

Financing of local Governments in Tanzania: The Case of Mbeya Municipal Council

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The study has examined the capacity of the local government reform programme in relation to financing of local governments (LG) in Tanzania. The study adopted a historical perspective in examining financing of LG in Tanzania in both pre and post -independence periods. The study revealed that in both periods, all attempted local government reforms did not improve the financing component of LG in Tanzania. Different studies related to financing of LG the world over have also revealed that local government reforms have not improved financing component. The study indicates further that the central government has been the main source of the financing problems in LG because it has not devolved enough powers to the LG. Instead, it has continued to retain the most reliable and easy to tap sources of finance leaving the most difficult and unreliable sources of finance to LG. The study has also further revealed that there has been no significant change in the financing pattern of Mbeya Municipal Council (MMC) during the ongoing local government reforms. Moreover, there has been no revenue increase; even the central government's grants that are given to LG for specific duties were not sufficient and were sometimes released very late. Furthermore, lack of seriousness among MMC officials, lack of reform ownership, misuse and embezzlement of funds, lack of education among tax payers, lack of administrative capacity on various sources of funds and political interference by government officials, have made it difficult to improve the financing of MMC. The reform has therefore neither improved the financing of the MMC nor changed the center local -local fiscal relationship. What is needed therefore is total devolution of powers financially and administratively, short of which the reforms are doomed to fail. More importantly, there should be a political will on part of the government so that it does not excessively interfere in LG matters.