

Section 2

A revenue profile of local government authorities in Tanzania

Although some data regarding local government resources, local taxes and local non-tax revenues are collected on a regular basis (some variables by both PO-RALG, and other statistics by the Ministry of Finance), no single, comprehensive database of local government fiscal data is currently available (see Box 2.1). But even to the extent that analysts are able to collate the available data, no systematic analysis is performed on these data to monitor the overall local government finance system. To this end, the TORs for the current study requested the development of a revenue profile for local governments in Tanzania. However, in this regard, the TORs for the current study were largely overtaken by the completion of the Local Government Fiscal Review in November 2004.

In response to the need for local government finance statistics, a number of coordinated efforts are under way by LGRP and MOF (under the auspices of the Coordinating Block Grant Implementation Team) to assure that a more complete set of local fiscal data is generated and systematically analyzed. In November 2004, these efforts by the CBGIT culminated into the first annual Local Government Fiscal Review document. The purpose of the Local Government Fiscal Review 2004 is to provide an accurate, comprehensive and up-to-date overview of intergovernmental fiscal relations in mainland Tanzania. Based on data from the Ministry of Finance, as well as self-reported local government budget data aggregated by the LGRP, the Review provides the first comprehensive profile of local government expenditures, revenues, transfers, and local government borrowing. Local government revenues are specifically dealt with in Chapter 3 of the Review, documenting the current resource profile of Local Government Authorities in Tanzania, and noting any significant trends in the composition and amount of local resources.

This section of the Final Report builds on the basic analyses contained in the Local Government Finance Review (2004), and engages in certain policy-specific analyses. First, for completeness, Section 2.1 considers the overall resource profile of local governments in Tanzania, including not only local revenue

sources, but local government allocations (i.e., intergovernmental grants) as well as local borrowing. However, since the composition of intergovernmental grants is already analyzed extensively by the Intergovernmental Grant Study (GSU, 2003), the current analysis will focus mainly on own source revenues (Section 2.2) and the fiscal impact of the recent local revenue rationalization measures implemented by the central government. Some additional and updated quantitative analysis on the allocation of intergovernmental transfers is included in Section 2.4. Finally, Section 2.5 sketches the fiscal profile of Dar es Salaam region, which is distinctly wealthier in terms of economic and fiscal resources than other regions in Tanzania.

Box 2.1

Availability of local government fiscal data in Tanzania

Few stakeholders in Tanzania have a complete picture of the availability of local government fiscal data. In addition to case studies, surveys and limited samples incorporated in the literature review in Section 1 of the report (Annex 1.3), the following key sources of data are available that provide fiscal indicators for all (or almost all) local government authorities in Tanzania:

- The central government budget (Annex 3) provides detailed data on planned local spending of intergovernmental transfers. This budget plan data is also reflected as aggregated by sector and type of expenditure (PE/OC) for each LGA.
- The Ministry of Finance is able to produce treasury disbursement data broken down by LGA. For each LGA, the treasury is able to show the total amount of PE transferred to the LGA (for all sectors combined only!), and OC transferred to each LGA by sector. However, total year-end disbursements to each LGA are never tabulated, and no reconciliation of budget figures ever takes place.
- PO-PSM data provides a monthly break-down of PE disbursements by sector and Activity Head. This is the data used by Treasury to release the PE, but again, no formal reconciliation ever takes place.
- As part of the annual Budget Speech, the Director of Local Government (PO-RALG) produces an annual tabulation of total own sources revenue by LGA, but the report does not break down total local revenues by type in any manner.
- In 2004, the LGRP started to gather self-reported fiscal data by broad categories of local expenditures and revenues (including local expenditures, own source revenues, and intergovernmental transfers). So far, this exercise has been conducted twice, roughly bi-annually. Although this source provides greater detail on local government finances than any of the other sources, the data are still rife with inconsistencies and reporting problems. For instance, in the initial data set, reported local expenditures exceeded reported resource inflows by more than TSh 210 billion.

To complicate matters further, until July 1, 2004, there was a clash between the central government budget year (July-June) and the local government budget year (calendar year). As such, it is not possible to compare local government transfers as reported by the central government with the amount of transfers received by local authorities over the same period.

2.1. Overall resource profile of local governments in Tanzania

Like in most developing countries, local governments in Tanzania rely heavily on intergovernmental transfers. Table 2.1 shows that revenues from transfers account for around 80-90% of total local government financial resources. Not only do grants play an important role in local government finances, the importance of transfers has steadily increased over the years. Whereas local government grants contributed almost 80% of local funding in FY 2001/2002, by FY 2003/04 almost 86% of total local government finances was derived from transfers. This trend is likely to have continued during the current fiscal year (FY 2004/05) for which data are not yet available.

Both own source local revenue collections and local government borrowing play a much more limited role in the total financial inflows for LGAs. Before the revenue rationalization that was announced in June 2003, own revenue sources accounted for approximately 19-20 percent of local government financial resources. Since then, own source revenues experienced a significant decrease in its importance as a share of total local government finances, dropping to only 14.2% of the total. Preliminary estimates by the authors suggest that this percentage may fall further to 9 or even 8 percent for FY 2004/05 and 2005/06. The share of own source revenues in the local government finances would be even lower (7-8 percent) if we were to take into account local government expenditures funded from ministerial subventions (as further discussed in Section 2.4).

The high reliance of LGAs on intergovernmental grants is even more obvious when we examine local government revenues broken down at the regional level. Table 2.2 shows the aggregate importance of intergovernmental transfers and own source revenue (in per capita terms, as well as a percent of total) for the year 2004

across each of the country's 21 regions.¹ Out of 21 regions, LGAs in 16 regions rely on transfers for more than 93% of their resources. For most regions, aggregate own local revenues account for only between 3-7 percent of their resources; local governments in only 3 regions actually rely less than 90% on grant resources; The outliers in this regard are local governments in Arusha, Pwani and Dar es Salaam, which collected 13.4%, 10.7% and 35.7% of their total revenue inflows from local own sources, respectively.

Borrowing is another possible source of revenue for local governments, although borrowing has not played a very significant role in local government finance in Tanzania: Table 2.1 shows that only 0.1% of local government revenues come from this source. The current state of local government borrowing is discussed in Chapter 5 of the Local Government Fiscal Review (2004). Section 3.4 of this report further explores local government borrowing as a financing option for LGAs in Tanzania.

2.2. A Profile of Local Government Own Source Revenues

Data issues pose an important challenge in drawing up a highly detailed revenue profile of local government revenues in Tanzania. Until June 2003, local governments had wide discretion in structuring their own revenue systems, and local government revenue instruments therefore varied widely from council to council.² No system was in place to gather data on revenue collections by different types of local revenue instruments or by type of tax (e.g., sales tax, income tax, etc.), and to analyze (the variations in) local government revenue collections in a systematic manner.

The most detailed data source available for local government revenues in Tanzania is the self-reported local government fiscal data gathered by LGRP (see Box 2.1) This source provides data for eight broad types of local revenues, notably: the Development Levy, property taxes, taxes on agricultural production and livestock, taxes on production by larger firms (i.e., the Industrial Cess /

¹ In Table 2.2, transfers reflect budgeted allocations for the five local priority sectors plus the administration grant (but excluding the General Purpose Grant). Local revenues amounts are annualized estimates based on self-reported collections for January-June 2004. Local borrowing or ministerial subventions are not excluded from the current analysis.

² Further confusion is caused by the fact that most local government taxes are known as fees, levies, or cesses, but not as taxes. The nomenclature for local non-tax revenues is (licenses, fees, charges, contributions) is equally opaque.

Service Levy), land rent, licenses and fees, charges, and other taxes and levies.³ A number of taxpayer surveys are also available that are able to reveal taxpayer-level incidence of local taxes (for instance, see Box 2.2).

Before the revenue rationalization of 2003, the Development Levy, agricultural and livestock taxes, and licenses and fees (including business licenses) were the three revenue categories that generated the highest yield for local governments (Tables 2.3 and 2.4). For 2001, these categories contributed 21.5%, 18.2% and 16.7% respectively to total local own source revenue collections; together, they accounted for almost 60 percent of local government revenues. All local revenue sources together generated a revenue yield of TSh 51 billion in 2001 and almost TSh 58 billion in 2002.

Table 2.5 shows own source revenue collections in per capita terms, ranging from TSh 1,028 (2004) to TSh 1,725 (2002). These numbers provide some insight into the nominal tax burden imposed by local government revenues; on average, local taxpayers only pay a very small amount of local government taxes. The limited nature of local revenue autonomy is further accentuated by the realization that per capita local revenue collections reflects how much money is available at the local level to finance the provision of “truly local” public services. Even before the rationalization of 2003, one could wonder whether the revenue sources assigned to the local government level were adequate if local governments only had TSh 1,700 per person at their discretion to deliver local government services. As such, this table calls attention to the fact that local governments need to be provided access to better revenue instruments in order for LGAs to be able to provide better local public services to their constituents.

The nature of own source revenue collections in Tanzania is further explored in Table 2.6, which presents descriptive statistics for per capita local government revenues by type for 2002. This table confirms the conclusion based on regional data (in Table 2.2) that there is indeed substantial variation in revenue collections across LGAs. In per capita terms, the wealthiest local government generates 40 times the amount of revenue than the most poorly-endowed local government. The table further confirms that licenses and fees, agricultural and livestock taxes, and the Development Levy were the three most important types of local government revenues, although the order of importance is different when considering averages as opposed to the aggregate total (as in Table 2.4). It is

³ Analysis of specific local revenue instruments is obviously hindered by the extent to which data for different instruments are grouped together. For instance, the data set does not identify business licenses as separate from other license revenues. This obviously would have been very helpful in identifying the revenue response to the sharp diminution of business licenses in 2004.

further interesting to note that (based on the Coefficient of Variation) these three revenue categories show relatively the least variation among local governments. Instead, we observe (much) higher variations between districts for the relatively less important revenue sources such as land rent, the property tax, and the Service Levy.

However, the general description in Table 2.6 does not hold when we break regions into urban and rural districts. In 2002, the main revenue sources for urban local governments were licenses and fees, the Service Levy and property taxes, in that order (Table 2.7), which together account for roughly two-thirds of total revenues for an average urban government. Revenue collections from these main sources again displayed limited variation among jurisdictions, with the exception of the Service Levy.

Urban revenue patterns contrast with those in rural districts, in that the Development Levy plays a much less important role in urban areas, whereas licenses and fees as well as the Service Levy play much more important roles in urban finances. In contrast, resource patterns for rural regions (Table 2.8) in general followed similar patterns as uncovered in Table 2.6.

2.3. The revenue impact of rationalization and harmonization

The revenue “rationalization” and “harmonization” measures had significant impact on the profile of local government revenues in Tanzania, as revealed by the available fiscal data. Three significant reforms were introduced in June 2003. First, the Government of Tanzania decided to abolish the Development Levy. Second, the government reiterated the maximum rate of 5% for the Agricultural Cess. Third, the government eliminated a number of nuisance taxes. These changes brought a significant alteration to revenue patterns from the year 2003 onward.⁴ In 2004, a major reform of (business) licenses was implemented, sharply reducing the yield of business license fees collected by local government authorities.

With the abolition of both Development Levy and the other reforms, local governments in Tanzania lost substantial income from their own source revenues; total own source local government revenue collection decreased from a high of TSh 57.7 billion in 2002 to TSh 36.4 billion in 2004. The revenue declines were

⁴ Note that the impact of the reforms introduced in June 2003 is not fully represented by the budget figures for 2003, since half of the local budget year preceded the reforms. The same, of course, is true for the reforms introduced in June 2004.

most obvious for the Development Levy, but licenses and fees, agricultural taxes and “Other Taxes” were also directly impacted by the reforms.

There was some expectation that in response to the local government reforms, LGAs would shift the tax burden quickly to the remaining available revenue sources. Although property tax and Service Levy collections indeed increased over the period under consideration, these increases were clearly not enough to offset the revenue losses caused by the reforms. In fact, declines in revenue collection were observed for many other revenue categories, including land rent and charges, two categories not directly impacted by the reforms. Tanzanian experts have suggested that the overall effect of the reforms has been to lower voluntary compliance by local tax payers and to reduce the tax handle by local tax administrators, thereby causing an overall decline in local revenues that exceeded the direct impact of the reforms.⁵

Re-considering Table 2.3 in light of the local revenue reforms of 2003 and 2004, the table clearly shows the significant changes in the revenue pattern since 2003. Although the Development Levy was formally abolished in June, the budget outcomes for 2003 still reflect several months of collection during the first half of 2003. It is further interesting to note that some LGAs still report some Development Levy collections for the year 2004, despite the abolition of the DL in 2003.⁶ In terms of per capita own source revenue collections, Table 2.5 shows how per capita collection declined rapidly over time. From 2002 to 2003, per capita collections dropped from TSh 1,725 to TSh 1,401, and revenue collections continued to decline sharply, to a mere estimated TSh 1,028 per person in 2004.

With the abolition of the Development Levy and the other reforms in 2003, the relative importance of the various categories of local revenues changed significantly (Table 2.4). The abolition of the Development Levy expectedly caused a natural relative importance of local revenues. The Service Levy moved from contributing only 10% of revenues in 2001 to yielding over 25% of total

⁵ Specifically, some of the reforms mandated by the Ministry of Finance weakened the tax handle of local government. For instance, LGAs’ tax handles were directly reduced by disallowing LGAs to collect other local taxes at the point of collection for the market fee or the produce cess.

Indirectly, LGAs may have benefited from scope economies in collecting the Development Levy simultaneously with other revenues; based on rational calculations, local revenue effort and enforcement may have been sharply reduced after the main local revenue source was eliminated.

⁶ The fact that ten LGAs continue to report Development Levy collections for 2004 can mean one of a number of things: (1) These LGAs are non-compliant with the Local Government Finance Act; (2) these LGAs are collecting a tax called “Development Levy” which in fact qualifies as an approved local government tax; or (3) the collections are erroneously reported as Development Levy.

local government revenues. Although the yield from agriculture and livestock taxes declined in nominal terms, its relative importance in fact increased slightly in relative terms. The importance of licenses and fees first increased from 19.1% in 2002 to 24.9% in 2003, only to decline again due to the 2004 reforms to 17%. In fact, business license revenues should be expected to decline even further during FY 2004/05, since the reform of business licenses did not take place until halfway through the calendar year.

Although the local revenue rationalization program hurt urban and rural regions alike, it seems that rural districts are the ones that hurt relatively the most.⁷ The decline in revenue collection shown in the tables indicate a 37% decrease in overall own source revenues. In contrast, rural districts experienced a 48% decrease in revenues, compared to 24% decrease in urban revenue collections.

Sometimes, a visual representation of these numbers in a diagram can provide a clearer picture of the decline in local government revenues. Figure 2.1 clearly shows the declining trend of revenue collection by sources over time after 2002. The decline in agricultural/livestock cesses is another impact of the reforms in 2003, as the government set a limit on the maximum rate to be levied on this produce and livestock.

Figure 2.2 shows the situation for urban councils. The limited impact of the elimination of the Development Levy on urban areas is clearly visible. In contrast, the impact of the business license reform in 2004 is already visible. In response, the increasing trends in property tax collections and the boost in the Service Levy in 2004 is also evident. This suggests that urban areas –more so than rural areas– had the opportunity to utilize these taxes as substitutes for the loss revenues from the Development levy and Business licenses.

Rural councils experienced the most significant loss of revenue in 2003 and 2004, as shown in Figure 2.3; the diagram clearly shows the substantial drop in total own source revenue collection. After the reforms of 2003, rural revenue collections are strongly dominated by taxes on agricultural production and livestock, and even this category of revenues experienced a nominal decrease from 2002 to 2004. This trend seems to suggest that given the present revenue structure and the reforms imposed on them, rural councils have not been able to

⁷ However, in nominal terms both urban and rural districts were impacted almost the same. In fact, strictly speaking, the average decline in urban revenues from 2002 to 2004 was slightly greater than the decline for rural districts (an average decline of Tsh 800 per capita for urban areas, versus TSh 600 per capita for rural areas).

find any other revenue instrument to serve as a substitute for the Development Levy and the other abolished or curtailed revenue sources.

Tables 2.9 through 2.11 showing the local revenue profile for 2004 is a replication of Tables 2.6 through 2.8, which showed the profile for 2002. These tables reflect many of the changes in revenue patterns noted above. For all local governments, Table 2.9 shows a sharp general decline in revenues vis-à-vis Table 2.6. Table 2.9 further reveals that on average, taxes on agriculture and livestock are now the most important revenue source for local governments. In the post-reform table, the Service Levy, which in aggregate terms is the most important local revenue category by 2004, also clearly stands out as the most highly variable revenue source among LGAs based on its Coefficient of Variation.

Urban regions show a slightly different pattern, as revealed in Table 2.10. For these regions, the agricultural produce and livestock levies are not among the most important revenue sources, for obvious reasons. Local revenues for an average urban area mainly come from the Service Levy, property tax and other taxes. Contrary to the variability of the Service Levy among all LGAs, per capita revenue collections from the Service Levy in urban regions is relatively stable.

Rural local governments (for which descriptive statistics are shown in Table 2.11) again show a similar revenue pattern as was revealed by Table 2.9 (for all LGAs).

Box 2.2

The vertical equity of local government revenues

As discussed in Section 4 of this study, the “fairness” of local government revenues is an important dimension in the design of a sound system of local revenues. There is consensus among public economists that a (local) revenue sources should follow the ability-to-pay principle in order for the revenue to be considered fair, meaning that taxpayers that are better able to afford the tax should pay more.

However, this does not necessarily mean that (local) revenue sources should be progressive. In fact, the public finance literature explicitly suggests that it generally not the role of local governments to finance redistributive activities. Nonetheless, it is important to take into account the concept of vertical equity in the assessment of the system of local government revenues.

The aggregate local government revenue collection data (reported by local governments) is unable to reveal the incidence of local taxes across taxpayers. In response, a Poverty and Social Impact Analyses (PSIA) study was commissioned by the World Bank (2005)

to analyze the distribution of tax burdens across different income groups and small businesses before and after the 2003 and 2004 reforms of local government revenues in Tanzania.

Although the PSIA study falls short from determining whether the local revenue system in Tanzania is progressive or regressive, the study clearly reveals that the ability-to-pay principle is adhered to by the system of local government taxation in Tanzania (World Bank 2005; Table 3.4). Before the 2003 reforms, an average high-income taxpayer paid six times more in local revenues than an average low-income taxpayer. The PSIA study further reveals that the local revenue reforms of 2003 have increased the relative progressivity of the local revenue system; after the 2003 reforms, an average high-income taxpayer paid twelve times more in local revenues than an average low-income taxpayer.

2.4. A profile of intergovernmental grants

Over time, the budgetary resources allocated for intergovernmental grants in Tanzania have steadily increased in nominal terms. This trend was documented already in the Intergovernmental Transfer Study (GSU, 2003), and that trend has continued in recent years.⁸ Table 2.12 reflects the profile of intergovernmental grants over time; recurrent sectoral grants (including the administration grant) climbed from TSh 179 billion in FY 2000/2001 to TSH 362 billion in FY 2004/2005. These recurrent transfers are expected to increase further to TSh 437 for the coming fiscal year.

The composition of recurrent sectoral grants is quite stable over time. The main component of intergovernmental grants is education grants, which holds steady at around 69% across the five-year period. Similarly, the share of local health allocations as well as other allocations hold surprisingly steady over time. The stable composition may either indicate the relative constant prioritization of local government activities across sectors, or could reflect the incremental nature of Tanzania's central government budget process.

A picture of stability over time also emerges when considering the proportion of local government spending as a percentage of the central government's recurrent budget. Consistently, intergovernmental grants account for 17-18% of the national

⁸ Section 2 of the GSU study presents a detailed quantitative analysis of Tanzania's system of local government transfers..

recurrent spending. Although resources allocated to the local government level rose slightly over the period under consideration (from 17.62% in FY 2000/01 to 18.60% in FY 2004/05), it is hardly possible to conclude that there is a discernable upward trend.

However, it is possible that the numbers in Table 2.12 do not fully reveal the size of the transfer system and in fact may understate the extent of expenditure decentralization in Tanzania, since the table narrowly focuses on local government resources provided to LGAs through the regional votes. In fact, over the period under consideration, local governments may have increasingly been the beneficiary of other funding sources, including PEDP, the Health Basket Fund, ministerial subventions and other parallel funding mechanisms. If donor-funded programs such as PEDP and the Health Basket (which are accounted for in the Development Budget, as opposed to the recurrent budget) indeed disproportionately benefited local governments, then it might be the case that (a) in total, local governments received an increasing share of budgetary resources over the period considered, and/or (b) that the percentages in the bottom-panel of Table 2.12 understate the importance of local government transfers in the national budget.

Thus, in an attempt to more accurately portray the resources available at the local government level, Table, 2.13 integrates not only the budgeted sectoral block grants for FY 2004/2005, but also reports transfers from known sectoral (basket) funds and other known sources; the table further shows the realization of intergovernmental transfers.⁹ While additional work may be needed to reveal all government resources flowing to the local government level, a preliminary conclusion that we can draw from this table is that significant resources flow to the local government level outside the regular recurrent grant system.

While it is indeed true that local governments are the beneficiary of other recurrent resources outside the regional budget votes (Votes 70-95), it would be unwise to simply sum up the two different types of resources to the local government level. First, the level of control that local governments have over parallel-funded activities may differ greatly between programs. Particularly in the case of ministerial subventions to LGAs, it is quite unlikely that LGAs in fact have any degree of discretion over the resources in question. In this case, it is highly debatable whether such resources should be counted as “local” resources.

⁹ Since budget years were not synchronized until July 1, 2004, we are unable to fully compare the central and local government data. For comparative purposes, we display reported actual figures for January-June 2004 (the latest data available), along with annualized estimates for 2004. The problem with data synchronization will no longer be a problem for future years.

Second, in many cases, the central government budget actually fails to break out the size of ministerial subventions actually provided to the local government level. More often than not, such local government subventions are combined in votes together with resources intended for the central ministry, making it impossible to quantify the amount of the subventions actually provided. In no case does the budget plan provide any indication how such resources are allocated among local government authorities, thereby making it impossible for LGAs to plan for these resources. Third, given the non-transparent nature of these parallel funding mechanisms, no budget reconciliation ever takes place to assure that these resources were indeed provided to the local government level. As such, we simply cannot be sure that these resources indeed ended up at the local government level.

Furthermore, it is not a foregone conclusion that an increase in local government resources from these alternative funding streams would increase the overall degree of expenditure decentralization in Tanzania. Since these resources are accounted for in the Development Budget, it would be appropriate that if adjustments are made in the numerators for additional recurrent local government spending contained in the Development Budget that similar adjustments are made in the denominator as well. In fact, if one were to take into account the central government's budget in its entirety, it is quite likely that the overall degree of expenditure decentralization would be substantially lower, due to the highly centralized nature of the development budget.

An important conclusion that we can draw here with respect to the quantitative analysis of parallel funding mechanisms is that –in order for us to get a more accurate picture of the role of these funds to local government finance- the central government, as part of the budget process, should more carefully quantify the financial resource provided to local governments outside the context of the regional votes. A related policy question that needs to be resolved in the emerging system of local government finance is whether there are valid reasons for these parallel mechanisms to exist outside the realm of the regular recurrent grant system in the first place (particularly now that the government's recurrent transfer system has been put on sound footing).

Based on the consistent data available for recurrent sectoral allocation, there are a number of interesting observations that can be made regarding the profile of intergovernmental fiscal transfers in Tanzania. Table 2.14 presents descriptive statistics for local government allocations over time, showing how intergovernmental grants have been distributed to the local government level. A first obvious trend visible in the table (confirming the trend revealed in Table 2.12) is that the nominal level of transfers is increasing over time. Perhaps just as

interesting, or maybe even more interesting, is what the table show about the allocation of transfer resources across local government jurisdictions.

One of the conclusions of the Intergovernmental Transfer Study (GSU, 2003) was that there were large variations among (per capita) local government allocations to different LGAs, and that in fact grants were being allocated in a counter-equalizing manner, so that wealthier, urban councils were receiving greater resources than poorer, rural councils. This trend was later confirmed by additional research (Boex, 2003). Table 2.14 confirms the significant variations between different local government councils. Table 2.15 confirms the results reported by GSU (2003) that these variations are worse for some sectors (especially agriculture, local roads and water) than others (primary education and health care).¹⁰

Table 2.14 further reveals the initial impact of the increased attention to the pro-poor allocation of resources to the local government level in recent years. Based on the coefficient of variation, we observe the inequality in budgeted resource allocations to the local government level steadily increasing prior to the release of the transfer study in January 2003. However, the variation in transfers declines starting from fiscal year 2003/2004 onward, suggesting a more equal allocation of local government resources. For FY 2004/05, the further decline in the variations may be the result of the initial (albeit imperfect) introduction of formula-based sectoral grants for the primary education sector and local health services. The statistics consistently indicate a progressively more pro-poor allocation of local government resources in FY 2003/04 and FY 2004/05.¹¹

This trend –increasing disparities over time in the allocation of transfers before 2003, and decreasing disparities since then– is generally mirrored by the other inequality measures. Prior to the completion of the intergovernmental transfer

¹⁰ The fact that these variations are more severe in certain sectors signifies that different approaches may be needed to assure convergence between the historical allocation patterns and the formula-based allocation approach. See LGRP/GSU. 2005. Technical Notes on Local Government Finance Reform in Tanzania: The implementation of the formula-based grant system in Tanzania: Convergence of phasing-in and holding harmless provisions (Technical Note 2005-2).

¹¹ The preliminary budget frame figures for FY 2005/06 indicate a significant further decline in local disparities in the allocation of transfers (with an expected coefficient of variation of 0.27). While the introduction of formula-based transfers should greatly reduce variations in transfers, differences in (per capita) grant amounts between districts will continue to exist, as determined by the allocation factors included in the respective transfer formulas. Furthermore, the existence of phasing-in and hold-harmless provisions contributes to a gradual transition to the more equitable formula-based system.

study in 2003, the ratio between the local governments that received the highest transfer to the district that received the least was extremely high. In FY 2000/01, the ratios of maximum to minimum amount of transfer were 6.51, and increased steadily to 8.09 and 9.52 over the next 2 fiscal years. This ratio significantly improved starting FY 2003/2004, when the best-endowed LGA only received 5.32 times the amount received by the worst-endowed LGA. The ratio declined further for FY 2004/2005, although it is again expected to increase slightly based on preliminary budget data for FY 2005/06.¹²

The same overall trends are revealed by the other inequality ratios in Table 2.14, including the ratio of maximum to average, and the ratio of minimum to average transfer. However, these ratios reveal a further detail: the more equal allocation of resources is predominantly the result of efforts to “pull up” the poorer districts, rather than of an effort to “push down” the wealthier districts. Consistent with the policy choice to hold LGAs harmless against declines in resource allocations (and policy decisions outside their control), the maximum resource allocations shows an upward trend (albeit with a spike in 2002/03). While this suggests that wealthier local governments continue to receive larger transfers over time, the ratio of maximum to average has been declining (albeit only gradually) since 2003. At the same time, the ratio of minimum to average transfers has been increasing steadily, and has made much more significant improvements since 2003. For the coming fiscal year, the poorest-endowed district in Tanzania is expected to receive basically half of the average per capita transfer in Tanzania; this is almost double the amount that the worst-off district received in FY 2000/01 (when the worst-off district only received 34 percent of the average district’s resources).¹³

The trends displayed in Table 2.14 suggest an extremely positive development in local government finance in Tanzania: despite large historical variations and counter-equalizing patterns in local government resource allocation prior to 2003, the allocation of recurrent grants since 2003 appears to have occurred in a

¹² Based on the formula-based allocations provided to LGAs as part of the Budget Frame in January 2005, the variations in transfers between different local councils was expected to decline even further. However, the preliminary budget figures reflect a much greater variation in resources as a result of modifications made to the Hold-Harmless Baseline (largely in response to changes in PE resulting from staffing decisions made by PO-PSM without considering the formula-based funding framework) .

¹³ As eluded to in the previous footnote, the pro-poor effect of the local government budget guidelines issued in January 2005 would have been even greater, with the poorest council receiving 61 percent of an average district’s resources. However, the failure of the government to hold steady the “hold-harmless baseline” caused a significant worsening of disparities in transfer allocations vis-à-vis the figures contained in the local government budget guidelines.

systematically more equal and pro-poor manner. In particular, as the formula-based transfer system is being phased in, the transfer system allocates additional resources to the previously under-resourced regions, without pushing down the allocations to the more developed (and previously advantaged) local governments. The major improvements in pro-poor local government allocations -while fully holding wealthier councils harmless- has been possible in part due to the rapid increase in the real size of allocations available to the local government level.

2.5. The special role of DSM City Council

The Dar es Salaam City (DSM) Council takes a special position in the system of intergovernmental fiscal relations in Tanzania. The City Council (CC) covers the entire DSM Region, which is comprised of the three constituent municipalities of Ilala, Kinondoni and Temeki. The local expenditure assignments which are normally carried out at the district level are divided in DSM between the City Council and the Municipal Councils. For instance, the City Council provides no primary education (this is all done at the municipal level), while both the CC and municipalities deliver certain health care services. Similarly, revenue collections are divided between the two local government types.

To the extent possible, it is worth reviewing the preceding tables to the extent that they specifically identify trends in Dar es Salaam region. Table 2.2 is particularly useful in this regard. This brief section is not intended to take the place of a much more comprehensive and detailed analysis of fiscal trends in DSM; the purpose of this section is merely to highlight the unique fiscal role of DSM in Tanzania's system of local government finance.

A first observation from Table 2.2 is that DSM is by far the wealthiest region in terms of own source revenues: local governments in DSM collect an average of TSh 4300 per (official) resident, which is four times the level of an average region. Even compared to the next wealthiest region (Arusha), DSM collects almost three times more own source revenues per person. In fact, in this respect the local tax system appears to be less "progressive" than the central government tax system: TRA collections data for 2002/03 (not tabulated here) indicate that taxpayers in DSM contributed more than ten times the amount in central government taxes per person than an average tax payer. Whether this is good or bad (or whether the tax system is progressive, regressive or proportional) depends on the distribution of economic activities and tax bases across regions. There data are extremely hard to come by. It may be interesting to note, however, that

according to the household expenditure survey (2002), per capita household expenditures in Dar es Salaam were only twice greater than the national average and only 50% above the household expenditure levels in other urban areas.¹⁴

Another interesting observation that can be extracted from Table 2.2 regarding Dar es Salaam region is that the region receives substantially less than the average amount of intergovernmental transfers. One reason is that the demographic composition of DSM region is different from most of the country; whereas according to the census 19% of the population of an average region is of school-age, the corresponding figure for DSM is only 14%. Given that primary education is the predominant local government service funded by transfers; this would result in lower overall per capita transfers for the DSM municipalities. Other allocation factors included in the transfer formulas (based on the number of clients or relative cost of providing local services) may have a similar impact.¹⁵

A second possible reason why DSM's local councils may be receiving relatively fewer transfers is the argument that DSM has disproportionately more own resources, and therefore it simply does not need as much in the way of intergovernmental transfers. However, using Dar es Salaam's high own source revenue collection as justification for its low transfer does not seem to be valid. First of all, this argument is conceptually flawed, since own source revenues are intended to cover different types of local expenditures than sectoral grants (as discussed further in Section 3 of this report). While it is true that the local governments in DSM have relatively higher own source revenue collected from various economic activities in their jurisdictions, the local governments in DSM are also expected to provide a much higher level of public service to their constituents. If DSM's local councils had to divert their own resources to pay for sectoral services (that are elsewhere fully covered by transfers), this would substantially reduce their ability to provide local public services. Such failure of local public service delivery would in turn discourage tax payers and restrain economic development. In the end, such an approach (basically excessive fiscal

¹⁴ If this were to be an accurate proxy for the tax base in each jurisdiction, this would suggest that local governments in DSM in fact may be exerting above-average fiscal effort in collecting own source revenues, and that the central government's tax system is biased to collect a disproportionately large amount of taxes in DSM.

¹⁵ At the surface, this in fact seems to be an important part of the explanation. In almost all instances, the formula-based amount for DSM councils is either very close to the hold-harmless amount (which is based on last year's allocation) or the hold-harmless amount actually exceeds the formula-based amount. This would suggest that under the previous system, local councils in DSM in fact received at least their fair share of resources, thereby dispelling the notion that the seemingly lower transfers were due to a negative bias against DSM.

equalization) would likely not only harm Dar es Salaam, but may in fact reduce overall economic growth in the entire country.

The rationale that transfers to DSM should be lowered because of their higher revenue collections would be inconsistent at best, because there are other regions with high own source revenues that actually receives relatively above-average transfers. As shown in Table 2.2, excluding DSM, Arusha and Pwani regions are among those with the highest own source revenue collection, but these regions also receive above-average transfers.

Finally, Tables 2.16 and 2.17 reveal the composition of own revenue sources in DSM region. In general, the municipalities in DSM region reveal the same trends as other urban areas as far as their revenue collection efforts and the impact of the revenue rationalization reforms of 2003 and 2004. However, we can remark the following with respect to Dar es Salaam's unique position in the larger system of intergovernmental finance in Tanzania:

- Despite a sharp overall drop in total local revenue collections from 2002-2004 (from TSh 57 billion to TSh 36 billion), total local revenue collections in DSM declined from TSh 15.7 billion to TSh 13.0 billion over the same period.
- These figures indicate that DSM has a dominant position in local government finance in Tanzania; a significant portion of local government revenues in Tanzania is collected within DSM region.
- In addition, the fiscal significance of DSM region has increased in recent years. In 2002, the region was responsible for collecting slightly over a quarter of all local government revenues. By 2004, DSM accounted for over one-third of all local government revenues. (By comparison, in 2002/03, the TRA extracted 78 percent of all its revenues from Dar es Salaam).
- Although before the local revenue reforms, the tax burden was more equally spread between several types of tax instruments, by 2004 the Service Levy accounted for over 40% of all revenue collections in DSM

Table 2.1
Overview of Local Government Financial Resources in Tanzania

	2001/2002	2002/03	2003/04
TSh Million			
Local Government Grants	201,119.0	247,027.3	290,973.8
Own Source Revenues	51,214.9	57,752.1	48,267.4
Local Government Borrowing	50.0	225.0	317.5
TOTAL	252,333.9	304,779.4	339,241.2
As Percentage			
Local Government Grants	79.7	81.1	85.8
Own Source Revenues	20.3	18.9	14.2
Local Government Borrowing	0.0	0.1	0.1
TOTAL	100.0	100.0	100.0

Source: LGFR (2004); Table 1.1

Table 2.2
Local Government Revenue by Sources 2004

	Per Capita (TSh)			As Percentage		
	Transfer	Own Source	Total	Transfer	Own Source	Total
Arusha Region	11,009.1	1,698.6	12,707.7	86.6	13.4	100.0
Pwani (Coast) Region	13,340.5	1,595.6	14,936.1	89.3	10.7	100.0
Dodoma Region	9,954.0	336.9	10,290.9	96.7	3.3	100.0
Iringa Region	12,190.4	886.8	13,077.2	93.2	6.8	100.0
Kigoma Region	8,077.8	388.0	8,465.8	95.4	4.6	100.0
Kilimanjaro Region	16,089.8	997.2	17,086.9	94.2	5.8	100.0
Lindi Region	12,248.0	659.8	12,907.8	94.9	5.1	100.0
Mara Region	11,662.0	759.8	12,421.9	93.9	6.1	100.0
Mbeya Region	12,316.3	790.0	13,106.4	94.0	6.0	100.0
Morogoro Region	9,981.0	722.3	10,703.2	93.3	6.7	100.0
Mtwara Region	11,559.0	850.6	12,409.5	93.1	6.9	100.0
Mwanza Region	8,119.6	880.1	8,999.7	90.2	9.8	100.0
Ruvuma Region	12,214.5	473.8	12,688.3	96.3	3.7	100.0
Sinyanga Region	7,852.7	512.5	8,365.2	93.9	6.1	100.0
Singida Region	9,885.0	212.1	10,097.1	97.9	2.1	100.0
Tabora Region	8,833.0	836.0	9,669.0	91.4	8.6	100.0
Tanga Region	11,714.5	841.4	12,555.9	93.3	6.7	100.0
Kagera Region	8,742.7	285.4	9,028.1	96.8	3.2	100.0
Dar es Salaam Region	7,752.0	4,299.4	12,051.4	64.3	35.7	100.0
Rukwa Region	9,582.4	505.6	10,088.1	95.0	5.0	100.0
Manyara Region	10,847.7	396.2	11,243.9	96.5	3.5	100.0
NATIONAL AVERAGE	10,210.6	1,028.4	11,238.9	90.8	9.2	100.0

Source: Computed by authors based on Ministry of Finance and PO-RALG data.

Table 2.3
Consolidated Local Government Revenue Collections by Source, 2001 - 2004
 (Actual collections, in TSh millions)

	2001	2002	2003	2004(*)
Development Levy	10,994.4	11,212.0	3,179.6	466.2
Property Tax	3,146.4	3,542.8	3,171.5	4,901.2
Agricul. Cess / Livestock Levy	9,321.3	9,209.2	8,977.3	7,147.2
Industrial Cess / Service Levy	5,217.1	9,085.0	7,724.0	9,377.1
Land Rent	620.8	742.7	753.2	369.5
Licenses and fees	10,152.8	11,052.8	11,998.7	6,201.8
Charges	3,141.4	4,041.6	5,042.2	4,389.5
Other taxes and levies	8,620.8	8,866.0	7,421.0	3,583.7
TOTAL	51,215.0	57,752.1	48,267.5	36,436.2

Source: Computed by authors based on PO-RALG data. (*) Annualized estimate, based on collections for January-June 2004.

Table 2.4
Consolidated Local Government Revenue Collections by Source, 2001 - 2004
 (As percentage of total)

	2001	2002	2003	2004(*)
Development Levy	21.5	19.4	6.6	1.3
Property Tax	6.1	6.1	6.6	13.5
Agricul. Cess / Livestock Levy	18.2	15.9	18.6	19.6
Industrial Cess / Service Levy	10.2	15.7	16.0	25.7
Land Rent	1.2	1.3	1.6	1.0
Licenses and fees	19.8	19.1	24.9	17.0
Charges	6.1	7.0	10.4	12.0
Other taxes and levies	16.8	15.4	15.4	9.8
TOTAL	100.0	100.0	100.0	100.0

Source: Computed by authors based on PO-RALG data.

Table 2.5
Consolidated Local Government Revenue Collections by Source, 2001 - 2004
(TSh per capita)

	2001	2002	2003	2004(*)
Development Levy	338.1	335.1	92.3	13.2
Property Tax	96.8	105.9	92.1	138.3
Agricul. Cess / Livestock Levy	286.6	275.2	260.7	201.7
Industrial Cess / Service Levy	160.4	271.5	224.3	264.7
Land Rent	19.1	22.2	21.9	10.4
Licenses and fees	312.2	330.3	348.5	175.0
Charges	96.6	120.8	146.4	123.9
Other taxes and levies	265.1	265.0	215.5	101.1
TOTAL	1,574.9	1,725.9	1,401.8	1,028.4

Source: Computed by authors based on PO-RALG data.

Table 2.6
Descriptive Statistics for Local Government Revenue Collections in 2002
 (Actual per capita collections, TSh per person)

	Development Levy	Property Tax	Agricultural Cess/Livestock Levy	Industrial Cess/Service Levy	Land Rent	Licences and fees	Charges	Other taxes and levies	Total Local Revenues
Average	283.86	95.88	306.37	177.50	21.45	310.58	162.76	239.95	1,598.35
Standard Deviation	245.62	239.36	373.84	773.06	76.57	425.76	314.84	379.57	1,494.00
Coefficient of Variation	0.87	2.50	1.22	4.36	3.57	1.37	1.93	1.58	0.93
Minimum	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	266.57
Maximum	1,537.99	1,361.88	2,555.18	7,283.60	595.35	3,605.31	1,734.25	2,225.56	11,186.85

Source: Computed by authors based on PO-RALG data.

Table 2.7
Descriptive Statistics for Urban Local Government Revenue Collections in 2002

(Actual per capita collections, TSh per person)

	Development Levy	Property Tax	Agricultural Cess/Livestock Levy	Industrial Cess/Service Levy	Land Rent	Licences and fees	Charges	Other taxes and levies	Total Local Revenues
Average	182.20	414.07	142.44	755.65	48.98	817.92	381.58	621.01	3,363.86
Standard Deviation	128.06	397.31	220.53	1,600.19	135.25	666.46	470.64	648.84	2,465.43
Coefficient of Variation	0.70	0.96	1.55	2.12	2.76	0.81	1.23	1.04	0.73
Minimum	30.12	41.67	0.00	3.26	0.00	280.44	0.00	0.00	862.99
Maximum	588.85	1,361.88	855.75	7,283.60	595.35	3,605.31	1,465.64	2,225.56	11,186.85
Source: Computed by authors based on PO-RALG data.									

Table 2.8
Descriptive Statistics for Rural Local Government Revenue Collections in 2002
 (Actual per capita collections, TSh per person)

	Development Levy	Property Tax	Agricultural Cess/Livestock Levy	Industrial Cess/Service Levy	Land Rent	Licences and fees	Charges	Other taxes and levies	Total Local Revenues
Average	309.28	16.33	347.36	32.96	14.57	183.74	108.06	144.68	1,156.97
Standard Deviation	261.43	40.30	393.48	155.00	51.80	195.91	235.58	181.21	584.72
Coefficient of Variation	0.85	2.47	1.13	4.70	3.56	1.07	2.18	1.25	0.51
Minimum	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	266.57
Maximum	1,537.99	259.52	2,555.18	1,434.80	389.98	1,342.57	1,734.25	826.19	4,241.11

Source: Computed by authors based on PO-RALG data.

Table 2.9
Descriptive Statistics for Local Government Revenue Collections in 2004

(Actual per capita collections, TSh per person)

	Development Levy	Property Tax	Agricultural Cess/Livestock Levy	Industrial Cess/Service Levy	Land Rent	Licences and fees	Charges	Other taxes and levies	Total Local Revenues
Average	26.38	114.93	239.13	201.25	11.34	155.34	131.70	120.05	1,000.12
Standard Deviation	14.34	359.87	280.80	856.97	36.60	325.36	196.13	121.56	1,576.14
Coefficient of Variation	0.54	3.13	1.17	4.26	3.23	2.09	1.49	1.01	1.58
Minimum	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum	2,502.38	1,867.46	2,543.01	3,763.16	237.30	1,519.85	1,285.79	2,764.13	7,552.72

Source: Computed by authors based on PO-RALG data.

Table 2.10
Descriptive Statistics for Urban Local Government Revenue Collections in 2004
 (Actual per capita collections, TSh per person)

	Development Levy	Property Tax	Agricultural Cess/Livestock Levy	Industrial Cess/Service Levy	Land Rent	Licences and fees	Charges	Other taxes and levies	Total Local Revenues
Average	12.12	516.85	134.34	774.53	18.69	376.94	340.61	378.45	2,552.52
Standard Deviation	59.38	523.52	239.80	1,020.11	49.11	378.10	338.46	690.11	1,751.82
Coefficient of Variation	4.90	1.01	1.78	1.32	2.63	1.00	0.99	1.82	0.69
Minimum	0.00	0.00	0.00	0.00	0.00	53.15	0.00	0.00	664.66
Maximum	290.88	1,867.46	1,037.26	3,763.16	237.30	1,519.85	1,285.79	2,764.13	7,552.72

Source: Computed by authors based on PO-RALG data.

Table 2.11
Descriptive Statistics for Rural Local Government Revenue Collections in 2004

(Actual per capita collections, TSh per person)

	Development Levy	Property Tax	Agricultural Cess/Livestock Levy	Industrial Cess/Service Levy	Land Rent	Licences and fees	Charges	Other taxes and levies	Total Local Revenues
Average	30.10	10.08	266.16	51.70	9.42	97.14	77.20	52.61	594.42
Standard Deviation	260.85	48.33	428.18	107.26	24.98	180.66	104.90	128.57	589.64
Coefficient of Variation	8.67	4.79	1.61	2.07	2.65	1.86	1.36	2.44	0.99
Minimum	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum	2,502.38	458.00	2,543.01	747.28	165.00	1,390.17	546.03	777.34	2,990.76
Source: Computed by authors based on PO-RALG data.									

Figure 2.1
Consolidated Local Government Revenue Collections
by Source, 2001 - 2004

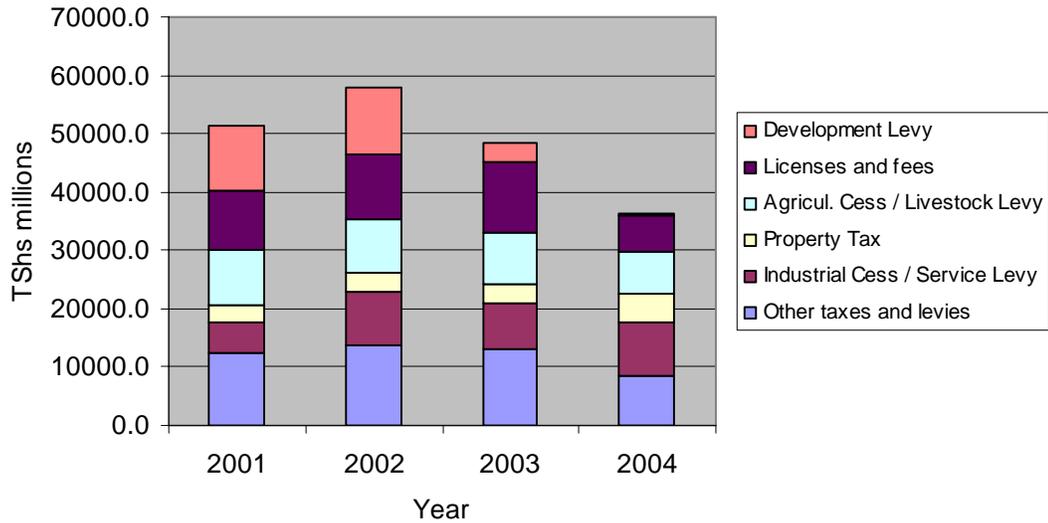


Figure 2.2
Consolidated Local Government Revenue Collections by Source
for Urban Districts, 2001- 2004

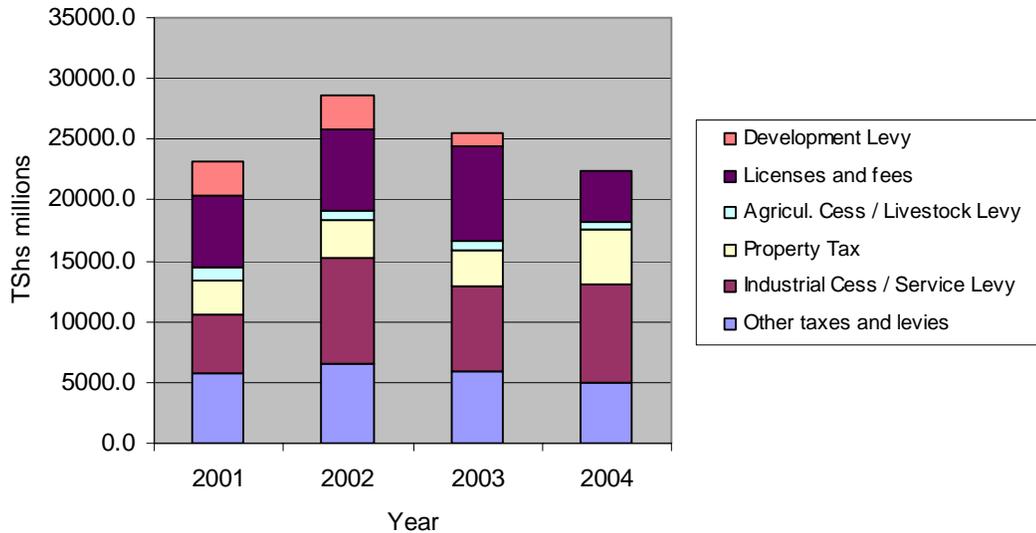


Figure 2.3
Consolidated Local Government Revenue Collections by Source
for Rural Districts, 2001- 2004

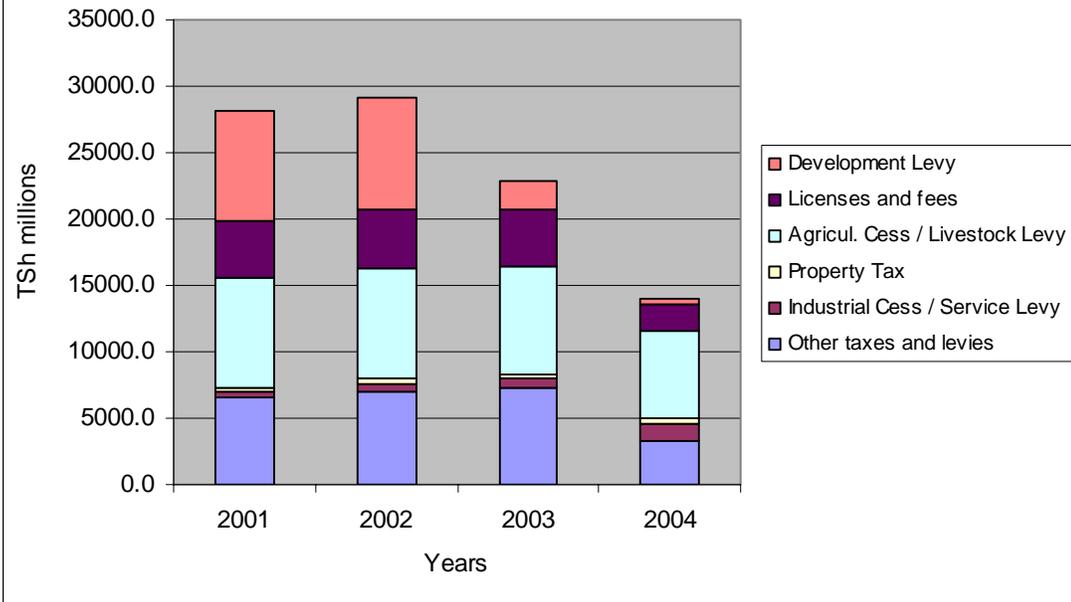


Table 2.12
Aggregate Budgeted Local Government Allocations by Sector

	2000/2001	2001/2002	2002/03	2003/04	2004/05
	TSh Million				
Education	129,804	137,914	170,242	202,240	245,945
Health	29,112	35,468	43,685	48,856	63,574
Other	20,638	27,737	33,100	39,878	52,248
TOTAL	179,555	201,119	247,027	290,974	361,768
	Percent of Total				
Education	72.3	68.6	68.9	69.5	68.0
Health	16.2	17.6	17.7	16.8	17.6
Other	11.5	13.8	13.4	13.7	14.4
TOTAL	100.0	100.0	100.0	100.0	100.0
	Percent of Recurrent Spending Budget				
Education	12.7	12.3	11.4	12.6	12.6
Health	2.9	3.2	2.9	3.0	3.3
Other	2.0	2.5	2.2	2.5	2.7
TOTAL	17.6	17.9	16.6	18.1	18.6

Source: LGFR (2004); Table 4.2

Table 2.13
Budgeted and Actual Block Grant, 2004
(TSh Million)

	Budgeted 2004/2005		Actual, Jan-Jun 2004	Annualized 2004
Education Block Grant	245,945.4	Education Block Grant	104,911.4	209,822.9
Health Block Grant	63,574.1	Health Block Grant	22,258.5	44,517.0
Roads Block Grant	4,991.9	Roads Block Grant	5,402.3	10,804.5
Water Block Grant	11,215.2	Water Block Grant	3,698.9	7,397.8
Agriculture Extension Block Grant	13,939.1	Agriculture Extension Block Grant	2,549.6	5,099.1
Local Administration Block Grant	22,102.0	Local Administration Block Grant	12,984.8	25,969.5
General Purpose Grant	25,000.0	Compensation Grant	10,422.6	20,845.2
Fuel Levy / Roads Fund	21,804.0	Other Government Grants	23,275.4	46,550.8
PEDP Capitation Grant	66,229.5	Basket Funds /Donor Funds	39,103.7	78,207.4
Health Basket Fund	17,807.1			
TOTAL	472,608.3	TOTAL	224,607.1	449,214.3

Source: Ministry of Finance and PO-RALG data.

Table 2.14
Variations in Local Government Allocations Between Districts
(TSh per person)

	2000/01	2001/02	2002/03	2003/04	2004/05	Budget Guidelines 2005/06	Budget 2005/06
Average	6,563	7,215	8,594	9,718	11,770	14,209	14,666
Standard Deviation	2,504	2,877	3,815	3,498	4,066	3,537	4,429
Coef. of Variation	0.382	0.399	0.444	0.360	0.345	0.249	0.302
Minimum	2,251	2,604	3,152	4,330	5,805	8,662	7,167
Maximum	14,650	21,054	30,002	23,024	26,545	28,849	36,150
Ratio max to min	6.51	8.09	9.52	5.32	4.57	3.33	5.04
Ratio min to average	0.34	0.36	0.37	0.45	0.49	0.61	0.49
Ratio max to average	2.23	2.92	3.49	2.37	2.26	2.03	2.46
Source: Computed by authors based on Ministry of Finance data.							

Table 2.15
Descriptive Statistics for Budgeted Sectoral Transfer 2004/2005
(TSh per person)

	Agriculture	Education	Health	Works	Water	Administration	GPG
Average	425.41	7,179.38	1,882.80	153.56	360.73	663.45	704.21
Standard Deviation	208.72	1,368.43	472.28	58.34	181.65	184.25	193.17
Coefficient of Variation	0.49	0.19	0.25	0.38	0.50	0.28	0.27
Minimum	146.94	5,185.12	1,131.26	58.10	142.00	354.92	308.11
Maximum	868.56	11,117.85	3,172.52	288.22	792.72	1,110.67	1,204.11

Source: Computed by authors based on Ministry of Finance data.

Table 2.16
Consolidated Local Government Revenue Collections by Source
for Dar es Salaam Urban Districts, 2001 - 2003
 (Actual collections, in TSh millions)

	2001	2002	2003	2004
Development Levy	2,045.4	2,018.8	859.3	0.0
Property Tax	1,514.0	1,663.3	1,583.7	2,394.1
Agricul. Cess / Livestock Levy	530.0	570.0	499.5	310.1
Industrial Cess / Service Levy	3,839.7	4,345.9	5,317.7	5,608.3
Land Rent	0.0	0.0	0.0	0.0
Licenses and fees	3,621.1	4,314.5	4,923.0	2,680.0
Charges	394.9	431.1	1,759.5	1,102.8
Other taxes and levies	1,660.1	2,342.1	513.1	978.3
TOTAL	13,605.3	15,685.7	15,455.9	13,073.5

Source: Computed by authors based on PO-RALG data.

Table 2.17
Consolidated Local Government Revenue Collections by Source
for Dar es Salaam Urban Districts, 2001 - 2003
 (Actual collections, as percent of total)

	2001	2002	2003	2004
Development Levy	15.0	12.9	5.6	0.0
Property Tax	11.1	10.6	10.2	18.3
Agricul. Cess / Livestock Levy	3.9	3.6	3.2	2.4
Industrial Cess / Service Levy	28.2	27.7	34.4	42.9
Land Rent	0.0	0.0	0.0	0.0
Licenses and fees	26.6	27.5	31.9	20.5
Charges	2.9	2.7	11.4	8.4
Other taxes and levies	12.2	14.9	3.3	7.5
TOTAL	100.0	100.0	100.0	100.0

Source: Computed by authors based on PO-RALG data.