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LOCAL GOVERNMENT REFORM PROGRAM ON EFFECTIVE FINANCIAL TRANSPARENCY IN TANZANIA: THE CASE OF UBUNGO MUNICIPAL COUNCILS (UBMC)

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Abstract

Financial transparency has been identified as a key feature of efficient public financial management in Local Government Authorities (LGAs) in Tanzania. However, the factors which undermine fiscal transparency in LGAs remain an empirical challenge, and extant literature in developing countries is still sparse. The purpose of this study was to explore why, after a decade of fiscal transparency reform programs, many developing countries in particular Tanzania is still lagging behind in financial transparency in LGAs particularly UBMC. To that end, this study adds knowledge on the factors which undermine fiscal transparency in LGAs and the ways forward in Tanzania. This study used a case study research design, purposive sampling was used to select 86 respondents and the methods of data collection were interview, and documentary review while data were analyzed through content analysis. The findings indicate that the level of education and the embezzlement of public funds and, weak oversight of the citizens negatively affect fiscal transparency in LGAs. It is therefore concluded that UBMC financial transparency process should be part and parcel of UBMC so that citizens may

trust their government after being furnished with the financial information related to financial utilization and collection in LGAs in Tanzania. This study recommends that UBMC should make sure that relevant financial information about the finances and other local government activities should be made public timely on request including to the public, media, civil society organization, and citizens.

Keywords

Financial Information, Local Government Reform, Financial Transparency, Local Government, Tanzania

1. Introduction

The introduction of this study is based on regional experience in financial transparency practices influenced by the development of New Public Management (NPM), Open Government Partnership (OGP) initiative, and the Global Initiative for Fiscal Transparency (GIFT) set up by International Monetary Fund and World Bank. Also, the regional and local experiences in financial transparency practices have been discussed to establish the justification for this study.

1.1 Global Experience in Financial Transparency

At the global level, raising, allocating, and spending public resources are among the primary functions and policy instruments of any government and LGAs in particular (Wehner and Renzio, 2013). Central and local government finances profoundly affect economies and societies. Decision-making around central and local government revenues and expenditures has historically been shrouded in secrecy (Quintiliani, 2019). Often, ministries, government branches, civil society organizations, and the broader citizenry have had little or no access to information on public financial management. Ordinary citizens began calling for greater transparency in the use of public resources from the streets all over the Worlds (Wehner and Renzio, 2013).

Over the past two decades, several broad trends have brought fiscal transparency into sharp focus because of the following developments namely, the proliferation of good governance norms and standards that emphasize greater transparency in all government matters, numerous transitions from closed, authoritarian political regimes to ones characterized by policy contestation, separation of powers, political party competition, an organized civil society, an engaged citizenry, and an active media (Lassen and Rose, 2006; Wehner and Renzio, 2013). The growth in the number and operational capacity of independent civil society organizations seeking to be informed about and actively participate in government decision-making, and the dramatic growth, spread, and use of

information around the World and development of New Public Management (NPM) (Wehner and Renzio, 2013).

In 2011, President Barack Obama launched the Open Government Partnership (OGP) and more than fifty governments from across the globe prepared action plans to increase transparency and citizen engagement in various areas of public policy, including fiscal transparency and open decision-making (Wehner and Renzio, 2013; Quintiliani, 2019). Independent review mechanisms are being set up for civil society to monitor the implementation of these action plans. Another initiative related to the OGP, the governments of Brazil and the Philippines, together with the World Bank, the International Monetary Fund, and other key actors, has set up the Global Initiative for Fiscal Transparency (GIFT). Also, transparency has become a priority for international donors and aid programs are increasingly linked to minimum standards of budget transparency in recipient countries. For example, former World Bank president Robert Zoellick declared in April 2011 that the Bank “will not lend directly to finance budgets in countries that do not publish their budgets.” As a consequence, some of the Bank’s internal operational guidelines were revised, asking that countries applying for so-called Development Policy Operations be subject to a preliminary screening for budget transparency. The United Kingdom’s Department for International Development has included a benchmark related to budget transparency in its guidelines for providing direct support to a country’s budget. The European Commission (EC) has recently added a similar benchmark for countries to qualify for European Commission budget support (Wehner and Renzio, 2013).

1.2. Regional Experience of Financial Transparency

At the same time as at the regional level initiatives for fiscal transparency are established and implemented in African countries such as South Africa, Kenya, Uganda, Malawi and, Mozambique fiscal transparency can be broadly traced from the inherited administrative and political system of British Colonial Power that fostered strong state centralism allowing only minimal popular participation and good governance practices (Ngware, 2000). The colonial state lacked financial transparency and accountability and made no efforts to be transparent, thus the colonial systems of governance and administration were undemocratic (Max, 1991, Mtasigazya, 2019).

1.3 Local Experience in Financial Transparency

In Tanzania, fiscal transparency is traced since LGA was established during the British Colonial rule, following the enactment of the native authority ordinance Cap.72 of 1926 (Ngware, 1997). At this time, local governments were responsible for the maintenance of law and order,

collection of the poll tax, and construction of feeder roads as well as promoting agricultural activities (ibid). However, they faced a number of problems such as lack of financial management autonomy and lack of greater financial transparency (Kabbai, 2003; Mtasigazya, 2018).

In 1972, LGAs were abolished in favor of a more centralized system of government in Tanzania. The central government and line Ministries were put in charge of the administration of the basic government services at the local level including financial management and accountability and service delivery (Mmari, 2005; Ngware, 1997, Mtasigazya, 2019). However, the delivery of public services deteriorated. For instance, Max (1991) noted that hospitals, dispensaries, and health centers were lacking drugs and health facilities.

Local governments were re-established when several pieces of registration were passed. These include Act No. 7 of 1982 which provides for the establishment of District authorities, and Act No. 9 which provide for the establishment of urban authority as well as local government finance Act No. 8 which provides for control of financial matters in LGA (Ngware and Haule 1993; Liviga, 1992). The re-established institutions were expected to provide a good environment to solve the socio-economic problems of the people (URT, 212; URT, 2018).

However, available evidence indicates that the re-established local government did not perform and behave to the expectations of the people especially in financial management (Ngware and Haule, 1993). For instance, URT (2011; 2018) noted that only 10.6% of the male and female saw fiscal information in LGAs such as audited statements posted in public places and 14.6% saw the financial allocation to key sectors posted in public places in LGAs in Tanzania.

Despite all the efforts to reform LGA in Tanzania still there is the pertinent problem of poor financial practices. This problem is evidenced by Mmari (2005) and URT, (2018) who contend that financial decentralization has not improved fiscal transparency in LGAs.

Therefore, there is a mismatch between what is advocated in local government reforms programme (increasing fiscal transparency) and what is practiced as indicated in the fore mentioned studies. Thus this study seeks to unravel why is it so?. This study investigated why there is dismal financial transparency in LGAs and what should be done to improve financial transparency practices in LGAs.

2. Conceptual and Empirical Literature Review

This section is divided into three sub-sections: namely, conceptual definition of financial transparency, review of empirical literature to establish a research gap as well as theoretical review to establish the theory guiding this study and rationale for using it.

2.1 Conceptual Setting of Fiscal Transparency in Local Government

Fiscal transparency is defined in this study as openness toward the public at large about local government financial mobilization and expenditure and functions, local government accounts, and fiscal projections (Craig and Kopits, 1998). In this study, the effectiveness of local government reform on fiscal transparency involves ready access to reliable, comprehensive, timely, understandable, and comparable and relevant information on local government revenue collection and utilization undertaken in the LGAs. In local government, it refers to the extent to which people have ready access to any required financial information about a village, ward and council revenue collection and expenditure, market fees, and audited financial reports. The claim for more financial transparency and accountability is also the result of a series of transformations and reforms affecting the Public sector usually labelled under the broad concepts of New Public Management (NPM) and New Public Financial Management (NPFM). These reforms were driven by the breakdown of the Public Administration bureaucratic model, the lack of resources available, the changes in services expectations, and the imposition of several mechanisms to provide accountability of public officials' actions and fiscal resources.

As highlighted in this study, transparency requires more than the mere publication of financial data in the municipalities' notice boards, public meetings, and municipal's websites but also easiness of access and readability must be ensured by LGAs.

2.2 Empirical Literature Review

There is a study by Kabyemela (2010) revealed that there are minimal changes that have taken place in terms of promoting accountability and information sharing at village governments as a result of the democratization process. The study noted that citizens at the grassroots perceived themselves as unable to hold their village government accountable. This was because of the legal provision and regulation guiding the functioning of the village government. However, this study dealt with the accountability of the village government as opposed to the effectiveness of LGA in practicing financial transparency practices in Tanzania. In this regard, the findings of this study cannot be generalized to urban areas especially in municipal councils.

Another study on fiscal transparency practices was conducted in district councils as opposed to municipal councils. For example, in the study by Mushi and Melyoki, (2005) where an assessment was conducted in order to gauge the level of transparency of public finance matters in Simanjiro district and Dodoma rural district. The findings indicated that the financial information was incomprehensive due to the format which was in aggregate form, for example in a lump sum. Therefore, even though Mushi and Melyoki, (2005) noted one reason for the format of the information, the study has not considered other factors such as resources and institutional structures that may hinder financial transparency practices in LGAs.

Fiscal transparency experienced from OECD countries noted in the work by Penas *et al.*, (2011) focus on the effects of fiscal transparency practices on the accumulation of public debt in OECD countries. When dealing with indigeneity problems of transparency as a regressor, they also found that measures of political competition, presidential system, and common law variables do well in explaining variation in fiscal transparency, whereas debt level has no statistically significant effect.

Based on work by Hanssen (2004), this scholar hypothesizes that fiscal budgeting practices will be more transparent in systems marked by high political competition. In situations of high political turnover, incumbents will try to tie the hands of their potential partisan adversaries by reinforcing arrangements for transparency. Political polarization increases fiscal transparency; however, a more polarized polity could impede a cohesive reform policy and thus, become a hindrance to transparency. Along with political variables, the study also noted that financial outcomes may positively or negatively impact transparency. Incumbents may restrict access to information in order to avoid blame for poor fiscal performance, or facilitate information access to get credit for a favorable fiscal record.

While accepting that fiscal transparency practices are related to the political will of incumbents, the study in OECD Countries is based on fiscal transparency of LGAs' budget in OECD Countries in general, hence not in LGA's finances in Tanzania in which this study seeks to unravel. Therefore, this study intended to examine the causes for dismal financial practices in LGA in Tanzania at UBMC.

2.3 Theories Guiding this Study

Theoretically, this study reviewed public sector network theory and the principal-agent theory. The public sector network theory which by large pertains to structures of independence that have formal and informal linkages. These include the exchange of information or reciprocal relations,

common interests, and bond of shared beliefs and professional perspectives (Fredrickson, 2007). The public sector network states the best way of ensuring reciprocity and trust, in return collective decisions are realized.

On other hand, in the principal-agent theory, the relationship between the parties involved is based on the principal-agent arrangements. The principal expects the agents to act and make decisions in the best interests of the principal. The supervisory authority becomes the principal, which for reasons of efficiency, delegated part of its power and mission to specialized implementing parties (the agents). However, it is very difficult for an agent to find out what each principal might want them to do in any instance. This theory assumes that in order to achieve the stated objectives, the principal must trust the expertise on the professional know-how of the agent (Legrain *et al.* 2006; Lassen and Rose, 2006). Therefore, in this study, the theory was used in assessing the extent to which citizens (Principals) are not disseminated financial information related to the collection of revenues and expenditure of funds from the agent (local governments). The reason for using this theory is based on the fact that it explain the contractual relationship between the Principal (citizens) who are tax payers and voters of the political leaders in LGAs and they expect that the Local governments constituted of the councilors (political leaders at ward level), hamlet chairpesron and local government staff will furnish them with timely, comprehensive and reliable information conrning financial matters such as revenue mobilization and expenditure.

3. Methods and Materials

This section presents the case study design used in this study, sampling procedures of respondents, data collection methods and data analysis technique used in this study.

3.1 Study Design

This study was conducted at UBMC located in the Dar es Salaam region. The reason for selecting three municipal councils is based on the fact that within a qualitative research approach, a case study strategy approach will be adopted. The case study strategy is considered to be appropriate because it is the one used to investigate the phenomenon within a small and manageable area and sample.

3.2 Sampling Procedure of Respondents

In this study, purposive sampling was applied for selecting members from the hamlet council in their respective wards because they have the role of ensuring financial information is disseminated

by local government leaders to citizens from UBMC. Another criterion for using purposive sampling is the issue of extreme case purposive sampling where the researcher expects that the hamlet council members have rich information of fiscal transparency practices in LGAs.

Table 1: *Sample Size and its Composition at UBMC (N=86)*

S/No	Category of Respondents	Respondents in UBMC
1	Local Government staff	16
2	Councillors	06
3	Hamlet Council Members	12
4	Tax payers	52
5	Total No. of respondents for UBMC	86

Source: Field data (September, 2020)

As presented in Table 1, taxpayers formed the majority of the respondents because of their population size. For example, according to the 2012 population Census, the UBMC had a population of 845,368 where male was 409,149 and female was 436,219 but with the population projection of 2016 UBM has a total population of 1,031,349 whereby male are 499,161 and female are 532,188 (URT, 2012).

3.3 Data Collection Methods

In this study, a structured interview was used as it involved the use of a set of predetermined questions and highly standardized techniques of recording. This method was used because the researcher intended to get insights, experiences on the practices of fiscal transparency practices between local government officials and citizens in their areas of jurisdictions.

The documentary review includes books, records, government publications, and official statistics as far as this study is concerned were used in data collection. This method was employed to gather information from various local government documents related to fiscal transparency practices in local government specifically in UBMC in Dar es Salaam Region, Tanzania.

3.5 Data Analysis Techniques

The data collected that are qualitative in nature were analyzed thematically. Thus, in using this type of qualitative data analysis, major themes were identified in this form of data analysis, the researcher perused the collected data and identify information that was relevant to the research questions and specific objectives stated in this study. The method used involved developing a coding system based on the collected data and the major issues topics to be covered and as well as intensity

through which the frequency of idea, word, and description appears. For instance, in research question number two which states what were the factors for dismal financial transparency practices, the data analysis was based on the topics/issues that were identified in the data collected. On other hand, the quantitative data collected were subjected to the calculation of frequencies and percentages relating to research questions.

4. Presentation of the Findings and Discussion

In this study financial transparency in LGAs was measured by the indicators such as access to reliable, comprehensive, timely, understandable, and comparable and relevant information on LGA revenue collection and utilization, in this case, the UBMC so that the citizens can accurately assess the government's financial position and the true costs and benefits of government activities, including their present and future social implications on service delivery in LGAs. This study started with a presentation and discussion of the demographic characteristics of respondents and their impact on financial transparency in LGA.

4.1. Respondents' Demographic and Socio-economic Characteristics and their Impacts on Financial Transparency at UBMC

In this study, the demographic and socio-economic characteristics of the respondents were examined to ascertain whether they affected local government financial transparency practices since the advent of the local government reform in Tanzania. The findings are presented in subsequent sections below.

4.1.1 Age of Respondents from UBMC, and its Significance on Financial Transparency at UBMC

In UBMC, the data collected on the age of the respondents presented in Table 2 shows that 33 (38.4 %) respondents were aged between 18 and 39 years and 40 (46.5%) were aged between 40 and 59 years. The remaining 13 (15.1%) respondents were aged 60 years and above. Therefore, in UBMC, the majority of the respondents (40) were aged between 40 and 59 years. The age category of 40 and 59 years of these (46.5%) respondents indicate that some of them had an impact on financial transparency. For example, at Ubungu Ward in UBMC, it was reported that respondents with age 18 to 40 years demanded financial information from their Hamlet leaders while those citizens with 50 years and above demanded financial information from their local leaders. In this regard, in September, 2020, respondents with age ranging from 50 years and above organised themselves to

demand financial information. These findings on age's influence on transparency of financial information corroborate with Citizen at Ubungo ward who aptly stated that,

“We Organised ourselves to demand financial information from experienced Hamlet Chairman who mobilised us to demand financial information from the street government and the street government did not disseminate information to the people and they promised us to disseminate financial information in the third quarter of the financial year (Interview, September, 2020).”

The laws require that the hamlet government disseminate financial information on every hamlet meeting held four times in every financial year but the statement from the respondent quoted above indicates that Local governments were not in a position to determine financial information to the citizens as stated above.

In UBMC, the age of respondents in UBMC indicate that majority of respondents 45(52.3%) respondents were aged from 18 to 39 years, and 33(38.4%) were aged between 40 and 59 years, and few 8(9.3%) respondents were aged 60 years and above. The implication of these age categories that are 45(52.3%) respondents were aged 18 to 39 years, and 33(38.4%) respondents were aged between 40 and 59 years is that some respondents with 18 to 39 years as well as 50 years and above were inclined to demanding financial information from local governments and revenue collection information from Ubungo Commuter Bus Terminal in Ubungo district. The findings are summarized in table 2.

4:1.2 Level of Education of Respondents and Financial Transparency

The level of education was explored to establish if the education of respondents had any significant impact on local government financial transparency in LGAs. Table 2 demonstrates that in UBMC, 11.6% of respondents were postgraduates, 25.6% were bachelor degree holders while 8.1% were diploma holders. 26.7% of respondents were secondary education leavers and 27% were standard seven leavers. The data indicate that secondary education and primary school leavers constituted 26.7% and 27% respectively of all respondents who affected financial transparency in UBMC. For instance, the UBMC respondents with bachelor and postgraduate education were of the view that financial transparency was not disseminated to the citizens because the local leaders were scared of being questioned by the Citizens on how funds were utilized in LGAs.

Table 2: Demographic and Socio-Economic Characteristics of Respondents at UBMC

Age category in Years					
18-39	40-59	60 and above	Total		
33(38.4%)	40(46.5%)	13(15.1%)	86 (100%)		
Education Level of Respondents					
Postgraduate	Bachelor degree	Diploma	Secondary Education	Standard seven	Total
10(11.6%)	22(25.6%)	7(8.1)	23(26.7%)	24(27%)	86(100%)
Working/Professional Experience in Years					
Less than a year	1-5 Years	6-10 years	More than 10 Years	Total	
13(15.1%)	43(50%)	21(24.4%)	9(10.1%)	86(100%)	
Gender of respondents					
Female	Male	Total			
40(46.5%)	46(53.5%)	86(100%)			

Source: Field data, (September 2020)

4.1.3 Respondents' Working Experience and its Impacts on Financial Transparency

The respondents were also asked to state the duration of their working/professional experience in their current business activity in the case of Citizens and the professional working experience of the Municipal Council staff respondents and Councillors. The purpose was to investigate how this working experience affected financial transparency in UBMC. The study findings indicated that in UBMC, 13 (15.1%) respondents had worked with UBMC for less than a year. On the other hand, 43 (50%), half of the respondents had worked for one to five years, 21(24.4%) had worked for six to ten years while 9(10.1%) respondents had worked with UBMC for more than 10 years. Thus, in UBMC, half of the respondents, i.e 43(50%) had worked between one and five years in their specific professions, such as guest house managers and property tax collectors, to mention a few.

The working experience of half of respondents 43(50%) of one to five years in UBMC had impacts on financial transparency in UBMC. For example, out of these 43 respondents, 23 respondents noted that they have never been participating in financial transparency meetings with local governments. This went hand in hand, with dismal dissemination of the by-laws related to paying taxes and how much they were supposed to pay in property taxes.

Hence, the working experience of fewer than five years and the level of education as standard seven leavers of Citizens contributed to the fore mentioned dismal financial transparency in UBMC. The respondents with the low level of education i.e standard seven were not aggressively demanding financial information from LGAs at UBMC.

4.1.4 Gender of Respondents

In this study, the gender of respondents was investigated to ascertain whether it has any impact on local government financial transparency in LGAs. The findings presented in Table 2 show that in UBMC, 39 (45.4%) respondents were female and 47 (54.6 %) respondents were male. The data shows that male dominance impacted positively financial transparency in financial collection and utilization such as Ubungu Commuter Bus Terminal were pressurized to publicise revenues collected due to male dominance experienced at the terminal.

The gender as a demographic characteristic of the respondents presented in Table 2 shows that the majority of the respondents were male and more than half of them (25 respondents) were taxpayers. This affected financial transparency in the councils. For example, in the male-dominated were aggressive to demand financial information from local governments. These particular findings suggest that some of the male respondents were found to be having demanded financial information compared to female respondents at UBMC.

4.2. Factors undermining Financial Transparency at UBMC in Tanzania

This question thought to examine the factors which determine financial transparency in local governments in Tanzania, particularly in UBMC. The findings are presented in Table 3 below:

Table 3: Responses on whether LGA staff were Transparent in Financial Matters at UBMC

S/No	Category of respondents	Local Government Officers were transparent in financial matters	Local government officers were not transparent in Financial Matters	Neither	Total No. of respondents
1	Local government staff N=16	2(25%)	14(75%)	00	16(100%)
2	Councillors N=6	00	06(100%)	00	06(100%)
3	Mtaa Council Members, N=12	6(50%)	6(50%)	00	12(100%)
4	Taxpayers N=52	20(38.5%)	32(61.5%)	00	52(100%)
5	Total No. of responses	28(32.6%)	58(67.4%)	00	86(100%)

Source: Field data, (September, 2020)

The findings presented in Table 3 indicate that in UBMC, the respondents were asked whether there were any factors that undermined local government financial transparency at UBMC. The responses are presented in Table 3.0 which indicates that 58(67.4%) out of all 86 respondents asserted that the LGA staff were not transparent stated as follows: 32 (61.5%) out of 52(100%) were taxpayers, 14 (75%) local government staff, 6(100%) councillors and 6(50%) were respondents from Hamlet Council Members. They were of the opinion that the financial information was not transparent because it was neither advertised on the Municipality's notice board nor in newspapers, or on the radio and television. The same information was not disclosed at Hamlet assembly. This anomaly prevented citizens from getting information, especially those from other regions who could not access the notice boards. Meanwhile, 28 (32.6%) out of all 86 respondents were of the view that the financial information was transparent, these included 20 (38.5%) taxpayers, 2(25%) local government staff, and 6(50%) respondents from Hamlet council members. The findings are summarized in Table 3.0.

From the findings presented in Table 3.0, it can be deduced that the majority of 58 (67.4%) respondents perceived that the financial information was not transparent. Inadequacy in transparency was noted not only in financial management but also in tender advertisements. The above findings are in line with the URT (2018) which notes that out of 98 tenders, only 55 (56.1%) tender advertisements were published in a newspaper and displayed on Councils' notice boards and 43 tenders equivalent to 43.9% were advertised on the Councils' notice boards only. Thus, some of the financial information such as revenue collection and expenditure were not accessible, thereby limiting citizens in UBMC to access financial information on time.

4.2.1 Responses on Resource Capacity of UBMC which undermine financial transparency

In this study, the resource capacity of respondents was explored so as to establish whether it promoted financial transparency in LGAs or not. The findings indicate that 30(34.9%) out of 86 respondents believed that UBMC had resource capacity through which financial transparency would be well executed. This was confirmed by 22(42.3%) taxpayers, 6(37.5%) LGA staff, and 2(16.7%) of the respondents from members of the Hamlet council. Furthermore, 56(65.1%) out of 86 respondents reported that UBMC did not have the resource capacity for practising financial transparency. This was the view of 30(57.7%) taxpayers, 10(62.5%) LGA staff, 10 (83.3%) respondents from Council members, and 6(100%) Councillors.

The findings indicate that the majority of the respondents 56(65.1%) out of all 86 were of the opinion that the UBMC had no resources for financial transparency. For instance, this study found that the Finance department had four staff instead of seven in the Finance department who were inadequate to enforce financial transparency in hamlet governments which was also hindering financial transparency at UBMC in general. This was evidenced by particularly poor supervision of the hamlet governments in disseminating financial information to the Citizens.

4.2.2. Embezzlement of Public Funds and Attendance of Citizens to the Hamlet Meetings and its Impact on Financial Transparency at UBMC

This study also sought to examine whether embezzlement hindered financial transparency in revenue collection and expenditure at UBMC. The study findings show that only 24(27.9%) out of all 86 respondents, comprising 22(42.3%) taxpayers and 2(33.3%) councillors believed that embezzlement hindered financial transparency at UBMC. The study findings also indicate that majority of respondents 62(72.1%) were of the view that embezzlement was not a hindrance in financial management. Specifically, these respondents comprised 30 (57.7%) taxpayers, 12 (100%) from the Hamlet council members, 4(66.7%) councillors, and 16 (100%) LGA staff, who insisted that there was no corruption in the financial transparency process. It was also noted that 62(72.1%) of respondents perceived that there was no embezzlement in the financial collection and utilization process but these responses were attributed to the fear of councillors and local government staff losing their jobs by revealing unethical practices such as embezzlement in the financial management.

The second reason was that embezzlement practices were done in secret and so it was difficult for these practices to be made public because the officials in the finance department and local government staff knew the sanctions that would be enforced if they were found to be corrupt. Although the majority of the respondents perceived that corruption did not affect financial transparency at UBMC, the opposite was actually true given the incapacity of the hamlet government to disseminate financial information to the Hamlet assembly due to inadequate notice boards. Responding to embezzlement which hindered the dissemination of the information with regard to revenue collection in UBMC, 3(50%) councillors and 41(78.8%) taxpayers were of the opinion that corruption was noted in the revenue collection and expenditure which in long run hindered financial transparency. On the contrary, 11(21.2%) taxpayers, 3(50%) councillors, 12(100%) from the Hamlet council members, and 16 (100%) local government staff said that there was no embezzlement in

revenue collection which hindered financial transparency. Therefore, a slight majority of respondents, 44(51.2%) out of 86 respondents were of the view that embezzlement took place in financial collection and utilization which hindered financial transparency at UBMC.

The findings corroborate with Garajová, (2018:4) who notes those actions of transfer of money or anything of value to public officials, either directly or indirectly, to obtain a favorable public decision or personal gain is defined as embezzlement which in long run undermine financial transparency in Local Governments. In other words, it is a violation of prescribed rules against the exercise of certain types of influence over private gains that hinders financial transparency in LGAs.

Furthermore, this study noted that the main challenge which hindered financial transparency in LGAs was the poor attendance of the people in the meetings. Hence, while decisions are made openly, yet the number of people that participate in this assembly is usually less than a half of the people in the respective Hamlet at UBMC. The law requires that the Hamlet assembly be announced to the public. In most Hamlet, the announcement is made, yet urban population just like that of rural is busy with personal activities that seem to provide merit to their household. Once the announcement is made, the fulfillment of the law is evident. Poor attendance is a deterrent to the performance of the meetings as those who do not attend could have had some diversified thinking on the matters. The Hamlet government provides no allowance to the participants of the assembly. Hence, participation in these assemblies depends on the devotion of the people. At the ward level, the situation is different, as payment is made to the participant. Hence, normally the attendance is about 98% (URT, 2018).

4.2.3 The Means of Determination of the Financial Information to the Citizens in UBMC

Respondents were asked to state and explain the means used to determine financial information to the citizens at UBMC. The responses were as follows: All respondents (100%) acknowledged that not all citizens in all wards were disseminated information on financial and fiscal affairs to the public through meetings organized by the council, including full council meetings, ward and hamlet meetings. The hamlet Assembly (HA) is conducted quarterly each year. However, we call for an emergency assembly if there is a need for such. These HA discuss developmental programs in terms of priorities. The programs include a number of schools to be constructed, health centers, local infrastructure such as roads, and electricity to mention a few. UBMC also reported that they used newspapers to inform citizens. Moreover, notice boards at ward and council headquarters were used in UBMC but not all citizens got access to this financial information particularly revenue collection

and expenditure. However, there were also reasons to question the effectiveness of these dissemination mechanisms and whether the information actually reached the public. Few of the respondents 20(23.3%) of all 86 respondents in this study said that they had seen some information about local government finances. As many as 66 (76.7%) of all the respondents said they had never received information on the number of tax revenues and property taxes, parking fees, and billboard fees collected in their area. The findings indicated that none of the stakeholders had manual procedures or by-laws for paying taxes. People do not know what kind of taxes they are supposed to pay.

5. Discussion of the Findings

This study found out that the financial transparency in UBMC still suffered some drawbacks. For instance, in UBMC, the financial information was supposed to be disseminated to the public based on financial management law which was supposed to go through the open financial transparency process based on regulations that call for access to the financial information in LGAs in Particular UBMC. Based on the findings of this study, it is also noted that in UBMC, local government reform was not effective on financial transparency at UBMC because it was susceptible to embezzlement to the extent that it undermined financial transparency at UBMC.

Inadequate transparency was noted in the lack of the provision of accessible and timely information to stakeholders and the opening up of the institutional procedures, structures, and processes to their assessment. This study noted that of those covered in this paper, no stakeholder had manual procedures or by-laws for paying taxes. People do not know what kind of taxes they are supposed to pay and neither they knew about the deadline for paying those taxes. For example tenders for revenue collection were not advertised for competition at UBMC.

Likewise, the findings show that some of the senior local government officials were embezzling of the public funds as such they were not strictly committed to enforcing financial management transparency in Hamlet governments which in the long-run undermined local government financial transparency in local governments.

The findings are anchored on the principal-agent theory through which the findings support the proposition that the principal (the citizens) supervising the agents (local governments) with lack of specialized management skills because illiteracy of respondents was one of the factors undermining local government financial transparency in LGAs due to weak oversight of the local people to the

LGAs. Therefore in this study, the theory supports the view that citizens (in this study as principals) were not disseminated financial information related to the collection of revenues and expenditure of funds from the agent (LGAs) which is contrary to local government reform in Tanzania.

6. Conclusion

Transparency is a prerequisite for the enhancement of the development of the local governments in Tanzania. It is transparency, which enables the people to avail trust to their governments. Financial transparency facilitates the optimal use of public resources including funds since information is power. This study, therefore, appeal to the government and private sector to articulate transparency as mandatory for the creation of optimal utilization of the financial resources in LGAs. Transparency in LGAs creates harmonious relationships among the people, whom we serve, and the subordinates in LGAs. Based on the study findings it is concluded that ineffectiveness of the financial transparency was due to embezzlement, weak oversight of the citizens, and poor commitment of the local government staff as perceived by respondents in UBMC resulted in poor financial transparency and lack of the citizens trust in their Government.

It is, therefore, strongly recommended, among other things, that: UBMC financial transparency process should be part and parcel of UBMC so that citizens may trust their government after being furnished with the financial information particularly related to financial utilization and collection as anticipated by the LGA reform in Tanzania. The UBMC should make sure that relevant financial information about the fiancés and other LGA activities should be made public on request including to the public, media, civil society organization, and citizens. These documents should be made available to the majority of local citizens rather than only local leaders. These documents could be made available to the majority of local citizens rather than only local leaders and government officials. The financial information can be made public by advertising on the notice boards, newspapers, television, and public meetings with local officials and local leaders. Local government officials and local leaders should be motivated to embrace financial transparency through capacity building, sanctions for none compliance as well as an appreciation for the best local government in practicing financial transparency in Tanzania.

7. Scope of the Future Research

Many studies are still needed in local councils in Tanzania. In this regard, other researchers may wish to conduct the same study and focus on rural LGAs to gain insights into rural councils' experience of the implication of the financial transparency process in LGAs. Another study may be carried out on the effectiveness of LGA reform in fostering financial management in rural LGAs in Tanzania.

8. Research Limitations

This study acknowledges that the findings are specific to UBMC and therefore the generalization to other LGAs is limited. The restricted sample size of 86 taxpayers, Local government staff, Councilors, and Private agents posed a noticeable limitation, ruling out the question of generalizability. Firstly, the study may be replicated and should include respondents that were not represented in this study like the President's Office-Regional Administration and Local Governments to provide further evidence of the generalizability and robustness of the study. The study was also limited by its method used in choosing respondents, that is, a non-probability purposive sampling method. It is therefore recommended that future research in this context uses a probability sampling technique so that subjects of the population get an equal chance of being selected as are a representative sample.

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