mbeya MC	50000	50000	50000	200	200	200
Kyela DC		60000	60000		200	200
Mbozi DC		95000	95000		200	200
Rungwe DC		75000	75000		200	200
Mbeya DC		95000	95000		200	200
Deje DC		21500	21500		200	200
Chunya DC		59000	59000		200	200
MOROGORO						
Morogoro TC	37000	42000	45000	200	200	200
Morogoro DC		140000	140000		200	200
Kilosa DC		100000	100000		200	200
Kilombero DC		77100	77100		180	200
Ulanga DC		45000	45000		100	200
MTWARA						
Mtwara TC	36000	30000	30000	120	200	200
Mtwara DC		65000	65000		200	200
Masasi DC		90000	90000		200	200
Newala DC		124000	124000		200	200
MWANZA						
Mwanza MC	75000	80000	80000	150	*	*
Sengerema DC		100000	100000		200	200
Ukerewe DC		66000	66000		200	200
Magu DC		105000	105000		200	200
Kwimba DC		135000	135000		200	200
Geita DC		160000	160000		200	200
RUVUMA						
Songea TC	44000	21000	21000	220	220	220
Songea DC		75000	75000		200	200
Mbinga DC		80000	80000		200	200
Tunduru DC		50000	50000		200	200
SHINYANGA						
Shinyanga TC	30000	30000	31000	100	200	200
Kahama DC		160000	160000		150	250
Shinyanga DC		120000	120000		200	250
Maswa DC		150000	150000		150	250
Bariadi DC		88000	88000		250	250

Africa Development

SINGIDA						
Singida TC	40000	30000	30000	150	200	200
Singida DC		100000	100000		200	200
Iramba DC		100000	100000		200	200
Manyoni DC		55000	55000		200	200
TABORA						
Tabora TC	40000	40000	30996	100	250	250
Tabora DC		75000	75000		250	250
Nzega DC		85000	85000		200	200
Urambo DC		60000	60000		250	250
Iramba DC		60000	60000		250	250
TANGA						
Tanga MC	88000	55000	65000	220	220	220
Handeni DC		90000	90000		200	200
KOrogwe DC		90000	90000		200	200
Lusboto DC		76500	76500		200	200
Mubeza DC		90000	90000		200	200
Pangani DC		15550	15500		200	200
KAGERA						
Bukoba TC	12000	20000	20000	100	150	150
Bukoba DC		119400	119400		250	250
Muleba DC		100000	100000		200	200
Biharamulo DC		65000	65000		250	250
Karagwe DC		75000	75000		250	250
Ngara DC		52000	52000		250	250
RUKWA						
Sumbawanga TC	21000	24000	30300	200	200	200
Sumbawanga DC		65000	65000		250	250
Mpanda DC		65630	65630		120	200
Nkasi DC		36000	36000		150	200
D'SALAAM CC	400000	600000	513000	200	*	*

Abbreviations: TC - Town Council

DC - District Council

CC - City Council

* - amounts set at graduated rates. See Schedule 2, 3

**Schedule 2 : Dar es Salaam City Council Graduated Rates
1985/86 and 1986/87**

1. Wage earners:

0	- 2000/-	shs. 150	7.59%
2001	- 4000	shs. 300	7.5%
4001	- 6000	shs. 400	6.7%
6001	- 7000	shs. 500	7.1%
7001	- 8000	shs. 600	7.5%
8001	- 9000	shs. 700	7.8%
9001	- 10000	shs. 800	8%
10001	- 11000	shs. 900	8.2%
11 000 and above		shs. 1000	6.7% (if we take 15000/-)

2. Businessmen - 30% of the business licence for that year

3. Peasants and other low income earners - shs. 150/-

Source: Government Notice Nos. 212 of 1986 and 680 of 1986.

**For the year 1990 Dar es Salaam City Council will
charge the following rates:**

0 -	2000	shs. 250	12.59%
2001 -	3000	shs. 350	11.7%
3001 -	4000	shs. 450	11.3%
4001 -	5000	shs. 550	11%
5000 -	6000	shs. 650	10.8%
6001 -	7000	shs. 750	10.7%
7001 -	8000	shs. 850	10.6%
8001 -	9000	shs. 950	10.6%
9001 and above		shs. 1100	7.3% (if we take 15000/-)

Source: Sunday News 3rd September 1989

**Schedule 3: Mwanza Municipal Council Graduated Rates for
1986/87**

1. Wage earners:

801 -	2000	shs. 220	11%
2001 -	4000	shs. 275	6.9%
4001 -	6000	shs. 330	5.5%
6001 -	7000	shs. 440	6.3%
7001 -	8000	shs. 550	6.9%
8001 -	9000	shs. 660	7.4%
9001 -	10000	shs. 825	8.3%
10001 -	11000	shs. 990	9%
11001 and above		shs. 1100	7.4% (if we take 15000/-)

2. Businessmen - 25% of the business licence as assessed in that year

3. Petty traders shs. 220/-

4. Peasants and all other low income earners shs. 220/-

**Mwanza Municipal Council Graduated Rates for
1987/88**

1. Wage earners:

801 -	2000	shs. 300	15%
2001 -	4000	shs. 375	9.4%
4001 -	6000	shs. 430	7.2%
6001 -	7000	shs. 540	7.8%
7001 -	8000	shs. 650	6.8%
8001 -	9000	shs. 760	8.4%
9001 -	10000	shs. 925	9.2%
10001 -	11000	shs. 1090	9.9%
11001 and above	shs. 1200	8%	

2. Businessmen - 30% of the business licence fee for the current year

3. Peasants and all other low income earners shs 300/-

Source: Government Notice No. 614 of 1987.

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