

**Financial management of local government capital development fund in Tanzania:
the case study of four selected councils**

Anna Phillip Mbogo

Master of business administration (Finance)

University of Dar es Salaam, Business School, 2008

This study aimed at examining the extent of effectiveness of financial management in the district councils that qualified to access local Government capital development fund (LGCDF) and those that did not in terms of availability of qualified staff, the ability of the LGA staff in managing capital development fund (CDF) and effectiveness of computerized financial management system. Some literature on LGCDF was reviewed and a conceptual framework was developed by the researcher to guide the study. The study was conducted in four district councils of Morogoro, Mbarali, Muheza and Njombe. Total respondents were 106 in categories of councilors, financial management specialists from ZRT, district council officials and village community members who were obtained through purposive, simple and village community members who were obtained through purposive, simple and stratified random techniques. Data were gathered through questionnaires, interviews, observation and documentary reviews and were qualitatively and quantitatively processed and analyzed through SPSS and STATA. The study revealed that there was no significant difference in terms of availability of qualified staff, the ability of the LGA staff in managing CDF and effectiveness of computerized financial management system between the councils that accessed LGCD funds and those that did not. The study noted that the minimum conditions set for eligibility to access the CDF were retarding the development of village community members who, however, had not contributed to the reasons that led to disqualifying their councils from accessing these funds. The study recommends possible ways to be taken into account by the central government, district councils and community members to improve the effectiveness of financial management. There is a call for the government (PMORALG) to review the criteria for accessing the LGCDF and for district councils to employ the IT personnel for technical use in outputting their financial reports timely and accurately. Also the study recommends increased efforts in sensitizing people on their participation in the development process. Finally, the study recommends further studies to examine the effectiveness of financial management in a wider setting and to examine the strength of personnel in the lower level government in managing the CDF.

