

ABSTRACT

The information contained in this study intend to inform the readers and public at large about the role and functions of Local Government Loans Board as the only financial institution which dedicates responsibility to Local Government Authorities in Tanzania. The study attempt to outline the capacity of the Board as lending entity to LGAs in term of ability to perform its mandated obligation and the outcome of funds that the LGAs have borrowed to implement socio-economic projects. However, the focus of the study was to look at the investment projects implemented by the LGAs through funds borrowed from the LGLB in order to ascertain their viability which is important factor to be considered before funds can be given.

Results showed that, there was no single Local Authority that had managed to recover its debt in time and hence making the Board in a worst situation in its loan portfolio. In addition, the financial capacity of the Board is below average because in 2006/2007 to 2010/2011 the loans disbursed was only 21.7% of the total loans applications. There were poor design of the projects by the LGAs which make them non viable, but the LGLB has inadequate capacity to carry out project appraisal to determine their viability, in order to adress the above mentioned problems , the study has come up with the following recommendations;

- LGLB should increase its capital formation by changing its structure to become either bank or company in order to increase its ownership and attract more capital.
- Employ competent staffs who can be able to undertake project appraisal as well as monitoring and evaluation.
- Local Government Authorities should broaden tax base to increase revenue collection s and be able to finance their projects using own sources.and
- More studies shoul be done to explore other factors for projects viability

