

## Reflection on decentralization of performance of periodic open markets in Dodoma Municipality, Tanzania

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### ABSTRACT

*A critical issue in decentralisation is the delivery of services to lower government levels. This article gives a reflection of decentralisation with experience from Tanzania. The article is based on assessment of the roles of various actors on operationalisation of periodic open markets using empirical data collected from 120 randomly selected market participants in a survey conducted in November, 2014. In this survey, procedures that govern operations of the markets were assessed. The markets were of two categories. The first were those with agricultural produce as the major commodity while the second dealt mainly with livestock. The former were organized on weekly basis and entirely managed by village authorities. On the other hand, the spatial and temporal allocation of the physical marketplace for livestock was organized twice every month by the higher government level. Overall, conditions for decentralized system which include sufficient powers to exercise substantial influence over development activities at lower government level, sufficient financial resources, accountability mechanism and adequate administrative capacity were not met. Thus, from the present evidence, operations of periodic open markets have not been able to create sufficient conditions for improved service delivery through market decentralization. It is recommended that decentralization should involve substantive roles of lower government levels to enhance accountability and improve delivery of market services.*

**Keywords:** Community perception, decentralization, local government authority, open markets

### 1.0 INTRODUCTION

In the last quarter century, over 75 countries have attempted to transfer responsibilities of the state to lower tiers of government (Ahamad *et al.*, 2005). Most of these countries have decentralized the administrative, fiscal and political process. The motive behind decentralization has been, improved service delivery

(Meyer-Emerick *et al.*, 2004; Venugopal and Yilmaz, 2010; Pallyango and Rees, 2010). Decentralisation is about bringing government closer to the people. According to Rondinelli and Nellis (1986), decentralisation is a transfer of responsibility for planning, management, and the raising and allocation of resources from the central government ministries and agencies to field units or levels of government (de-concentration<sup>3</sup>), to subordinate units or levels of government (devolution), to semi-autonomous public authorities (delegation), and to non-governmental private or voluntary organizations (privatization). The theory is that in a decentralized system, decisions about resource allocation, and services should be more responsive to local needs, usually because local people can be directly involved in decision-making or indirectly influence those decisions (Masanyiwa, 2014). This concept coincides with change from monocentric governance where the state is the centre of political power and authority towards polycentric governance, the idea of multiple centres within a state (Termeer *et al.*, 2010). In Tanzania, decentralization reforms have been implemented in various forms. The importance of decentralization was declared in the 1977 *Constitution*, and in response to the enactment of the 1982 *Local Government Act*, the act position of Local Government Authorities (LGAs) was clearly stated in the *Constitution* as part of the 1985 constitution amendments (Yoshinda, 2008). Several studies have assessed the role of decentralization on service delivery in various sectors (cf Maro, 1990; Gilson *et al.*, 1994; Mmari, 2005; Manongi *et al.*, 2006; Venugopal and Yilmaz, 2010; Manzi *et al.*, 2012). Anecdotal evidence and theoretical work, suggest that the performance of decentralized service delivery depends on the design of decentralization and institutional arrangements that govern its implementation (Ndegwa, 2002; Ahmad and Brosio, 2009). Thus, research and practice both suggest the importance of understanding under which sets of arrangements decentralization works and under which it does not. Nevertheless, there is very limited information regarding market decentralization and its implications on socio-economic development in Tanzania. This article highlights the theoretical literature which provides general concepts of decentralization, draws historical perspective of decentralization in Tanzania and discusses institutional arrangement in relation to decentralization of periodic open markets.

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<sup>3</sup>The handover of tasks formerly performed by state agencies to the private sector, and often involves a shift of power and resources from one major, centralized power center to another (Manor, 1997).

## **2.0 LITERATURE REVIEW**

### **2.1 The Concept of Decentralization**

The term decentralisation denotes transfer of power and responsibility to plan, make decisions and manage public functions from a higher level of government to a lower one (Conyers, 1990). Decentralization deals with the territorial distribution of power, authority and responsibility for administrative, fiscal and political systems between the centre and the periphery (Brinkerhoff and Azfar, 2010). Proponents of decentralized development argue that it produces more efficient outcomes than the centralized top-down models of development (Kingsley, 1996; Manor, 1999). Decentralized decision-making is also claimed to be promoting democratization (Blair, 2000), good governance (Nordholt, 2004; Treisman, 2006) and accountability (Hay, 2001; Ribot, 2004); Bardhan and Mookherjee, 2006; Lewis, 2010). Indeed, decentralization is frequently advocated as a means of improving public services delivery based on the assumption that decentralized system services are more responsive to local needs and demands of service users because citizens can directly or indirectly influence decisions about resource allocation and service delivery (Rakodi, 2002; Faguet, 2004; Conyers, 2007).

Many countries in the world have opted for a policy of decentralization in administrative, fiscal, and political functions of the central government to lower-level governments. Although in many cases the decentralization efforts are politically motivated, they have profound impacts on economies by influencing, among other things, governance in the public sector, including public services. According to Andrews and Schroeder (2003), the theory underlying decentralisation is an anticipated efficiency gain and that the theory further suggests that a sector is a prime candidate for decentralisation if:

- local demands for a service differ across localities
- there are no substantial economies of scale associated with the service
- there are no substantial spill overs of costs or benefits from the service
- the service is amenable to at least partial local financing through taxes or charges
- local governments have the capacity to deliver the service
- the service is not meant to provide substantial redistribution of income or wealth

Literature suggests, therefore, that sectoral decentralisation policies should review the nature of the service and the situation of local governments to determine if conditions are conducive for decentralisation.

## **2.2 Historical Perspective of Decentralisation in Tanzania**

The history of decentralization dates back to the period after independence in the early 1960s. The Government of Tanzania initiated a rural development policy in which agricultural commercialization was to go hand-in-hand with wide participation of the population in development. This policy led to intensive state intervention in, and control over, production, input supply and marketing services. In addition, it caused priority to be given to communal forms of production and heavy subsidies on inputs, which were mostly supplied as grants by donors. It soon became clear that neither of the policy goals would be achieved: production stagnated, the agricultural sector de-commercialized, and rural incomes declined. However, low world market prices for export crops, the absence of any major technological breakthrough to increase the productivity of land and labour, and inefficient marketing systems, hampered further agricultural output growth, with a dramatic effect on agricultural incomes and thus on poverty.

During the first decade of independence (1961-71) where the local government system inherited from the British colonial government which was based on a combination of chiefdoms and locally elected representatives, was amended into a more inclusive system of representative local authorities (Masanyiwa, 2014). However, local governments did not meet the expectations of local governments as implementing agencies of the central government. In 1972, local governments were abolished and replaced by a system of deconcentration for a period of ten years. In 1982, local governments were revived and once again they did not deliver as anticipated because of the tendency to centralize and concentrate powers in central government agencies (Shivji and Peter, 2003; Kessy and McCourt, 2010).

In 1996, The Tanzania government implemented Local Government Reform Program (LGRP) in LGAs in an attempt to promote and drive the decentralization process with the aim of transferring resources from central to local government, and devolving and decentralizing power to create more autonomous LGAs. The major areas of reforms were (i) political devolution of powers by setting up of local democratic institutions and enhancing public participation in decision-making processes (ii) fiscal decentralization of local government finances by

introducing equitable and transparent discretionary and sector-specific grants from the central government to LGAs, and giving powers to LGAs to pass their own budgets based on local priorities (iii) administrative decentralization entailing de-linking LGA staff from central government line ministries and integrating them into LGA administration, LGAs recruiting their own personnel, and local government staff being accountable to local councils and (iv) changing of central-local relations, with the central government having overriding powers within the constitutional and legal framework, and with local governments having devolved powers and responsibilities in law. In this way, the Tanzania government clearly indicated its vision to have a local government system in which Local Government Authorities are:

- Largely autonomous institutions, free to make policy and operational decisions consistent with the laws of the land and government policies
- Strong and effective institutions underpinned by possession of resources (human and financial) and authority to perform their roles and functions
- Institutions with leaders who are elected in a fully democratic process
- Institutions which will facilitate participation of the people in planning and executing their development plans and foster partnerships with civic groups
- Institutions with roles and functions that will correspond to the demands for their services; and institutions, which operate in a transparent and accountable manner

The overall objective of LGRP has been to improve the quality of and access to public services provided through LGAs with the ultimate aim to contribute to poverty reduction (Chachage, 2001).

### **2.3 Levels of Local Authority in Tanzania**

In this section we highlight on the organization of Local Authorities (LAs). As detailed in Yoshinda (2008), the organization of LAs is a two-tiered system. So called because both the council and administrative functions exist at the district and village levels. However, in rural areas, between the district and the village levels, there are wards that exist as a level without councils but with standing committees, and there are also *Kitongoji* (plural, *Vitongoji*) that exists as a level without standing committees but as grass-root local resident organizations. In urban areas, there are wards, but below this level, instead of villages, there

are *Mitaa*<sup>4</sup>. In this organization, regions and divisions are local offices of the central government, and they are not regarded as LAs. Prior to the adoption of the LGRP, regions performed an important role in administrative services for local residents. That role has now been reduced, and they have such functions as technical backstopping for district administrative services, monitoring and coordinating development plans.

In LAs, there are several levels. At the top is the district level. In rural areas, there are district councils, representing LAs. In urban areas, there are local governments with different names according to their population, namely: city councils, municipal councils and town councils. A District Executive Director (DED) serves as the head of the council secretariat. In each district council, there are three standing committees: the Finance, Administration and Planning Committee; the Education, Health and Water Committee and Economic Affairs, Works and Environment Committee. The standing committees deliberate on the draft proposals prepared by the district and after the Finance, Administration and Planning Committee has approved them, they are presented to the full district council. They also perform the role of supervising the implementation of decisions made by the council. The DED has authority and responsibility of providing services to the residents of the districts through various departments including education, health care and agriculture.

Wards are the next level of administration below the districts. Each ward has a Ward Development Committee (WDC) whose functions include examining village development plans when creating participatory plans and providing advice so that the plans are included in the high-level district development plan. The next level is the Village (or *Kitongoji*). Village councils are responsible for all activities that protect the livelihoods of residents including the management of village resources, the approval of village activities, the mobilisation of personnel for cooperative activities, and the formulation of participatory development plans

### **3.0 METHODOLOGICAL APPROACHES**

The study was conducted in Mpunguzi ward in Dodoma Urban District. This district has a total of 41 wards, 18 villages and 170 *mitaa*, and facilitates periodic

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<sup>4</sup>The *mtaa* (plural *mitaa*) is the lowest unit of government in urban areas in Tanzania. Each urban ward is divided into *mitaa* or neighbor hoods consisting of a number of households, which the urban council may determine.

markets decentralization. The district has 410,956 inhabitants of whom 211,469 (51.5%) are females and 199,487 (48.5%) are males with the average household size of 4.4 (URT, 2013). The district lies between latitude  $-6^{\circ} 9' 35.028''\text{N}$  and longitude  $35^{\circ} 47' 52.8''\text{E}$  with a size of 2,969 km<sup>2</sup> (276,900 ha). A total of 196,000 ha are suitable for agriculture but only 107,007 ha are under cultivation (Dodoma Urban District Report, 2014). The study adopted a cross-sectional research approach through which information was obtained from market participants and village leaders. A sample size (n) was estimated from  $\frac{(Z_{\alpha/2})^2 pq}{\lambda^2}$  (Fisher *et al.*, 1991). Where,  $Z_{\alpha/2} = 1.96$ ,  $p=1-q=0.5$ , and  $\lambda$ =maximum error=10%. Further, 95% confidence interval and non-response rate of 15% were assumed. Thus a total of 120 respondents were included in the survey. Assessment of the role of the LGA on periodic market operations, satisfaction on market operation procedures was performed using a 3- point Likert scale questions (1=not at all, 2=to a small extent, 3=to a large extent). These questions were aimed at exploring respondents' views on how market operations. The survey data were analysed for descriptive statistics such as frequencies and means. Qualitative data were subjected to qualitative content analysis so as to interpret and construct meanings from the text.

## 4.0 RESULTS AND DISCUSSION

### 4.1 Operation of Periodic Open Markets

The first objective of this study aimed at examining the operational procedures of periodic open markets. This was assessed in terms of commodity, frequency, management of the markets and the actors involved. The markets studied involved sales of agricultural produce (e.g. rice, maize, sorghum, beans, vegetables and fruits) or livestock (e.g. cattle, goats, sheep, and chickens). The former are organized on weekly basis and entirely managed by village authorities. The village council is responsible for all activities that related to market operations including mobilization of personnel for security services, cleanliness and sanitation and tax collection. Market fee is collected and used for development in the village. These markets perform a very important function in rural areas, as they also places where farmers can access agricultural inputs and, sometimes, imported consumer goods.

For the livestock markets, however, the spatial and temporal allocation of the physical market place is organized twice every month by the office of District

Executive Director. The office provides the guidelines for operating the markets, and oversees enforcement of the bylaws. In every such market, there is a personnel appointed by the LGA who is the overall in charge of the market operations. These markets are also served with, security officers, livestock officers and revenue collectors. There are fixed rates for the market fee for each type of livestock sold, which ranges from TZS 200 for chicken, TZS1500 for goats to TZS 5000 for cattle (1USD≈2000 TZS). In the views of the market participants, the presence of the LGA was widely recognizable in relation to security service and tax collection functions. Records showed that before 1994, market fee was shared between the LGA (80%) and the village authority (20%). After this year, total amount of fee collected was redirected to the LGA, and since then the village authorities no longer received any share. Clearly, the LGA ceded influence over the market fee and bureaucrats were accountable only to the higher government level. Thus, crucial elements in successful decentralization were lacking.

Our study also found no evidence that the LGA was involved in developing and maintaining marketing infrastructure. Neither were the market closely involved in maintaining market conditions or new infrastructure. Ideally, market regulations should be prepared by the market committee in collaboration village leaders and users and the LGA. Insufficient community's involvement in decision making related to market issues limits a sense of ownership of the facility itself, and any attempt to upgrade market operations will remain an isolated intervention which will be difficult to achieve. In this case, conditions for decentralized system which include sufficient powers to exercise substantial influence over development activities, reliable accountability mechanism and adequate administrative capacity were not met. This disjoint is an indication that the expected efficiency gain that would arise from decentralization has not been achieved.

We also investigated the extent to which market participants were organized. Findings showed producers and traders particularly in the crop market largely operated independently. There were no clear organizations and social networks that would provide them with the benefits of social networks. Indeed, effective decentralization would be one that its market actors have strong associations or cooperatives which could facilitate the exchange of market information regarding market opportunities and prices. The associations themselves could encompass petty traders of agricultural products and those of livestock and livestock products. Moreover, market associations can facilitate access to micro credit system which could help traders who often turn to informal sources of financing



at a very high cost. Overall, conditions for decentralized system which include sufficient powers to exercise substantial influence over development activities, sufficient financial resources, reliable accountability mechanism and adequate administrative capacity were not met

#### 4.2 Perception of Market Participants on the Operation of Periodic Open Markets

As shown in Table 1, a substantial proportion of respondents scored 'to a large extent' on peace and security (95.8%), market calendar (87.5%), and payment of market levy (75.8%). However, on cleanliness and sanitation 58.3% and 12.5% score "not at all" and "to a small extent", respectively. Indeed, respondents were particularly concerned with poor sanitation conditions, poor conditions of roads and paving, lack of facilities for selling food stuff which often resulted in spoilage and inadequate provision for hygienic handling of meat. There were also concerns over inadequacy in market management especially with regard to enforcing market regulations.

**Table 1: Perception on procedures that govern operation of periodic market (n=120)**

Variable	Ranking			Mean score
	Not at all	To a small extent	To a large extent	
Maintaining peace	4(3.3)	1(0.8)	115(95.8)	2.93
Market calendar	14(11.7)	1(0.8)	105(87.5)	2.76
Payment of market levy	20(16.7)	9(7.5)	91(75.8)	2.59
Opening and closing time	19(15.8)	23(19.2)	78(65.0)	2.49
Payment of plots for business	26(21.6)	10(8.3)	84(70.0)	2.49
Cleanliness and sanitation	70(58.3)	15(12.5)	35(29.2)	1.71
<i>Overall mean</i>				2.49

Results in Table 2 show community satisfaction with the role of the LGA in supporting periodic open markets. Except for maintaining peace and security,

collection of revenues and controlling product prices which received a score above the mean of 1.58, it was clear that respondents were dissatisfied the LGA's actions in relation to the rest of the functions (i.e. controlling unit measurements, ensuring sanitation and hygiene, latrine services and water supply). Respondents were particularly concerned with poor handling of wastes generated in the market. It is important to note that management of a market is one of the most important aspects that can largely determine efficiency and sustainability of the market. Poor hygienic conditions and maintenance is clearly caused by inappropriate market management. Improved markets should minimize all of these problems. Apart from providing a healthier overall market environment, such improvements can reduce the danger of food contamination.

**Table 2: Community satisfaction on the role of Local government authority in supporting period market operations (n=120)**

Variable	Ranking			Mean score
	Not at all	To a small extent	To a large extent	
Maintaining peace	16(13.3)	44(36.7)	60(50.0)	2.38
Collection of revenues	21(17.5)	45(37.5)	54(45.0)	2.29
Control of product prices	70(58.3)	33(27.5)	17(14.2)	1.56
Control of unit measurements	79(65.8)	34(28.3)	7(5.8)	1.40
Ensuring sanitation & hygiene	92(76.7)	25(20.8)	3(2.5)	1.26
Providing latrine services	112(93.3)	5(4.2)	3(2.5)	1.09
Facilitating water supply	112(93.3)	7(5.8)	1(0.8)	1.22
<i>Overall mean</i>				1.58

## 5.0 CONCLUSION AND RECOMMENDATIONS

Markets of agricultural produce and those of livestock were operationalised at a varying degree of decentralization with livestock markets being less decentralized than the markets for agricultural produce. While the village council assumed

higher responsibilities for operations of markets for agricultural produce, the Local Government Authority largely controlled the livestock markets mainly through appointing key personnel in managing key functions of the market. These bureaucrats were accountable only to the higher level government and there were no mechanisms that gave people at lower levels some voice. There were concerns over inadequacy in market management especially with regard to enforcing market regulations. In both markets (agricultural produce and livestock markets), participants were less satisfied with the role of the village and local government authorities in providing the various services in the market especially cleanliness and sanitation and facilities for hygienic handling of food stuff including meat. From the present evidence, operations of periodic open markets have not been able to create sufficient conditions for improved service delivery through market decentralization. It is recommended that decentralization should involve substantive roles of lower government levels to enhance accountability and improve delivery of market services.

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