

**FINANCIAL MANAGEMENT PRACTICES: INEFFICIENCIES
FOR SELF SUSTAINABLE ON DONOR FUNDED WATER
PROJECTS**

**THE CASE STUDY OF GLOBAL WATER INITIATIVES
PROGRAM PHASE I**

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FOR SELF SUSTAINABLE ON DONOR FUNDED WATER
PROJECTS
THE CASE STUDY OF GLOBAL WATER INITIATIVES
PROGRAM PHASE I**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR AWARD OF THE DEGREE OF
MASTER OF SCIENCE IN ACCOUNTING AND FINANCE OF
MZUMBE UNIVERSITY**

2013

DECLARATION AND COPYRIGHT

I, Keneth Njako Mapunda, declare that this thesis is my own original work and that it has not been presented and will not be presented to any other university for similar or any other degree award.

Signature.....

Date.....

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ACKNOWLEDGMENT

I am heartily thankful to my supervisor Rocke Alex Muhabe, for his encouragement, guidance and support from the initial to the final level enabled me to develop an understanding of the subject. It is difficult to conduct research while working especial in project like TABASAM in which each minute demand delivery. My sincere thanks are also due to all my teachers at Mzumbe University - Tanzania.

Last, my deepest gratitude to my father, mother, wife, brothers, sisters and my entire friends for their support in every single minute. To the above-mentioned people and to those who have not been mentioned, your sacrifice and encouragement are greatly appreciated and will always be in my memory.

DEDICATION

To my late Sister Renatha Susana Mapunda, father and mother, wife, brothers, sisters
and all friends

ABBREVIATIONS AND ACRONYMS

MU	Mzumbe University
SAIPRO	SAIPRO TRUST FUND
WSDP	Water Sector Development Program
IUCN	International Union for Conservation of Nature
CARE	Care International
CRS	Catholic Relief Services
WSSP	Rural Water Supply and Sanitation Project (Lesotho)
COWSO	Community Owned Water Supply Organisation
WUA	Water User Association
WUG	Water User Group
MoW	Ministry of Water
GWI	Global Water Initiatives
CBO	Community Based Organization
CSO	Civil Society Organization
GoT	Government of Tanzania
DPs	Development Partners

ABSTRACT

Financial management practices is the key role for self sustainability on donor funded water projects, and in Tanzania is the factor which undermine efforts for sustainability. Ability to pay to meet cost is the key essential issue in assuring sustainability. The main objective of the study is to assess the financial management practices specifically the inefficiencies in donor funded water projects to support self sustainable, which eventually will help water entities to achieve sustainability

To archive expectation, case study approach was used as means of study. GWI phase one implementation area used as a focal point. Interviews and questioner were used to collect primary data, while secondary data were collected by reviewing butch of documents used in implementation as mean of validating of primary data. SPSS software was used to analyse data which helps to present in form of table and figures which are easy to understand.

Issues such as integration between financial planning / monitoring and organization strategies, preparation and sharing of financial information, level of streamlining revenue and source of income were among of financial management related indicators which ware scrutinized. Among of major findings, evidence shows that 65% of executives do not produce financial report decision are based on knowledge and not on reports presented. Revenue collection was weak by 74.7%, slightly improved by the kind of technology deployed where deep well scheme is contributing positive by 65%. The report emphasises the need for pricing based on achieving full cost recovery.

To share findings exhausted from this research the most policy implication advice is to look water problem from financial management best practice perspective. Let's make people accountable on their act or omission which causes non functionality of the water sector, people mast pay based on the value of water. Currently water is not as free gift from god. Also let's make people understand water entities the same as other business which are driven by surplus

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CHAPTER ONE

PROBLEM SETTING

1.0 Introduction

A financial management practice on water sector in Tanzania is what undermines sustainability of water sector. Poor revenue collection, Poor water service pricing, and general management of finances is the stumbling block for the sustainability of water sector. It is clearest proof from study is that it is poor financial management that is undermining sustainability (Hayson, 2006) in water sector. The Tanzania water sector development plan (2005 – 2015) and its implementation focus mainly on changes in management modules, institutionalization and policy instruments with less emphasize on financial management practices which is the backbone of sustainability.

This study is attempted to see the relationship between financial management and sustainability. To make analysis understandable, the arrangement of chapter one takes historical approach to build arguments on the study, therefore the chapter divided in seven sections, Background of the problem Statement of the problem, objective of the study, Specific Objective, Research question, significance of the study and limitation of the study.

1.1 Background to the Problem

Like many poor nations around the world, Tanzania suffers from serious issues involving its people in regards to water. In a nation where one third of the country is arid to semi-arid, it is very difficult for people to find access to clean water, which lead increased rates of gender-based violence and the number of girls dropping out of school (Shore, 2006), for the past last decade the Government of Tanzania with the help from development partners embarked in the implementing sectors reforms through formulation of the National Water Policy (NAWAPO 2002), Formulation of the National Water Sector Development Strategy (NWSDS 2006 – 2015, Preparation and implementation of the Water Sector Development Programme (WSDP 2006 – 2025) and the enactment of the two Water legislation number 12 of 2009 but still water sector

is moving down ward. Lack of operational funds for the fully functional MIS in terms of consultancy and training is challenging which if not resolved, may affect the sustainability of the MIS in future (Water, 2011),

One of the challenges facing water sector in Tanzania is not obtaining funds for investments but what happens after huge investments. It is evidenced that based on original commitment of USD 370,000,000 the sector secured USD 406,454,224 which is 109.85% for the period covering July 2007 – June 2011 (Water, 2011). Water sector is the political agenda which is taken as one way of poverty eradication promises. Development partners have been influencing economic and social reforms in Tanzania by supplying abundant resource in water sector investments. One of these initiatives is the funding of Global Water Initiatives Phase I, which was a program deals on facilitating the community of 37,433 people, among them 19,290 Female, and 18,143 men living in arid and semi-arid regions to access clean and safe water. The program was funded by Howard G. Buffet and executed by consortium member; one of them is CARE International in corroboration with local partners named SAIPRO Trust Fund.

The study conducted by WaterAid in June 2006, identifies only 54% of rural water points functioning and, only two year after installation already $\frac{1}{4}$ of water points are not functioning. The research also finds that water user association, water user groups and private operators found to be more successfully, the reason of archiving sustainability is that autonomy helps to ensure funds are available when needed for repair and by improving revenue collection and reducing fund mismanagement. This is evidencing that most of rural water points collapse and stop functioning because of lack of scrutinizing in area of financial management.

Historical changes of water management perception faces the sector in Tanzania depending on political wind and people (Voters) needs. For example in 1971 the government instituted a 20 year Rural Water Supply Program. This program aimed to provide "access to adequate, safe, dependable water supply within a walking distance of 400 meters from each household" (The Reform of Water Sector in Tanzania). Under

this program, the government also wanted to provide free water to its citizens, because water is a basic human right. However, as positive and hopeful as this program was, it failed to deliver because of issues with beneficiaries, technology, and its approach. In 1991, the government tried to implement the National Water Policy, which too needed to be revised and ultimately failed (Shore, 2006).

Institutional arrangement of water sector in Tanzania is that the Ministry of Water is the oversee of water sector through Water Sector Working Group (WSWG), and is a consultative group for sector dialogue between MOW, other relevant Government Ministers and Institutions, Development Partners, civil society Organizations, and other stakeholders. The day to day regulations delegated to Water Resource Management - Basin Water Resource and Rural and Urban Water supply. The stated approaches as stipulated in Institutional Framework for Water Resource Management supposed to be followed even by donor funded project even after project phase out the management of established water schemes handed over to bodies stipulated by MoW. That means if the management modules stipulated by the government have great weakness on the best practice of implementation of execution of financial management practices even donor funded projects will fail soon after establishment and project faced out.

In managing demand, the water sector receives subsidies from central government to meet operation demands. This evidenced in Tanzania for the period covering June 2007 – June 2011, the sector collected Tshs 4,011,916.755 (Basin's Revenue), Tshs 156,966,000,000, while subsidies and contributions total to 70,036,561,479. However subsidies is creating artificial low prices that fail to encourage effective water management and leaves utilities underfunded, struggling to provide adequate services and attract investment and this lead to over extractions.

1.2 Statement of the Problem

Financial management best practices are the big problem on sustainability of water sector which includes donor funded water projects. Effective water sector financial management is crucial if servicer to be provided equitably (Water, 2011). Sector financing and financial accountability (Pricing, revenue collections, budgeting,

spending, reporting etc) depend on actors on water sector which identifies government as the big actor. Management policies give and takes authorities of utilization of identified best financial management practices to make or justify sustainability of water entities.

Budget formulation and expenditure management practices are the key components in water entity sustainability, it is important for water sector financial management practices be policy sensitive's, which means more and intensive analysis and emphasis must be employed in the formulation of different policies and regulations which governs water sector basing on financial management best practices. Most of the water sector reform are emphasised on administrative issues, for example establishment of governing bodies which mostly look like political agenda.

Water entities financial management is still subject to political influence, by the definition financial management means planning, organizing, directing, and controlling the financial activities such as procurement and utilization of funds of the enterprise, it means applying general management principals of financial resource of the enterprise (Management Study Guid, 2008) e.g. pricing of water services. In the light to the above policies, regulation and management models which are being developed does they recognize, reliable estimates of feature allocations which enable effective planning of water entity level, inclusion of all partners in budgeting and expenditures monitoring of all resources of funds, extraction of accurate financial information which enables analysis spending efficiency, equity and effectiveness in meeting social needs, usage of formulae based and weighted allocation procedures that reflect poverty, population, existing service and capacity.

Moreover, needs of harmonizing of sector vision, targets with budget, allocations and subsidies; financial management in compliance with recognized standards; participation of external audit of expenditure at least annual and inclusion of value for money checks; and last applying lesson learned from external water sectors and partners such as World Bank Performance Measurement Frameworks which allow measurement of high

performance indicators against critical dimension of performance of an open and orderly PFM system at the central government level.

1.3 Objective of the Study

The main objective of this study is to assess the financial management practices specifically the inefficiencies in donor funded water projects to support self sustainability.

1.4 Specific Objective

This study has the following three specific objectives:

- (i) To assess the financial management practices relates to sustainability of donor funded water projects.
- (ii) To identify inefficiencies relates to financial management practices that affect the sustainability of donor funded water projects.
- (iii) To examine the extent to which financial management practices affect sustainability of donor funded water projects.

1.5 Research Questions

This study was guided with the following research questions:

- (i) What are the practices on financial management relates to sustainability of donor funded projects?
- (ii) Which are inefficiencies on financial management practices affects the sustainability of donor funded projects?
- (iii) To what extend financial management practices affect sustainability of donor funded projects?

1.6 Significance of the Study

The findings of this study act as a catalyst to help CARE International for feature water sector interventions, SAIPRO Trust Fund, Ministry of water (Water Sector

Development Program (WSDP)) and other Water sector development partners to undertake relationship between Management models in water user sector, governance and best practice in financial management as the catalyst for self sustainable. It is also helping water projects from not depending on subsidy, credits, and grants.

1.7 Limitation of the Study

In the course of executing this study, a number of limitations rise and interfered smooth execution of the study. The major limitations include lack of researcher experience in water related projects. This is the first work of the researcher in the field of water related projects. However, always every thing has the beginning.

Second, the study based on the assumption that the sampled community beneficiary representatives are in a fair representation of the rest of the communities because of their homogeneous characteristics in cultural and socio-economic status. But the fact is that most households do not keep records, the accuracy of most of the data to be collected can depend on individual's ability to recall.

1.8 Organization of the Study

This work is divided in six parts, chapter one introduces problem setting by explaining introduction to the problem, background of the problem, statement of the problem, objective of the study specific questions and study limitation. Chapter two provides an overview on literature review, by defining main concepts that sustainability and financial management and explain in details findings by other researchers on the same area of study. Chapter three focus on methodologies where key issue on how data and facts collected and the process of analysing. Chapter four discusses on finding, chapter five focuses on discussion of the findings and last, Chapter six highlight Summary, of the work, conclusions, and policy implications

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

There is ongoing concern on quality and quantity of water and infrastructure resources, like lack of access to fresh water despite of enormous investment. Population of Tanzania is growing faster un-proportional compared to the rate of water sector investment and sustainability of water investments. A water sector program (WSDP) was launched in 2007, with multi funding. Official figure suggest that between 2007 and 2010 the increase in the proportion of household using protected water resource was significant in urban areas (80% - 81%), while in rural areas it improved from 40% - 48%percent. The 2010 rates were below the MKUKUTA targets of 90% and 65% for the urban and rural areas respectively (Repoa, 2011). Huge investment and reaching target is one obsession but it sustainability after that investment is what mater.

This chapter present critical on current knowledge including findings, recommendations, methodologies, and knowledge contribution by other writers in the issue of financial management on donor funded projects. The chapter starts with definition of key terms i.e. financial management and self sustainable, theoretical literature review, financial management overview, and water projects managements. Also the topic discuss, financial management of donor water projects, self suitability, empirical literature review, conceptual frame work and last hypothesis.

2.1 Definition of Key Terms

The concept of financial management and self sustainable as used in this document tries to integrate the variable relationship for long existence of water system in donor funded projects. In the response of increasing pressure in management of water system, the relationship between financial management and self suitability is inevitable.

2.1.1 Financial Management

Financial Management addresses issue of planning, organizing, directing and controlling of financial activities and utilization of funds of the entities. It means applying general management principles to financial resources of the enterprise. The Association of Chartered Certified Accountants, (2010) addresses financial management as how it's funding is used to address national and local priorities, the availability of resources for investment and the cost-effectiveness of public services.

The most popular and acceptable definition of financial management as given by S.C.Kuchal, is that "Financial Management deals with procurement of funds and their effective utilization in the business". Based on the above definitions, water entities as other business venture needs finance to grow, meeting requirements of daily, and servings for risk mitigating. That weather entities are small or big but depend in finance.

As per above definition finance is the key word in financial management and once deep explanation needed sometime is better to explain finance as standing alone, as defined by Paramasivan & Sabramanian, define as the art and science of managing money, it include financial service and financial instruments. Finance also is referred as the provision of money at the time when it is needed. Finance function is the procurement of funds and their effective utilization in business concerns. The concept of finance includes capital, funds, money, and amount. But each word is having unique meaning. Studying and understanding the concept of finance become an important part of the water entity concern.

According to Khan and Jain, "Finance is the art and science of managing money". According to Oxford dictionary, the word 'finance' connotes 'management of money'. Webster's Ninth New Collegiate Dictionary defines finance as "the Science on study of the management of funds' and the management of fund as the system that includes the circulation of money, the granting of credit, the making of investments, and the provision of banking facilities, but based on our study this definition will fit only in opposite way at the time when water entity try to raise funds for its activities.

Financial management is an essential part of general management. It is concerned with the duties of the all part in organization in the business firm. The term financial management has been defined by Solomon, “It is concerned with the efficient use of an important economic resource namely, capital funds”. The most popular and acceptable definition of financial management as given by S.C. Kuchal is that “Financial Management deals with procurement of funds and their effective utilization in the business”. Howard and Upton defined financial management “as an application of general managerial principles to the area of financial decision-making. According to Weston and Brigham define financial management “is an area of financial decision-making, harmonizing individual motives and enterprise goals”. Joshep and Massie: also define financial management “is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds necessary for efficient operations. Thus, Financial Management is mainly concerned with the effective funds management in the business. In simple words, Financial Management as practiced by business firms can be called as Corporation Finance or Business Finance.

Effective procurement and efficient use of finance lead to proper utilization of the finance by the business concern. It is the essential part of the financial manager. Hence, the financial manager must determine the basic objectives of the financial management. Objectives of Financial Management may be broadly divided into two parts such as: Profit maximization and Wealth maximization

Financial management involves taking past view of the financial transaction. By looking at the past records of income and expenditure it is possible to the formulation of accurate ideas of sustainability position of entities by budgeting and forecasting. In water sector financial management is crucial if service are to be provided equitable transparent and efficiently.

In 1776, Adam Smith describes how an “invisible hand” guides companies as they strive for profits and the other hand lead them to decision that benefits society. Smith concluded that profit maximization is the right goal for a business and that the free

enterprises system is best for the society. From the above smith point the water entities positive management area of financial management creates positive impact to the community and ensure sustainability.

For purpose of this research financial management is defined as aspect of dealing with planning, directing, controlling and organizing financial resources for the purpose of archiving organization long term goals. So the terms planning, organizing, directing and controlling is the main aspect of the study.

2.1.2 Sustainability

"Sustainable" means to endure, to last, and to keep in being. Sustainable development is about marshalling resources to ensure that some measure of human well-being is sustained over time (U.S. Agency for International Development, 1994).According to Abt Associates Inc, define Sustainability is a measure of an organization's ability to fulfill its mission and serve its stakeholders over Time. The knowledge process of improving organizational sustainability means broader source of funding and enhancing ability to deliver vital services to targeted population over specific time.

Section 104(2) of Local Government Act 2009 and Section 103(2) of the City of Brisbane Act 2010 provide a definition of financial sustainability as an entity is financially sustainable if the local government is able to maintain its financial capital and infrastructure capital over the long-term. As demonstrated above, there are three key elements to financial sustainability, maintaining financial capital, maintaining infrastructure capital. Over the long-term water entity is financially sustainable if the local government is able to maintain its financial capital and infrastructure capital over the long-term. Financial capital refers to the productive capacity provided by the working capital of the organization. Working capital refers to the capital used to undertake day-to-day operations. It is represented by the difference between current assets and current liabilities Infrastructure capital refers to the productive capacity provided by the significant asset classes of the entity that provide or support services — e.g. roads, water and sewerage assets, drains, bridges, footpaths and public buildings. In

a financial sense, the infrastructure capital is represented by the non-current assets and financing liabilities (debt financing and lease financing) of the entity.

The main insight collected from wealth knowledge about sustainability processes of the concept sustainability, the level of commitment to sustainability is the most important factor to its success. There must be full commitment to the process throughout the organization from the governing board through executives and entire community. Sustainability is the process not an end. In broad knowledge sustainability is the ability of the organization to secure and manage sufficient resources to enable it to fulfill its mission effectively and consistently over the time without excessive dependency on any single funding source, but some time the source may be single but must be reliable. Dependency of sustainability on funding is where the connection relays.

2.2 Aspects of financial management

2.2.1 Planning

It is the basic function of financial management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, “Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be”. A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, and wastages.

In this due course budgeting is the basic skills and totals for turning to financial planning; a budget is a quantitative expression of a plan for a defined period of time. In water entities, it may include planned revenue collection volumes and revenues, resource quantities, costs and expenses, assets, liabilities and cash flows. It expresses strategic plans of business units, organizations, activities or events in measurable terms.

Finance management - planning entails the activities of: defining financial requirements against mandated goals and objectives (i.e., determining how annual and longer term goals and objectives, as delivered from the water scheme, can be met through the use of financial resources, and translated into specific financial commitments); assessing requirements in financial terms (i.e., determining what is achievable using available financial resources); costing all aspects of defined and assessed requirements (i.e., determining what level of financial resources is needed); and reporting findings to the appropriate authorities in advance of preparing a budget.

2.2.2 Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, “To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel’s”. To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves, Identification of activities, Classification of grouping of activities, Assignment of duties, Delegation of authority and creation of responsibility and Coordinating authority and responsibility relationships.

The organizing emphasis in financial management part is to make sure that, the above involves process access number of resource required to archive water entity goal. Always resources are scarce, but for this little resource the system of water entity must assure the required resource are available by making sure prioritization is taken into control.

2.2.3 Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel

aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements, Supervision, Motivation, Leadership, and Communication. Financial resource needs to be directed to archive maximum efficiency organization purpose.

2.2.4 Controlling

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to Theo Haimann, “Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation”. According to Koontz & O’Donell “Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished”, therefore controlling has following steps; one to establishment of standard performance, second to measurement of actual performance, third comparison of actual performance with the standards and finding out deviation if any and fourth corrective action.

Finance management - management and control in water schemes entails the activities of: complying scheme framework of policies, business processes, procedures and standards pertaining to recording, classifying, monitoring, and reporting on use and disposition of financial resources; and establishing, maintaining, and applying a framework of institution-specific policies, business processes, procedures and standards pertaining to recording, classifying, monitoring, and reporting on use and disposition of financial resources.

2.3 Water project Management

In developed countries, a large part of the literature concerned with governance in water sector has tended to focus on quantitative and qualitative impact of governance as key factor for sustainable existence of water project. The sector receives income from different part such as donor funding, government subsidize, and fees collection. One of the crucial areas is about financial management to complete sound governance. Income and expenditure reflecting management modules is the factor, which determine the result.

Africa faces increasingly critical resource constraints in its effort to extend water services of acceptable quality to the vast majority of its people, identified as one of the major factors in explaining the slow progress and the many setbacks in improving access to water and water distribution (UNDP - World Bank, 1998). Yet, there is a surprising dearth of literature attempting to measure the efficiency of operators in a way that would allow economic regulators to introduce explicitly performance incentives in the regulation of the operators in African countries. Perhaps because the partial productivity indicators, such as water losses or number of employees per connection, have generally been so poor that radical operational reforms were easy to propose, much of the attention of policymakers, donors and researchers seems to have focused on the institutional and financing aspects of water sector reforms. The need to mobilize additional resources for water through fees and other modalities of financing and the potential for an increased public private partnership in the sector were particularly emphasized (UNDP - World Bank, 1998)

In many studies, such as the millennium project (Glenn & Gordon, 2002), water management and related issues have been recognized as one of the biggest future challenges for mankind. Rapid population growth and expanding cities, especially in development countries set enormous challenges for construction and management of infrastructure system for water resource and public water and sanitation services, and contribute to increasing societal complexity and interdependency

2.4 Financial Management at Donor Funded Water Projects

The WSDP represents a quadrupling of finance for the sector major accomplishment though managing these funds effectively, efficiently, and equitably remains challenging (WSP, 2006). The situation of water supply and coverage in Tanzania is not satisfactory despite of significant investments. Today only about 50% of the rural population has access to reliable water supply services. Due to poor operational and maintenance arrangement, over 30% of the rural water schemes are not functional properly (WateAid Tanzania, June 2009).

The National Water Policy 2002 is the main strategy for water management in the country. The objectives of the policy are, to provide adequate, affordable and sustainable water supply services to the rural population, to define roles and responsibilities of various stakeholders, and to emphasize on community paying for part of the capital costs and full cost recovery for operation and maintenance of services as opposed to the previous concept of cost sharing. Another are, to depart from the traditional supply driven to demand responsiveness approach in service provision, to manage water supply at the lowest appropriate level as opposed to centralization command control approach, to promote participation of the private sector in the delivery of goods and services, and to improve health through integration of water supply, sanitation and hygiene education.

Table 2:1 Model of Legal Association for Water Management

No	Mode of Legal Association	Operation area	Managing Organization
1	Water User Group (WUG)	Water Point Level	WUG Committee
2	Water User Association	Village/ Scheme Level	WUA Board/ Executive Committee
3	WATSAN Committee	Village Level	WATSAN Committee
4	Water User Coop. Society	Village/ scheme Level	Board / Executive Committee
5	Water User Companies Limited by Guarantees	Scheme Level	Board of Directors
6	Trusteeship	Scheme Level	Board of trustees

Source; (Ministry of Water Tanzania, 2008)

Financing water resource management in Tanzania is characterized by a high share of government subsidies at all levels. This reflects both the low ability and willingness-to-pay of the water users, as well as the recognized public goods nature of certain water-related services. The Government finances both planning activities and most of the new constructions, either directly or indirectly

2.5 Rational between management models, financial management and sustainability.

A financial management practice to support sustainability development is depending upon effective management models that provide significant disincentive to unsustainable development. Value for Money Challenge and Culture, Ownership of Financial Management, Financial Management Competences, Finance Function Service Standards & Performance Mgt, Positioning of Finance – Adding Value, Linkage - Operational Performance and Financial Planning, Forecasting – Re forecasting financial management Information tends to depend on of management models.

In case of water users entities established in Tanzania takes water schemes as property of the governments which gives rooms to governments official to intervene in any case occurred. With the continuing importance of structural adjustment and stabilization programs, many developing countries are implementing fundamental changes in macroeconomic and sectoral policies including Tanzania. Typical adjustment programs call for a greater reliance on markets, more open trade, fiscal austerity and a phasing out of producer and consumer subsidies (input and product markets). Management influences in Budget-reducing measures imply increased competition between and within sectors for funding new water projects. In these situations, the overall economic, social and environmental implications of choices must be carefully addressed.

Policy-makers throughout the world treat water as more than a simple economic commodity. Because water is essential to life, they often reject competitive market allocation mechanisms. Many societies believe that water has special cultural, religious and social values. It observed that the sacredness of water as a symbol of ritual purity exempts it somewhat from the dirty rationality of the market (Boulding K.E). In many

cultures, goals other than economic efficiency play an unusually large role in selecting water management institutions. Some religions, such as Islam, even prohibit water allocation by market forces.

Managers influence all the phases of organizations. Sales Managers maintain a sales force that markets goods. Personnel managers provide organizations with a competent and productive workforce. Plant managers run manufacturing operations that produce the clothes we wear, the food we eat, and the automobiles we drive our society could never exist as we know it today nor improve without a steady stream of managers to guide its organizations and managers are driven by management models. The well known management author Peter Drucker highlighted this point when he said that Effective Management is probably the main resource of developed countries and the most needed resource of developing ones.

In short, all societies, whether developed or developing, need a huge lot of good management models. Essentially, the role of management models is to guide the organizations toward goal accomplishment. All organizations exist for certain purposes or goals, and a management model is responsible for combining and using organizational resources to ensure that their organizations achieve their purposes.

The role of the Management models is to move an organization towards its purposes or goals by assigning activities that organization member perform. If Management ensures that all the activities are designed effectively, the production of each individual worker will contribute to the attainment of the organizational goals. Management models strive to encourage individual activity that will lead to reaching organizational goals and to discourage individual activity that will hinder the accomplishment of the organization objectives.

There is no idea more important than managing the fulfillment of the organizational goals and objectives. The meaning of the Management models is given by its goals and objectives and must have a single minded focus on the fulfillment of the organizational

goals. Based on the fact above analysis of established management model is important to check if it real sustains the water entity.

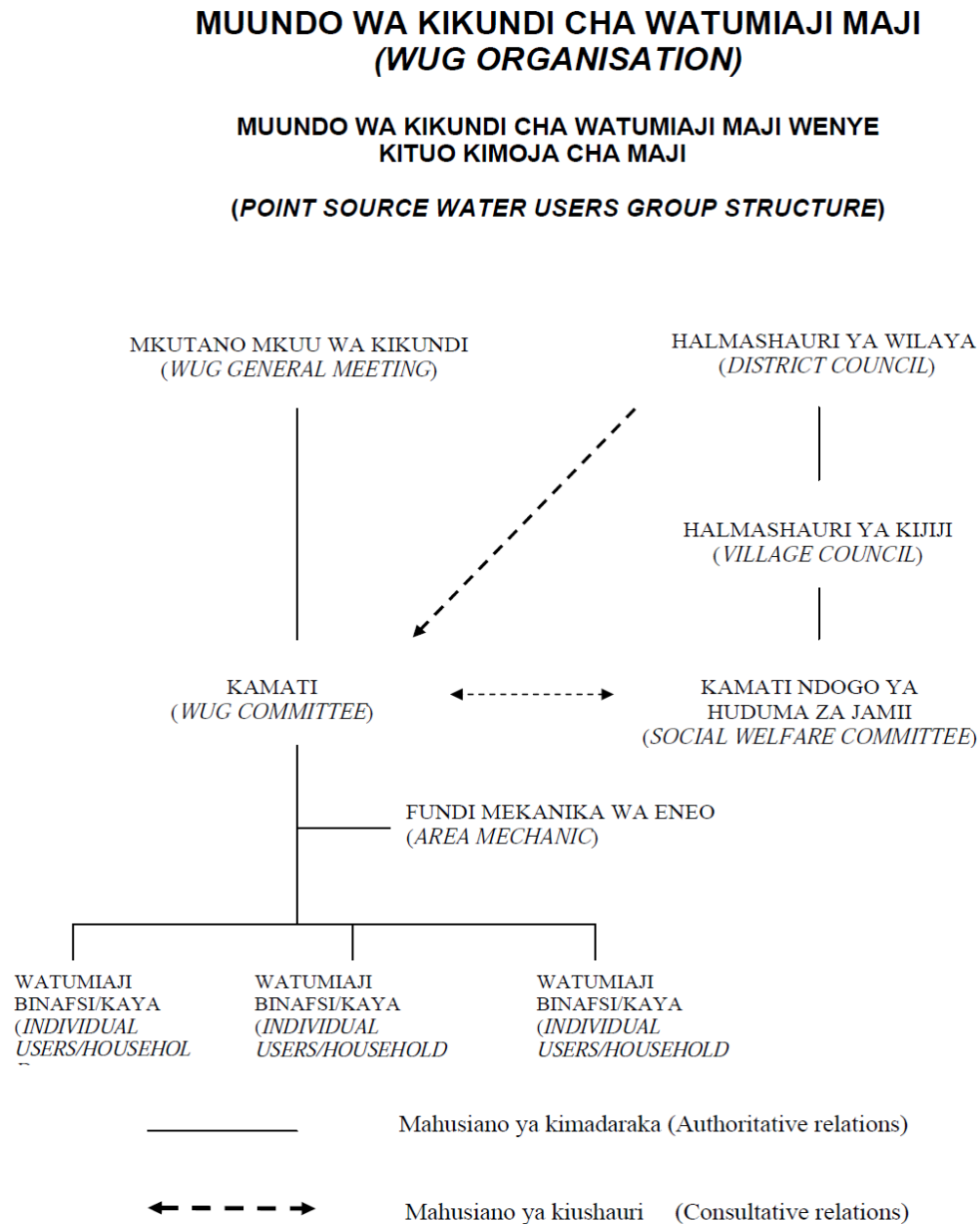
2.5.1 Management Model No, I: Point Water Source (Water User Group Model)

Water User Group (WUG) means a group of individuals or households at the Village or (Mtaa) level whose membership is open and are voluntarily united to establish and develop the source and maintain environmental sanitation and are mandatory under the By-Laws for every source of water established within the jurisdiction of the Council to be registered in the register of the Council. Recognized Public Institution or Social Economic Development Groups with legal registration can as well establish and develop sources of water and shall be registered by the Council as water user groups in order to attain legal protection under the By- Laws.

The Council is be the legal owner of the water facility with a radius of between 6 to 10 meters and shall protect and keep their water facility clean and free from refuse and shall take all reasonable steps to guard it and prevent occupancy of any nuisance. Provided that every user group shall make memorandum or resolutions to own, operate, maintain, protect, keep clean their sources of water and shall consider in their memorandum how to favor poorer strata of people in their vicinity.

Members of the user groups shall have responsibility and obligations to protect their assets and water facility from theft or damage, Ward Executive Officer, Divisional Secretary or any officer authorized in writing by the Council may at any reasonable time enter upon any source of water established within that particular Ward for the purpose of inspection and ensuring compliance with the provision of these By-Laws and for ascertaining whether water user groups are operating in accordance with the law and order of the country and shall have powers under these by-Laws to take legal action including taking to court anybody or members of the water user group who shall contravene any provision of the By - laws.

Figure 2.1 1 Point water user (water user group) management model structure



Source: Ministry of water Tanzania – (WSDP; Program Implementation Manual

The model provides power to government institution on supervising both financial and technical expertise, but the concern is the institutional framework is not mandatory for

providing legality in that intervention, there is no know framework based on when or who will perform what and for who.

2.5.2 Management Model No, II: Village Water Scheme

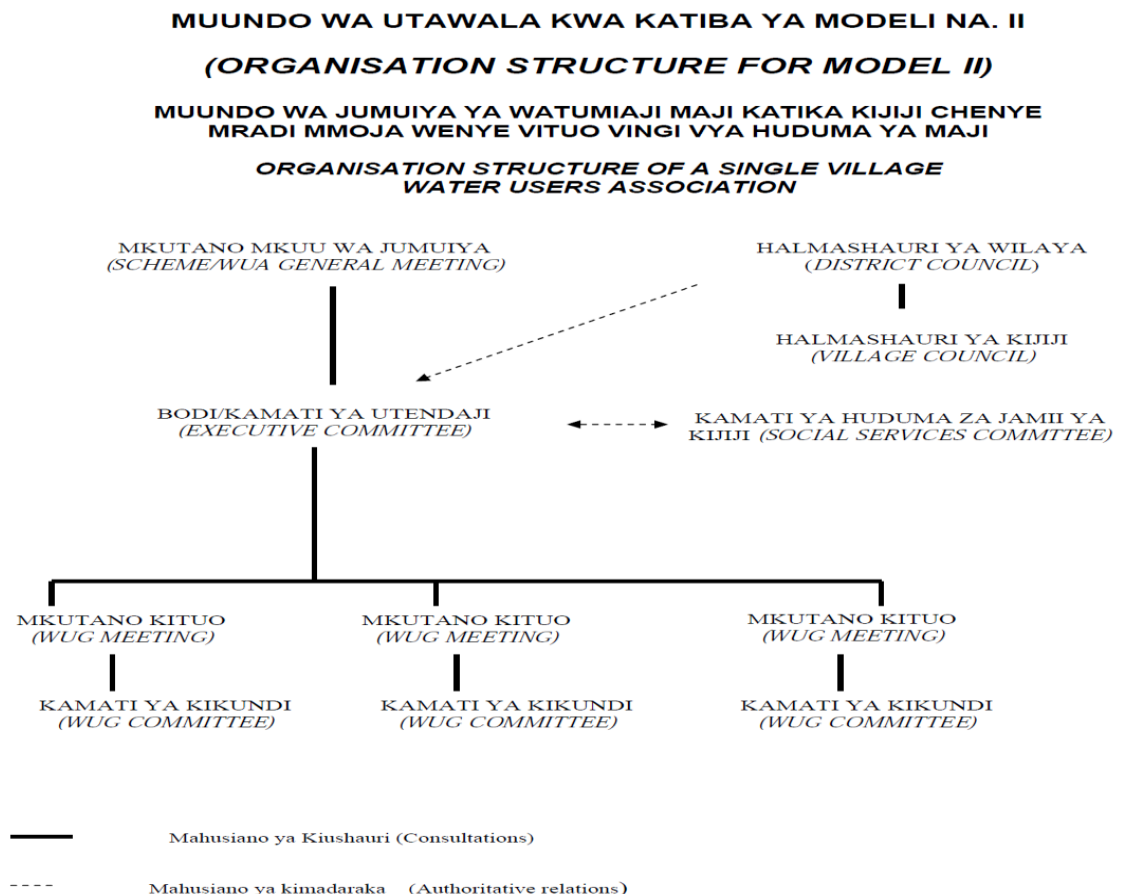
Village water Scheme level means the supreme level of the organization structure of which comprise leaders of all distribution points and other village and district council representatives, the overall objective of is to establish a legal independent community organization responsible for the management, operation and maintenance of water supply and sanitation facilities for sustainable project.

The village water scheme leaders are commissioned to charge and collect fees for water supplies as agreed upon by water users of the scheme. It is lawful for the Association to look for and solicit funds from various sources for the proper operation and maintenance of the water supply system including but not limited to Voluntary contributions from members and non members, Sale of water to water uses of the tariff set by the scheme level general meeting donations, gifts and or grants and Penalties / fines from people who contravene laid down rules and regulations.

The organization structure and meetings start with Water Point level and Scheme level. The water point level comprise all water users utilizing water from the Water Point and large public institution such as school or health centre is privileged to have an independent unit. At Water Point level there is two types of meetings Water Point general meeting and Water Point management committee. The Water Point general meeting meets after every three months or ad-hoc meeting shall be convened any time if there is a need to do so. Matter to be discussed of the Water Point general meeting shall be, to elect, suspend or dismiss Water Point management committee members, to receive and deliberate on various reports from the Water Point management committee, to suggest new rates and or amendments of water fees to the scheme level general meeting, to plan and decide on better ways of utilizing their Water Point and protection of its environmental sanitation.

At scheme level the General is the highest organ for all matters concerning Association and shall consist of the following members all members of the Executive Committee, all members of the Water Point Committee, Village Chairperson and Village Executive officer, Chairperson and Secretary of Social Welfare Sub-committee of the village council.

Figure 2.1 2 Village Water scheme Management model structure



Source: Ministry of water Tanzania – (WSDP; Program Implementation Manual

The scheme level general meeting shall meet twice every year January and July and shall have the following duties and powers, to elect, suspend or remove members of the Executive committee, to set policies and approve constitution, rules and regulations for the efficient management of the Association to consider and approve tariff or amendments to water tariffs and rates of penalties for defaulters, to receive and deliberate on financial statements, and Executive Committee management reports To

consider and approve annual development plans and budget and to consider and decide on any important strategy which aims at making the Association sustainable.

The analysis of the model develop serious, conflict of the interest because the function between water point level meeting and general meeting, these two level own the same power but in different level even if the source of water are the same and resource needed to run the scheme are the same.

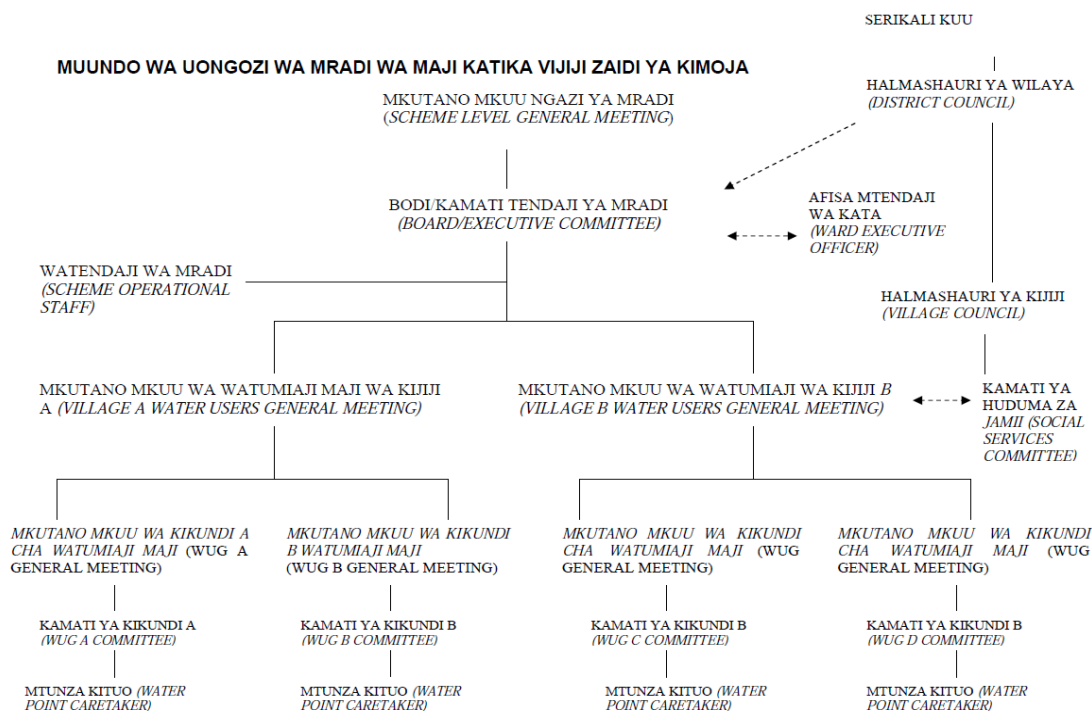
2.5.3 Management Model No, III: Group Water Scheme

Group water association is an association developed by the following members; Ordinary members, this group shall include all ordinary water users at Scheme, second A group is associate members This group shall include representatives who can be appointed from companies, institutions, government departments, society, parastatal organization, etc who describe to the objectives of the Association Honorary Members, this group include all members who are recommended by the scheme level general meeting to be members on account of his/her contribution of ideas or properties to the welfare of the association.

The aims of the association are as follows; to establish an association which will be responsible for the supply of clean and safe water at the cheapest price to its members, to operate and maintain a water supply scheme ensure protection and conservation of hygiene and environmental sanitation, to ensure that the scheme acquires the water right as per the laws of this country. To take all necessary and proper steps in collaboration with other relevant companies, authorities national wide or at district level on all matters which the Association has interest there in and or to carry on negotiations or operation for the purpose of directly or indirectly carrying out the objective of the association or furthering the interest of the users and to oppose any steps taken or likely to be taken by anybody or company or an institution or authorities or persons which may be considered likely or directly or indirectly to prejudice the interest of the Association. Other function is to ensure the long term reliability of the water supply scheme on the basis of full cost recovery operation, to invest and deal with the money

of the association not immediately required for the purposes of its business in or upon such investments or on security matters, provided that such investment or dealing in moneys shall not prejudice the interest, aims and objectives of the Association, to collect fees for water supplies to water users by the Association and last to cooperate with other Association or bodies in the area of the district whose aims and objectives are similar to those of the association.

Figure 2.1 3 Group Water scheme management model structure



Source: Ministry of water Tanzania – (WSDP; Program Implementation Manual

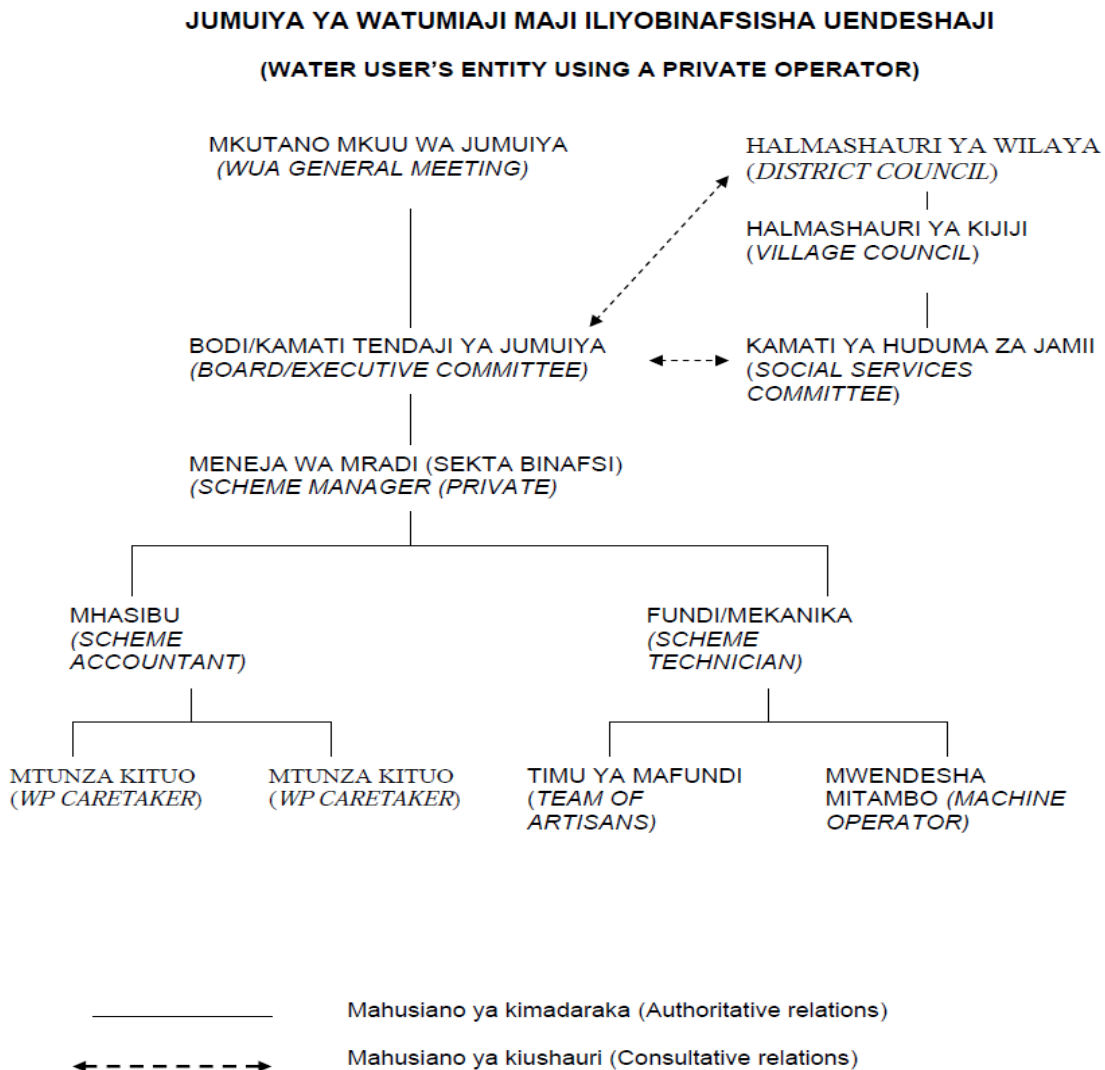
2.5.4 Management Model No, IV: Private Operator

In today work capitalist market place, businesses are expected to act in their own enlightens self interest to manage regulatory risks while maximizing the return to their stock holder. Under the Private operator model, the water user group can be proprietor who has the legal ownership, water right and title deed over the water supply facilities and the Contractor who manage the day-to-day operations of the water supply system on behalf of the proprietor by doing the following; to sell water to water users at tariff rates agreed upon by the proprietor and the contractor, to open and close water points in

accordance with the timetable set out by the proprietor, to collect water fees from water users: individuals, households or institutions at public water points and/or from private connections at rates agreed upon by the proprietor to make regular repairs and maintenance of the water supply facilities to remit revenue to the proprietor monthly as water fees.

Other agency task are to meet all operation and maintenance expenses including fuel/electricity, lubricating oil, spares, staff salaries and wages, and other staff social benefits as per laws of the United Republic of Tanzania etc, to employ/recruit and pay such number of operators and supporting staff as deemed necessary for executing his/her duties efficiently to pay all taxes related to the management of the scheme as may be required by the laws of the United Republic of Tanzania and to prepare and submit monthly and annual performance reports to the proprietor and last The proprietor shall meet costs for extension of the water supply system and major repairs that are not caused by the negligence of the contractor such repairs include, replacement of worn out pipes, repairs and maintenance of the water tank Buying a new hand pump or pumping machine.

Figure 2.1 4 Private operator management model structure



Source: Ministry of water Tanzania – (WSDP; Program Implementation Manual

2.6 Donor Funded Water projects Management

The analysis of donor funded water governance present diverse overview of the growth of water sector in Tanzania had its governance unique and implication. Medium-term expenditure frameworks (MTEFs) and the Medium-Term Budget Frameworks (MTBFs) and Medium-Term Fiscal Frameworks (MTFF) that precede them have become common tools to strengthen policy and spending linkages in macro-level

expenditure planning. However, the capacity of many African countries to implement them effectively is uncertain, particularly in the water sector. Amongst the three, MTBFs – focused on budgets for individual spending agencies – are often recognized as the most suitable mechanism for a highly complex sector such as water. The changes in management policies established season by season or based on needs and requirement tend to affect even donor funded projects because most of donor funds are required to follow government regulations and management styles such as water user entities management models distributed by MoW in Tanzania.

2.7 Self-Sustainability of Water Projects

Sustainability issues related to donors includes control, collaboration, standardization, Coordination, flexibility, comprehensiveness, and commitment (U.S. Agency for International Development, 1994). Therkildsen, (1988), reviewing the involvement of five donor agencies in the water supply and sanitation sector in Tanzania, found that the approach in every case was control-oriented to some degree. Therkildsen identified five features of the control-oriented approach: The focus in medium- and long-term plans is construction targets. Detailed pre-implementation specifications spell out the means to reach these targets. Plans are based on the collection and analysis of substantial information prior to implementation. The plans specify the role of beneficiaries either as passive recipients of services or as participants in various predetermined activities. The technical assistance team bypasses the recipient organizations and maintains control at all times, especially during preparation of medium- and long-term plans but also, to some extent, during implementation. Therkildsen concluded that control-oriented planning and implementation contribute significantly to the problems of donor-assisted sector activities. He observed that "the emphasis on plan documents and on visible results of donor-assisted activities that are typical of them control-oriented approach leads to excessive pressures for fast results and makes it difficult to move beyond a welfare approach to development assistance." The control-oriented approach implies that the donor's own agenda is of primary importance. Three WASH documents (WASH 1990 and 1993; Hoadley 1990) have pointed out how pervasive the influence

of the control-oriented approach can be. The fact is that this approach is discussed so frequently signifies that it is a factor to be reckoned with in any consideration of sustainability. The opposite approach is to emphasize empowerment strategies for local institutions.

Financial viability depends on the beneficiaries' willingness to pay. This is conditioned by whether they have the means, whether they believe the service will benefit them personally, and whether they perceive that its costs are reasonable and equitably distributed. Willingness to pay is complex and involves a strong psychological element which is sometimes difficult to judge. Asking beneficiaries to pay before services are begun is a recommended approach. It is necessary to establish the financial system early in the project to allow fine tuning. Full lifecycle accounting is required to determinate costs over time and thus establishes a cost/revenue stream that will avoid unanticipated deficits. Bookkeeping that is open to public scrutiny will develop community trust that funds are being collected and distributed equitably.

2.8 Analytical support offered by financial management on decisions involving sustainability

Research conducted by Merszei's comes with comments underline finance as clear strong point in the corporate sustainability effort, The survey shows that respondents believe finance plays a “supporting” or “substantial” role—if not a “leading” role—in many sustainability areas. This is particularly true for three activities traditionally performed by finance, in addition to decision support, reporting and risk and Management and performance management. Only a small number of finance departments play a leading role in any of these activities.

These results may indicate that many water entities treat water entity financial management as a discrete activity, holding it apart from financial reporting, and from the management of water entity risk and financial and operating performance. But these results may also indicate that many water entities just beginning to take a broad approach to financial management. While all water entities work toward compliance with mandatory financial regulations, only leading-edge companies in the sustainability

area are likely to have incorporated sustainability in financial and operating performance management, risk management, and reporting. If conducting business sustainably moves up the larger enterprise's list of business priorities, finance may find itself playing a larger role in these efforts as well.

2.9 Empirical Literature Review

Study conducted by Water Aid (2009) identifies, Revenue collection was weak in the majority of villages visited. The prevailing management type in Dodoma and Singida is the Village Water Committee (VWC), an arm of the village government. The committee is comprised of a number of individuals from the village who have collective responsibility for the operation and maintenance of the water scheme, as well as revenue collection. VWCs have encountered many problems: money from water revenue is often diverted by the village government for alternative uses, and incentives for good performance are absent. In an attempt to move away from management by VWCs, the National Water Policy (2002) offers six alternative management options that can be registered with the Ministry of Water, making them autonomous legal entities and distancing the management of the scheme, including the revenue collection, from the village government.

Despite this move, the VWC still appears to be the default management option. One practice that seemed to improve revenue collection in Dodoma was payment per bucket, as opposed to ad hoc, annual or monthly contributions. This is due to the fact that the payment method is inescapable, simple and transparent. In villages where cash availability was intermittent, users could pay in grain, which the village government then sold to convert into cash for the village fund. The success of this payment method may be facilitated by there being limited alternative water sources in Dodoma where the ground water is deep. In Singida, payment per bucket could serve to deter people from using the improved supply and drive them to use potentially contaminated water from hand-dug wells.

The introduction of a private operator (PO) also served to dramatically improve revenue collection. A PO is an individual from the village who is made responsible for the management and (sometimes) maintenance of the water scheme by the village government. POs have emerged in Dodoma in the absence of external facilitation, a mark of the frustration village members have with the poor service levels achieved under VWCs. District authorities have learnt from these cases, and in some areas are actively encouraging the participation of the PO, facilitating their selection and assisting with contractual arrangements. The introduction of the PO system goes some way to distancing the village government from revenue collection and the water fund as money no longer passes through their hands. Cash is deposited directly into the bank account on a monthly basis by the PO. Withdrawals from the water fund require the signature from the District Water Engineer as an additional safeguard against inappropriate expenditure of water revenue.

However, even the PO is not immune from interference from village government, as observed in one village in which the government subverted the operation of the PO in order to regain access to the water revenue. Registration of the management entity with the relevant Ministry is an essential step towards financial sustainability by securing its autonomy. In contrast to the VWC, the PO has the incentive to effectively collect revenue as he is entitled to either a percentage of his collection or the remains after a flat rate has been deposited into the village water fund. He gains from providing a good service to the users, and his success also ensures the health of the village water fund, evidenced in Dodoma by record savings. The involvement of the PO also serves to separate roles that are antagonistic – eliminating potential conflicts of interest. The service provider, regulator, user and asset holder have importantly different interests with respect to a water supply. Where these roles are each performed by different members of the village, stakeholders, in their respective capacity, can pursue the interests of their position free of internal conflict, thereby better fulfilling the requirements of that role.

The approach of project management identifies number of problems depending to approach applied. On similar project in Lesotho, Rural Water Supply and Sanitation Project (WSSP), before its integration they found a lot of problems one was the deposited of skim fund with the government, which led to delay in fund disbursement in case of need, and second it was not clear to villagers what happened to the funds they had collected and deposited with the government (U.S. Agency for International Development, 1994)

Management modules introduced by ministry of Water tries to introduce self governed bodies of water and in another hand they are taking its power for example the issue of who have the mandate to appoint skim auditor. The modules gives power to District Excutive office to appoint auditor. “The books of accounts and all financial documents shall be audited by the auditor Council at least once each year” (Management Study Guide, 2008).

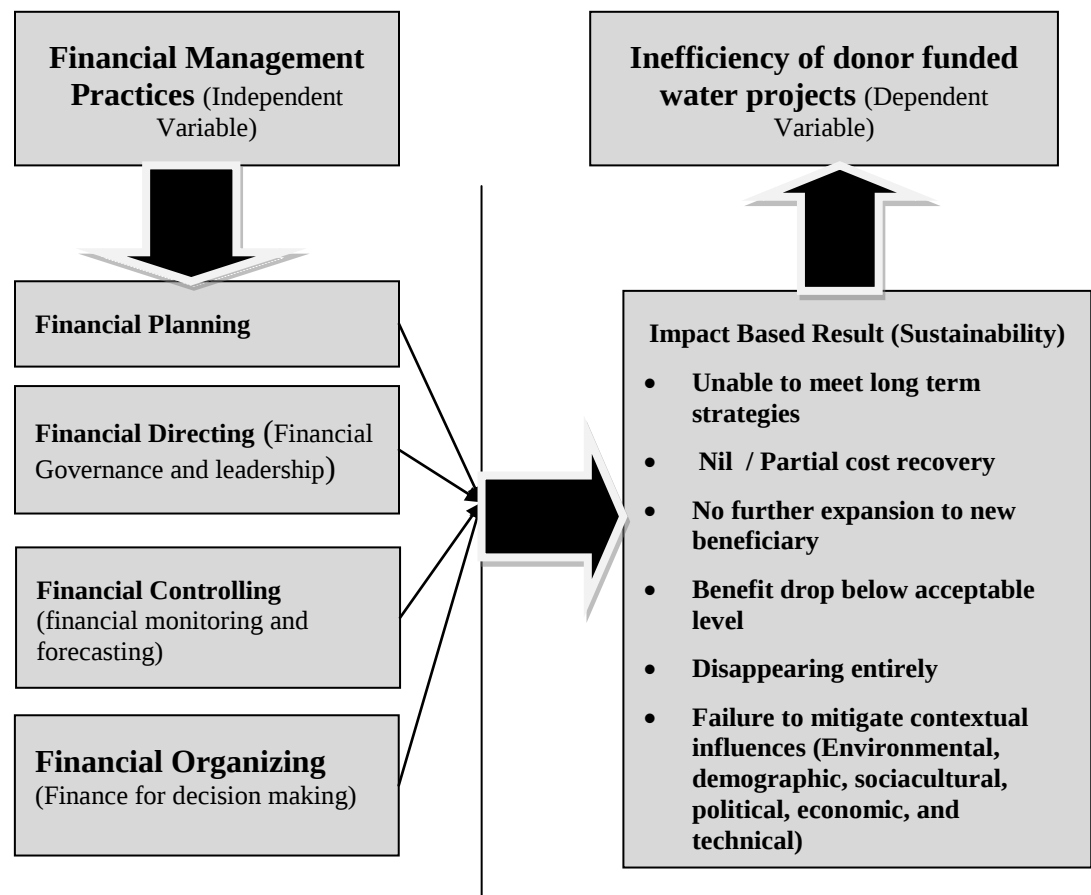
2.10 Conceptual Framework

This research draws from the Financial Management Maturity Model, developed by National Audit, United Kingdom. The model looks at the practices of financial management that to the outcomes that the organization might expects. In this case the outcome is expected from water entities is sustainability. In this study the assessment of practices, identification of inefficiencies and examination on extend in which inefficiency on financial management practices of donor funded water entities is taken into account as sustainability issues. The study is designed to focus on four main aspects below on how they affect water entities as fundamental aspects of financial management

- a. Financial Planning
- b. Financial Directing (Financial Governance and Leadership)
- c. Financial controlling (Financial Monitoring and forecasting)
- d. Financial Organizing (Finance for decision Making)

From figure 2.1.5 below, the financial management practices (Financial Planning, Financial controlling, financial directing and Financial Organizing) is the independent variable (Response variable) and Inefficiency of donor funded projects dependent variables (response variables). Flexibility of inefficiencies of water entities depend on financial management practices.

Figure 2.1 5.The Conceptual Framework



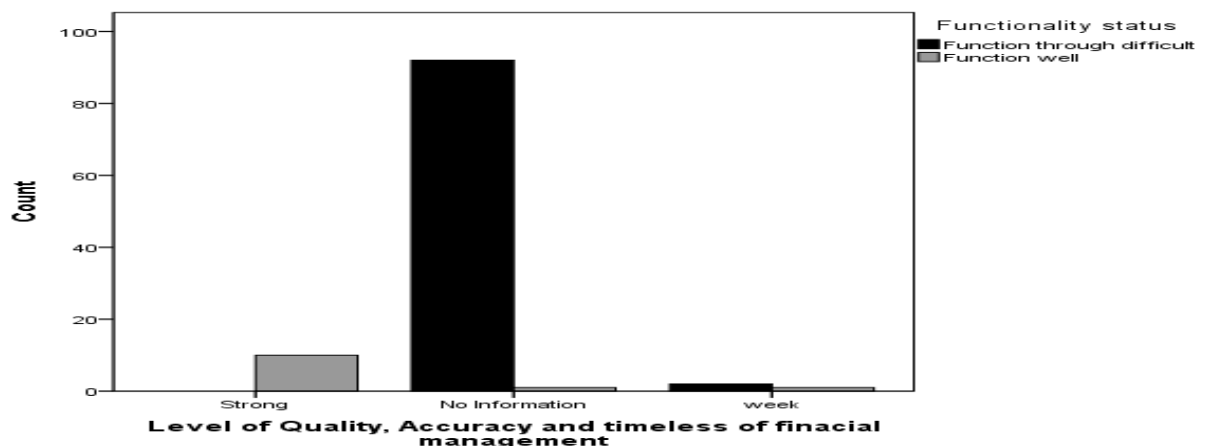
Source; Research data 2013

The theoretical frame work explains in summary, the ability of a water funded donor project to maintain or expand a flow of benefits at a specified level for a long period after project inputs have ceased. In the narrowest meaning, the project is the physical infrastructure established and maintained to operate by the participating institutions.

2.11 Research hypothesis

The research is carried out to find out if the following hypothesis is correct and if so why water schemes financed by donor partners are not sustainable, the rate of brake down is high, rate of repair is low, no funds for operation, in order to fix that, the target steps can be taken to increase sustainability. In order to justify the research hypothesis to be used for further analysis the following test was conducted to see the link between general financial management practices and functionality status (as sustainability key indicator). Data for the test was developed from Global water initiative (GWI) phase one research collected in October 2011 by using Number table tool, and interview conducted by the researcher while conducting training on operation, repair and maintenance for water entities which are within the case study in October 2011.

Figure 2.1 6Level of Quality, Accuracy and timeless of financial management * Functionality status Cross tabulation



Source: Research data 2013

Result on the above test show there is positive relationship between level of quality, accuracy and timeless of financial management, and functionality status in water entities. Result show that where level of quality, accuracy and timeless of financial information is at no information is at 92% the entity functionality was difficult. The relationship displayed in Graph 2 between the level of quality, accuracy and timeless of financial management information and functionality status gives and proves the following hypothesis is correct to be tested further,

***Hs: financial management best practice is positive
support sustainability on donor funded water projects.***

The study gain insight causes of un sustainability and find the possibility if best practises as tested in the above hypothesis will yield positive impact on donor funded water projects.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter outlines the methodology in which the study conducted. It represents the research design, area of the study, population, sampling technique and size, data collection and data analysis method.

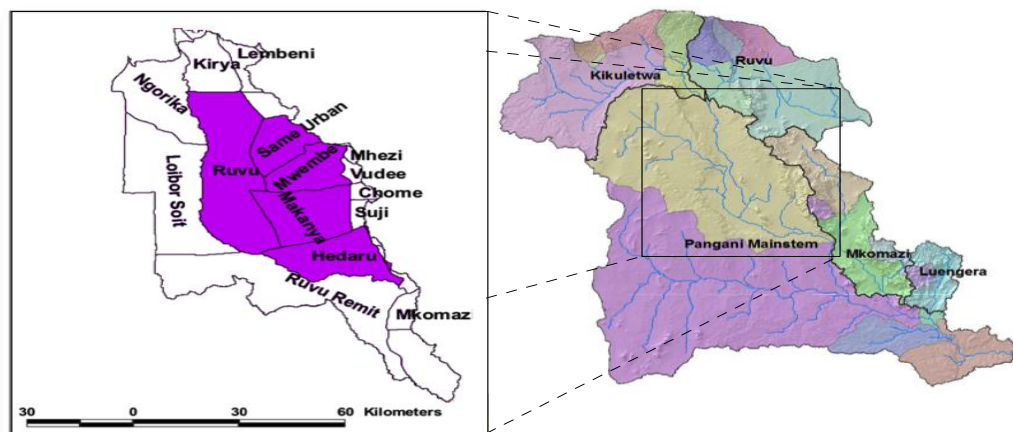
3.1 Research Design

The design of this study use case study because it is less expensive compared to other designs like experiment or survey design. Nevertheless, the result from this case study worthy to institutions caries water related issues

3.2 Area of the Study

The Study carrion GWI Phase One implemented area of CARE International and SAIPRO TRUST FUND, Kilimanjaro Region, Same District, Administrative ward of Hedaru, Makanya, Mabilioni and Mwembe wards in which water scheme of Hedaru, Makanya, Saweni, Kwesasu and Lungwana are located

Figure 3.1 1Location of GWI wards in the Pangani River Basin



Source: Research data 2013

3.3 Study Population

The Population covered is 7881 beneficiaries, basing on the following composition of the project; water user committee, influential people, government officials from water entities of Makanya, Hedaru, Kwesasu, Lungwana, Hedaru and Saweni.

3.4 Sample Size and Procedure

3.4.1 Sample size

The sample size was created by using sample size calculator Creative Research System (<http://www.surveysystem.com/sscalc.htm#one>), confidence level used is 95% and Confidence interval of 10% which lead to 95 samples.

Table 3.1 1 Sample size and distribution

		Title of Respondent					Total
		Water Committee	Water Attendant	Influential People	Government Official	Entity Member	
Name of water scheme inquired	Makanya	5	4	4	4	4	21
	Kwesasu	4	5	5	4	4	22
	Lungwana	4	4	4	4	3	19
	Hedaru	2	3	4	4	4	17
	Saweni	4	3	3	3	3	16
Total		19	19	20	19	18	95

Source: Research data 2013

3.4.2 Sampling Procedure

List of selected beneficiary developed based on title (Village secretary, Influential people, Water user committee, water entities, etc) from the sample. Number of responded was selected randomly by using Randomizer toll (<http://www.randomizer.org/form.htm>). These techniques guarantee equal chance of

being selected from the sample of respondents hence the sample is a representative of the population under study due to the fact that the sample lives within the society.

Table 3.1 2 Target population based to research plan 2013

		Title of Respondent				
		Water Committee	Water Attendant	Influential People	Government Official	Entity Member
Name of water scheme inquired	Makanya	10	6	9	4	1500
	Kwesasu	8	4	10	4	416
	Lungwana	9	4	8	5	834
	Hedaru	10	6	7	4	2,000
	Saweni	8	5	6	4	3,000
Total		45	25	40	21	7,750

Source: Research data 2013

For the purpose of this research; water committee, water attendant Influential people and Government official their number have being removed from total number which represent entity member because actual all in this group are entity member. Basically role and responsibility was used to characterize the population.

3.5 Data Collection Methods

Two types of data, field research data and Library research data used. Primary and secondary data collect to supplement each other as the basis for the theoretical and practical analysis of the problem.

3.5.1 Primary Data

Questioner and Individual interview was the main method deployed to collect data, in which are developed to collect data direct from the population, and focused on individual person basing on role and responsibility in the society. The questioner and

interview guide was designed to suit four aspects of financial management and the lower level questions which assess financial management practice, issue such as How does the financial planning cover the elements needed to support the sustainability of water entity: for example annual financial plans, integrating current expenditure plans and long investment programmes, treasury management, cash flow and balance sheet projections are part of data needed in primary data.

Based on study in hand the Questioner and interview guide was in English and contained a mixture of closed and open-ended questions from all areas; of Planning, Controlling, organizing and directing. Information which are expected is direct target group response on their perception

3.5.2 Secondary data

In this research secondary data refers to data which was collected by someone else more than the user. Based on the study secondary data which are Project progressive report, financial Manuals, Committees meetings reports, payments voucher, project executions plans and other related reports concerning the entities was used to supplement the primary data. This was help to check on the validity and reliability of the information given during the answering of the questionnaires, Therefore, answers from the documents compare with questionnaires to supplement the findings.

Project success story and past stories filled was one of source of secondary data. A clear benefit of using this secondary data is that much of the background work needed was already been carried out, for example: behaviours, population size, list of committee members, influential people, personal contacts and house hold mapping was been already collected and used elsewhere. This wealth of background work means that secondary data generally have a pre-established degree of validity and reliability. Furthermore, secondary data was also be helpful in the research design of subsequent primary research and provide a baseline with which the collected primary data results was used to compared. Therefore, it was wise to review secondary data.

3.6 Variable measurement

Relationship between depended and independent variable was measured by questioner and interviews; most of the question was asked based on sense and risk level of the issue, that lead to the determination if lower, moderate and strong ware used. The usage of desk review research which was from project and scheme documents were used to justify Content validity relevance, reliability, availability, and practicality.

Based on conceptual frame work, the relationship to assess the inefficiency of financial management for sustainability of donor funded projects is measured based on nominal scale, the variables measurement expectations was assigned numbers depending to event. In Each test question number of event ware developed to predict the outcome of response. In this research each cases was tackled differently depending on type of the question, usage of classes such of measuring age of water points (1-5, 6-10, 11-above).Research questions were developed to suit or answer research objectives that why the question and possible outcome were developed to full fill the need and not suit the similarity of scale flow.

3.7 Data Analysis Method

Every water entity (within research case of study) is a case and from those variables was developed depending of type of questions. Variables depend on Planning, controlling, organizing and directing were analysed. The research questions and interview / desk review guides are focusing on case and variable relationship. According to the nature of data, both qualitative and quantitative methods of data analysis used in showing relationships between variables investigated under the study. Quantitative data were analysed by using SPSS and cross tabulation technique was used to show relationship between two variables, especially to measure if Functionality status (sustainability indicator) as the base is how affected by other variables.

Secondary data collected was complimenting on answers which was been provided from questioner and interview with respondents which allows for insight into contexts, relationships, and behaviour. Also provide information previously which was unknown

and the procedure also gives deep experience on the problem and able to be familiarity with the case of the study.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This section describes the presentation of results on findings, respondent's rates and responded background based on interview questions. The questioner and interview guidelines were prepared in English to facilitate compilation of data. The guidelines were designed to cover four main issues as described on theoretical framework of the research (Figure 2.1.5); which levels of financial management practices in relation to functionality status which are controlling directing, organizing and planning.

4.1 General Information about the respondent's

4.1.1 Demographic representation of Respondent's

Out of 95 research questioner distributed 87 equal to 92% were returned. The following Table, (Table 3) summarizes demographic distribution of research distribution and respondent rates. It shows that the presentation is Makanya 21%, Kwesasu 25%, Lungwana 21%, Hedaru 16% and Saweni 17%. Makanya, Lungwana, Hedaru and Saweni represent gravity flow type of water scheme while Kwesasu represent deep well water scheme (depend on underground water).

Table 4.1 1 Name of water scheme inquired * Title of Respondent Cross tabulation

			Title of Respondent					Total
			Water Committee	Water Attendant	Influential People	Government Official	Entity Member	
Name of water scheme inquired	Makanya	Count	4	3	3	4	4	18
		% within Name scheme inquired	22.2%	16.7%	16.7%	22.2%	22.2%	100%
	Kwesa	Count	4	5	5	4	4	22

	su	% within Name scheme inquired	18.2%	22.7%	22.7%	18.2 %	18.2 %	10 0 %
	Lungw ana	Count	4	4	4	3	3	18
		% within Name scheme inquired	22.2%	22.2%	22.2%	16.7 %	16.7 %	10 0 %
	Hedar u	Count	1	3	4	3	3	14
		% within Name scheme inquired	7.1%	21.4%	28.6%	21.4 %	21.4 %	10 0 %
	Saweni	Count	3	3	3	3	3	15
		% within Name scheme inquired	20.0%	20.0%	20.0%	20.0 %	20.0 %	10 0 %
	Total	Count	16	18	19	17	17	87
		% within Name scheme inquired	18.4%	20.7%	21.8%	19.5 %	19.5 %	10 0 %

Source: Research data 2013

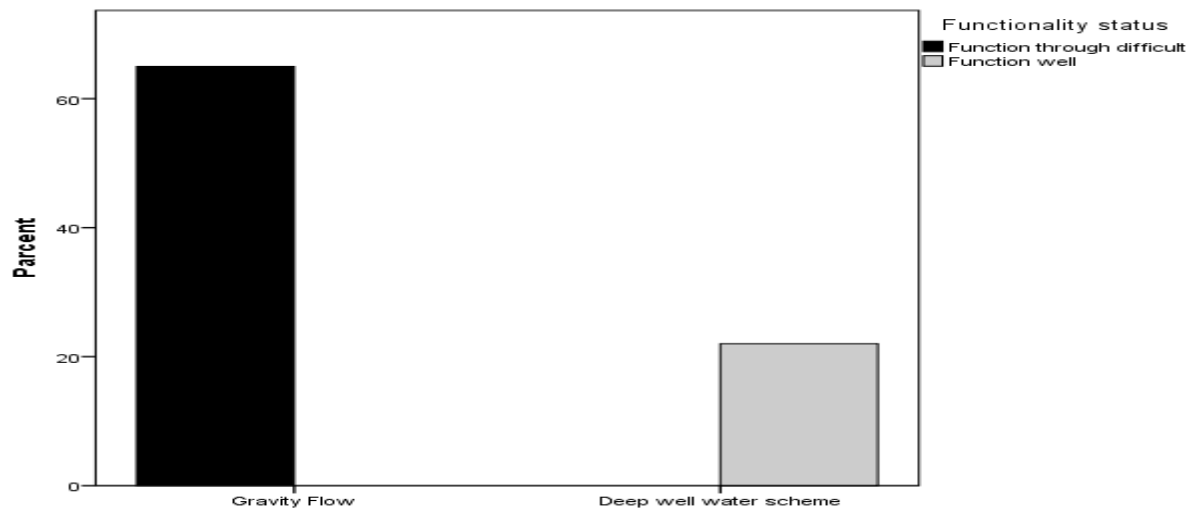
Also result show that representation based on title of respondents is Water Committee 18.4%, Water attendant 20.7%, Influential people 21.8%, Government officials and 19.5% Water entity members 19.5%. The purpose of these two questions, Title of respondents and Name of water scheme was to try to find equal representation from each entity with the assumption to cutter the possibility of water entity differences on running difficulties encountering.

4.1.2 Functionality Status and Types of Water Scheme

The study also thought to measure the functionality status of the water scheme and to find its relationship to type of water scheme, with the assumption that may be type of

technology employed affect functionality. Result show that level of functionality is that, gravity flow functioning through difficult by 65% while deep well scheme are functioning well by 22%.

Figure 4.1 1; Functionality status



Source: Research data 2013

Cross tabulation test was employed to measure the relationship between type of water scheme and functionality graphical the relationship shown in figure 4.1.2; 60% of problems are contributed by gravity flow technology. Among sample selected five gravity flow and one is deep well.

Table 4.1 2 Type of water scheme * Functionality status Cross tabulation

			Functionality status		Total
			Function through difficult	Function well	
Type of water scheme	Gravity Flow	Count	65%	0	65
		% within Type of water scheme	100%	0%	100%
	Deep well water scheme	Count	0	22	22
		% within Type of water scheme	0%	100%	100%
Total		Count	65	22	87
		%Within type of water scheme	76%	25%	100%

Source: Research data 2013

Research identified two type of technology employed, gravity flow and deep well water scheme, so the research first tested the existence of difficulties in both technology which at the end based on evidence above it is correct to undertake the study because it is true functionality problem exist in both type of technology employed but at different level.

4.2 Financial management practices relates to sustainability of donor funded projects

The purpose of research question under objective one was to assess the current procedures in implementation of financial management by water entities around case study area. The following represent the practices;

4.2.1 Integration of Financial Planning & Monitoring and Entity Strategy

The question on integration was intending to assess the practice in which water entity plans include an attempt to reflect relationships with other stakeholders, and the main stakeholder in water sector is government, other donors more that the one financing and other stake holder in water sector. For example most of the water sector project financed by donor tent to be linked or handed over to the government, but the question is that true the link between donor projects and government exist.

Table 4.1 3 Integration of Financial Planning/Monitoring and Entity Strategy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not coordinated	53	60.9%	60.9%	60.9%
	Basic alignment	31	35.6%	35.6%	96.6%
	Strong alignment	3	3.4%	3.4%	100.0%
	Total	87%	100.0%	100.0%	

Source: Research data 2013

Result show that 60.9% is not coordinated, 35.6% is only basic alignment and 3.4% strong alignment. After the result also researcher tried to measure relationship between financial planning and monitoring and entity strategy and functionality status in order to

see if there is relationship between failure and integration of financial planning/monitoring and entity strategy.

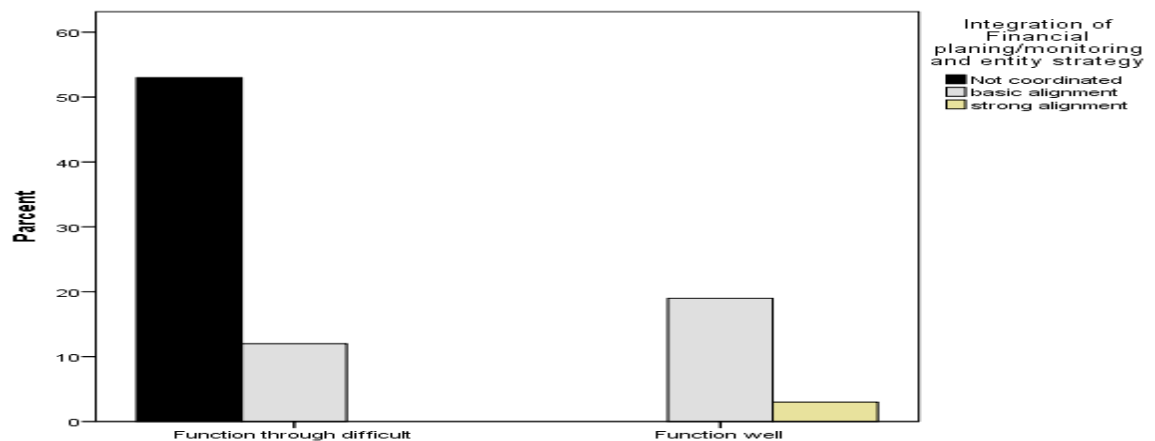
Table 4.1 4 Functionality Status * Integration of Financial Planning/Monitoring and Entity Strategy Cross Tabulation

			Integration of Financial planning/monitoring and entity strategy			Total
			Not coordinated	basic alignment	strong alignment	
Function ality status	Function through difficult	Count	53	12	0	65
		% within Functionality status	81.5%	18.5%	0.0%	100.0 %
	Function well	Count	0	19	3	22
		% within Functionality status	0.0%	86.4%	13.6%	100.0 %
Total		Count	53	31	3	87
		% within Functionality status	60.9%	35.6%	3.4%	100.0 %

Source: Research data 2013

Graphically presentation of research data show that there is positive relationship between integration of financial planning / monitoring and entity strategy as follows

Figure 4.1 2Graph presentation Integration of financial planning/ monitoring and entity strategy



Source: Research data 2013

Research result show that 81.5% of the functionality problem is caused by non integration of financial planning / monitoring and entity strategy to other stakeholders and government plans, the rate slow down to 18.5% basing on some basic alignment. And part of entity which functioning very well the rate of alignment tend to go up to 86.4% based on basic alignment and 13.6% based on strong alignment within functionality status.

4.2.2 Quality of Financial management information

Research data show that quality of financial information is poor 74.7% of the responded confirm that concern and 25.3% only say that at least financial information quality facilitate decision when financial information made available and its quality reasonable lead to decision maker to rely on them and facilitate accuracy to decision.

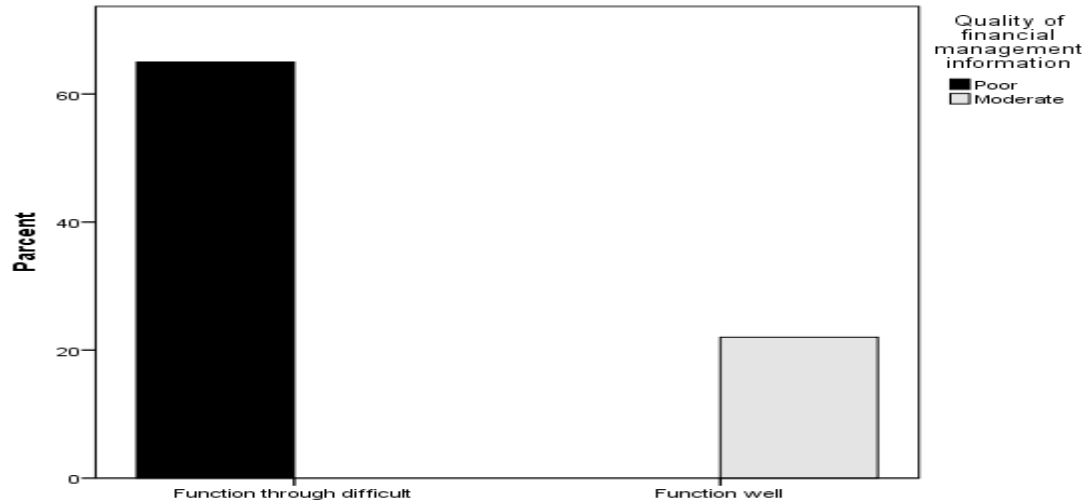
Table 4.1 5 Quality of financial management information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	65	74.7	74.7	74.7
	Moderate	22	25.3	25.3	100.0
	Total	87	100.0	100.0	

Source; Research data 2013

Financial management information is crucial for decision making; all four factors of financial management (Planning, Controlling, Directing and Organizing) depend on the role of information's, the system must be in place which produce high quality and reliable information which cal be relied for the decision, the figure 4.1.5 tried to show the contribution on financial management information.

Figure 4.1 3Functionality status*Quality of financial management information



Source; Research data 2013

4.2.3 Preparation and sharing of financial information

Research data show that 74.7% of respondent have never seen financial report and only 25.3% who confirm that report are produced and shared but not at quality which is required. The responded has considered the need to different internal and external users. The reports need to be tailored and take into account both the information needs of each user group as well as their financial expertise. The format, content, and language are tailored is important.

Table 4.1 6; Preparation and sharing of financial information

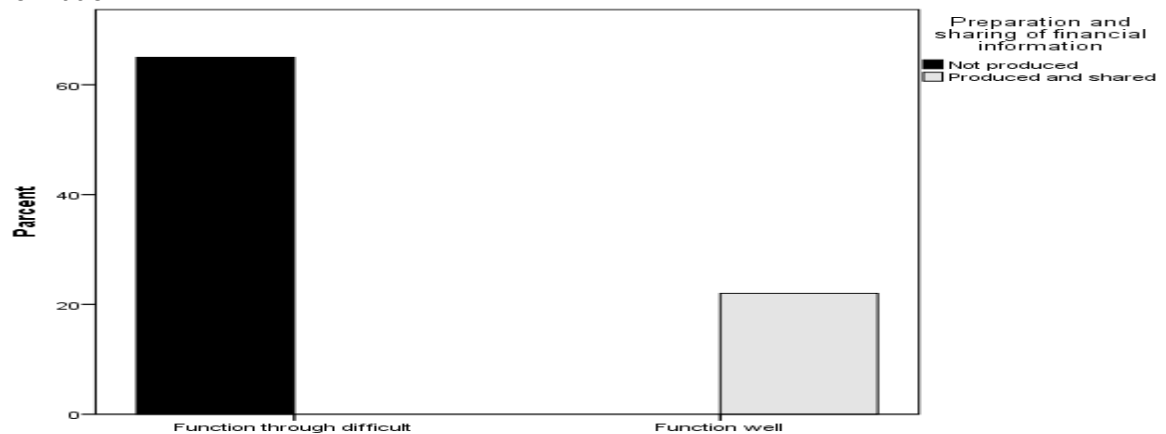
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not produced	65%	74.7%	74.7%	74.7%
	Produced and shared	22%	25.3%	25.3%	100.0%
	Total	87%	100.0%	100.0%	

Source; Research data 2013

Graphically presentation of the functionality status in relation to preparation of and sharing of financial information is presented in figure 4.1, the main reasons for this

question is to find out how in theoretical the availability of financial information will trigger changes. The assumption is that as much the water user community receives information is one way of including them and makes them to participate in supporting changes.

Figure 4.1 4Functionality status*preparation and sharing of financial information



Source: Research data 2013

4.2.4 Performance of Auditing and who appoints the Auditor

Research data show that by 100% not even a single audit or verification visit performed even if the constitution and management models gives power to government official, so to justify research findings researcher decided to look on relationship between audit performance and functionality status, result show that 65% of functionality difficult if the factor due to the auditing based on only two factor comparison. Research data reviles in past years management of water entity changes but no proper handing over even auditing to verify the accuracy of past management transaction wise. Every time when new management swoon in office is just like inauguration of new water entity, no possibility of tracking past undertakings.

Table 4.1 7: Functionality status * Performance of Auditing and who appoints auditor Cross-tabulation

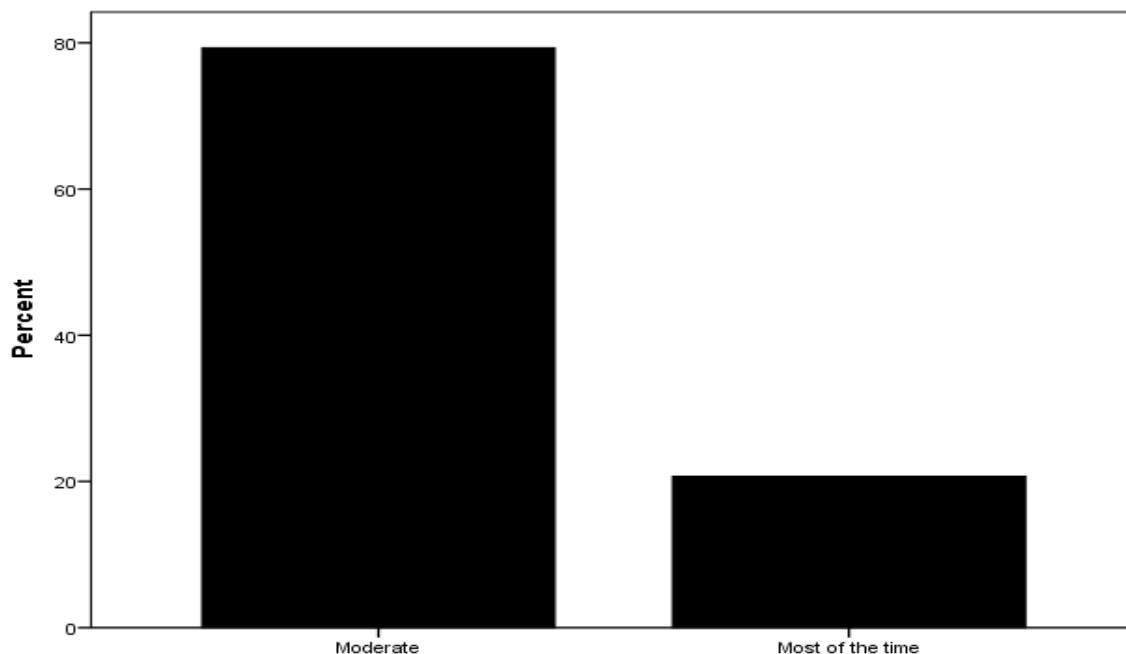
			Performance of Auditing and who appoints auditor	Total
			Not performed	
Functionality status	Function through difficult	Count	65	65
		% within Functionality status	100%	100%
	Function well	Count	22	22
		% within Functionality status	100%	100%
Total		Count	87	87
		% within Functionality status	100.0%	100.0%

Source: Research data 2013

4.2.5 Obstruction of decision by government official

On literature review management model identified that government official have been given power to interfere with management of water entity management so the purpose of the question is to see the obstruction of decision by government official especially in financial management such subdivision of entities revenue. 79% of the responds confirm that the problem exists but not most of the time while 18% confirm that most of the time the situation.

Figure 4.1 5 level of obstruction of decision by government officials



Source: Research data 2013

4.2.6 Financial Roles and responsibility distribution

The question was target to look on distribution of roles and responsibility for example the task from requesting up to approval and purchase. 74.7% confirmed that most of the time the treasury can take initiatives from point of requesting up to actual purchase. There is no internal control mechanism in place. Only 25.3% confirmed that in some circumstances the process are followed but not at required quality which gives room for tempering.

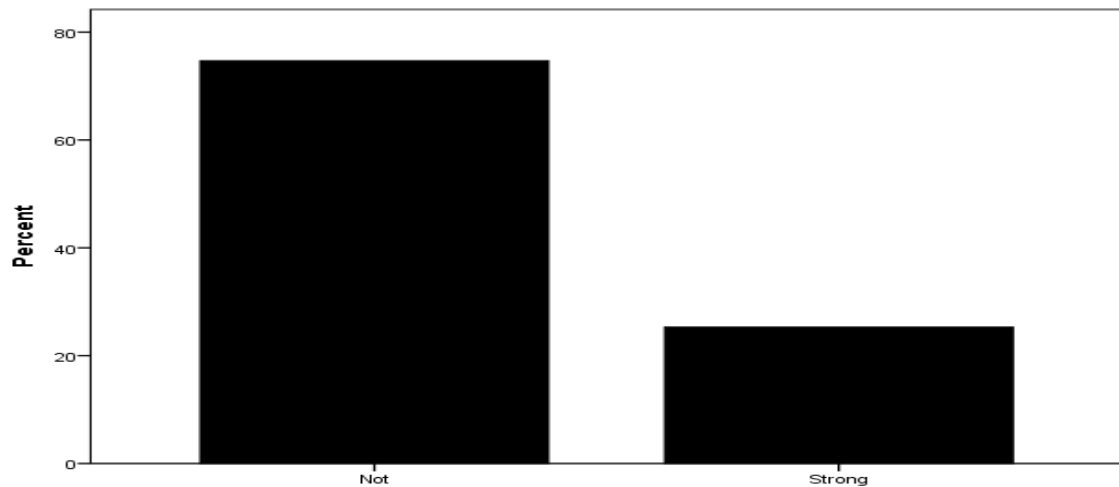
Table 4.1 8 Roles and responsibility distribution and performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not	65	74.7%	74.7%	74.7%
	Strong	22	25.3%	25.3%	100.0%
	Total	87	100.0%	100.0%	

Source; Research data 2013

The roles and responsibility distribution tend to establish chain of command and line of accountability which eventual creates the collective responsibility. Performance evaluation tends to depend on individual responsibility which at the end leads to overall performance. The figure 4.1.6 represents the picture of distribution of role and responsibilities.

Figure 4.1 6 Roles and responsibility distribution and performance



Source; Research data 2013

4.2.7 Revenue Collection status

The question was targeting to look on revenue collection status, research data show that revenue collection status is the big problem, it show that 74.7% is moderate and only 25.3% is strong. Also data show that 65% of moderate collection is associated to gravity flow while 22% associated to deep well water scheme.

Revenue collection is very week in most water schemes visited especial gravity flow types of schemes. Is evidenced that some of water user entities have opened bank account at NMB Same by 3 WUGS, of Kwesasu and Hedaru to monitor revenue collection. Water flow schemes tend to have number of water points which are difficult to manage. Scheme Water Committees is responsible in water fees collections. Revenue collection practices depends on type of scheme at Kwesasu water scheme where the

operation depends on borehole and pumped to water tank its management easy because in order to pump water needs fuel, and water management committee calculated and know the cost needed.

4.3 Inefficiencies relates on financial management practices affect the sustainability of donor funded projects

4.3.1 Level of financial robust and streamlining to best financial management

The question of financial robust and streamlining was focusing in assessing how system is strong and powerfully based on its construction or designed in a form that offers the least resistance to fraud or temper trial. The assumption is that as much the processes are clearly set out so that they are simple to follow and easily understood the mechanics of the financial management such planning and budget preparation are straightforward and readily understood will facilitate sustainability of water entities.

Table 4.1 9 Functionality status * Level of financial robust and streamlining Cross tabulation

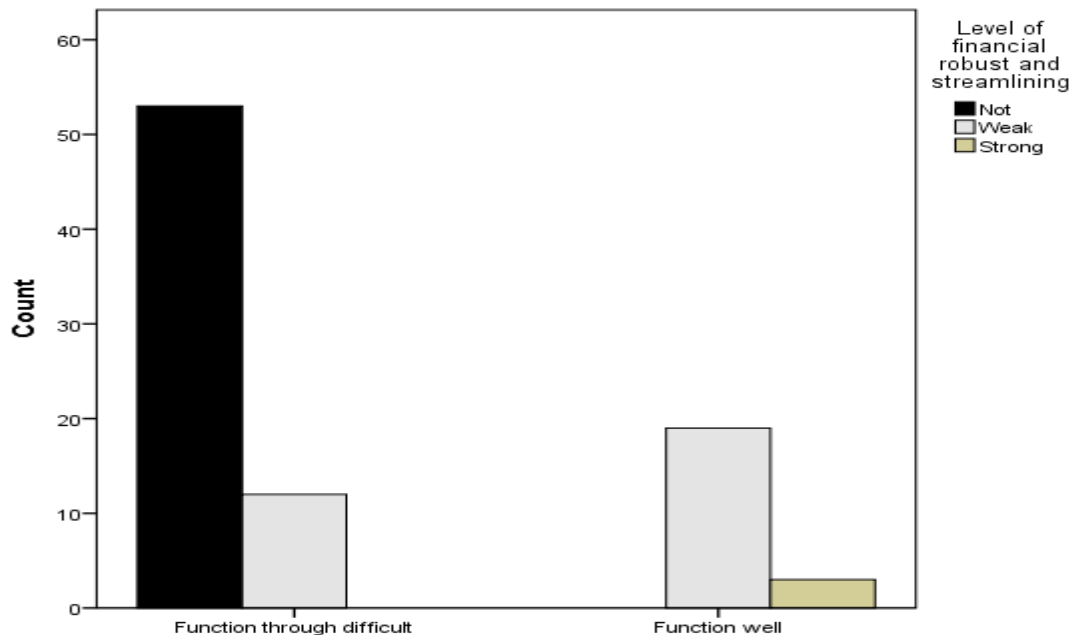
			Level of financial robust and streamlining			Total
			Not	Weak	Strong	
Functionality status	Function through difficult	Count	53	12	0	65
		% within Functionality status	81.5%	18.5%	0.0%	100.0%
	Function well	Count	0	19	3	22
		% within Functionality status	0.0%	86.4%	13.6%	100.0%
Total		Count	53	31	3	87
		% within Functionality status	60.9%	35.6%	3.4%	100.0%

Source: Research data 2013

The figure 4.1.7 present established relationship between functionality status and level of financial robust and streamlining of financial management discipline, the fact show

as above on table 4.1.10 in which, first the level of streamlining is very low and direct contribute to non functionality of the scheme. 60.9% of the total points show that the functionality is positive contributed by poor streamlining to best financial management practices.

Figure 4.1 7 functionality status *Level of financial robust and streamlining cross tabulation



Source: Research data 2013

Research result show that functionality through difficult status is at 81.5%, where there is no robust and streamlined financial system. And where there is at least weak level of financial robust and streamlining is the functionality status through difficult drop up to 18.5% at weak and drop to 0% where the robust and streamlined financial system is strong.

4.3.2 Level of Financial planning practices

The extent to which financial planning practices are applied, tried measure how the financial planning cover the elements needed to support the business: for example annual financial plans, integrating current expenditure plans and investment programmes, treasury management, cash flow and balance sheet projections.

Table 4.1 10Functionality status * Level of Financial planning practices Cross - tabulation

		Level of Financial planning practices			Total
		Not	Week	Strong	
Functionality status	Function through difficult	53%	12%	0	65%
	Function well	0%	18%	4%	22%
Total		53%	30%	4%	87%

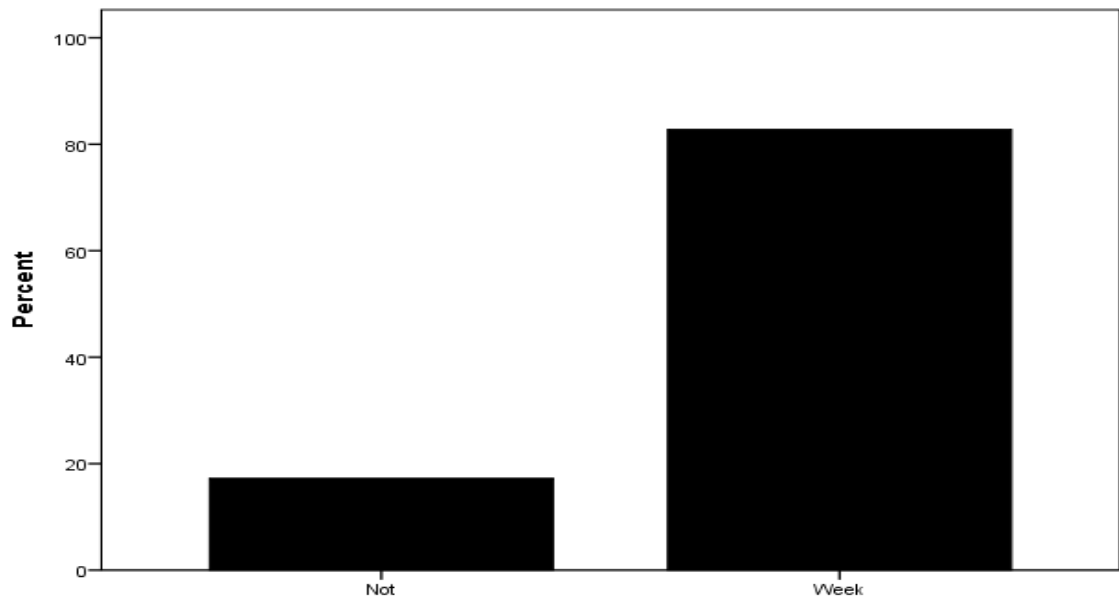
Source; Research data 2013

Result show that there is quite true relationship between functionality status and level of financial planning practices, the level of functioning is at difficult 53% the level of financial planning is not applied, and when level of functioning at difficult scheme drop to 12% the financial planning practices are at week stage the same to functioning very well scheme depend to financial planning practices w see the 4% at strong level.

4.3.3 Level of Collective Responsibility for Financial Matters

For this matter collective responsibility refer to the situation where by water entity committee act together through established system. If financial system established in high standard individuals are to be held responsible for other people's actions by tolerating, ignoring, or harboring them, without actively collaborating in these actions. The reasons is when committee member act collective will be more serious to make sure financial and other reports are presented on time because the action of one staff such as disbursement will affect others.

Figure 4.1 8 level of collective responsibility



Source; Research data 2013

Research data result show that the doctrine of collective responsibility is week, by 83% the act of one committee member will tend not to affect other thus the engagement of financial management is weak and thus communication of financial issue is week.

4.3.4 Level of Understanding expenditure and cost drivers

Both functional through difficult and functioning well the level of understanding of expenditure and cost drivers is poor by 100%, water attendant and water user committee understand little, they know costs of their activities but they are unaware of the drivers of cost and the implications of operational changes in cost on their activities, programmers and outcomes. Additionally there is no understanding of the impact of operational changes on costs.

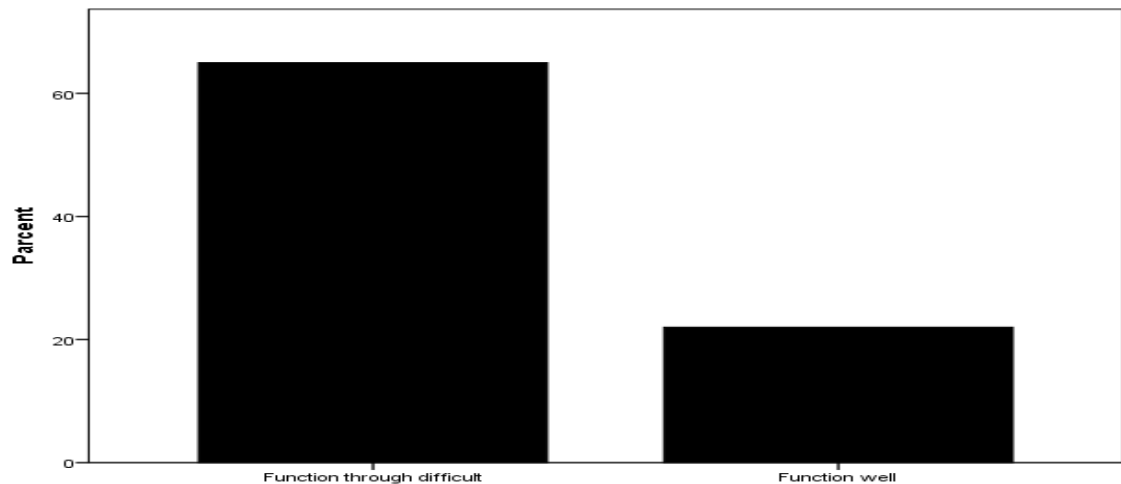
Table 4.1 11 Functionality status * Level of Understanding expenditure and cost drivers Cross-tabulation

			Level of Understanding expenditure and cost drivers	Total
Functionality status	Function through difficult	Count	65	65
		% within Functionality status	100%	100%
	Function well	Count	22	22
		% within Functionality status	100%	100%
Total		Count	87	87
		% within Functionality status	100%	100%

Source: Research data 2013

Level of understanding expenditure and cost drivers empower water entity to make proper decision which lead to sustainability, the fact is that the understanding level if too weak which eventual creates fractioning through difficult. Figure 4.1.9 present the situation.

Figure 4.1 9; Functionality status * Level of Understanding expenditure and cost drivers Cross-tabulation



Source: Research data 2013

Level of understanding of cost drivers the water entity helps to up to date costs and summarized information and present for decision making. They are alerted to in year changes in costs and the implications of any changes on their ability to deliver outcomes. Crossing variables shows that the positive link between functionality status and level of understanding cost drivers refer figure 16.

4.3.5 Level of Quality, Accuracy and timeless of financial management

Research data show that level of quality, accuracy and timeless of financial management is not performed 64.4% of the people show it is not performed, and 31% explain if performed the information are weak for decision making and only 4.6% confirm the process's is strong. That means water committees are unable to place reliance on the monitoring and forecasting information. This is due to the timing and quality of the information supplied. It is likely to be manually produced and may be difficult to reconcile. The monitoring information includes little or no forecasting of current information into the future.

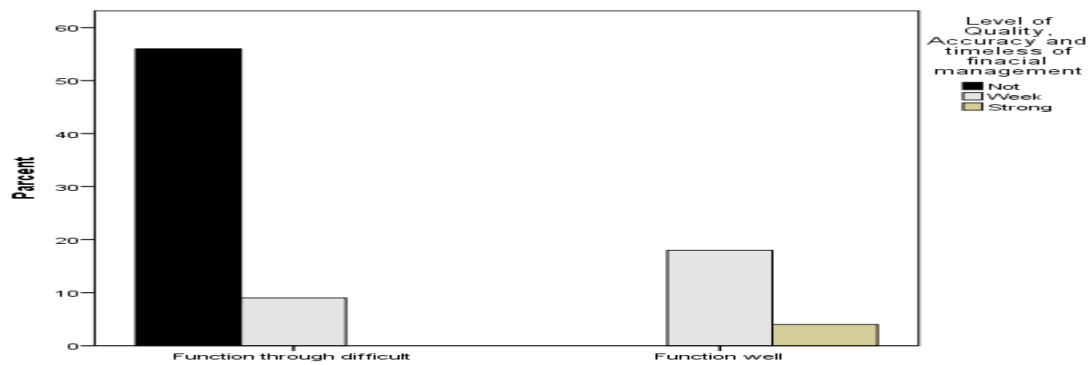
Table 4.1 12 Level of Quality, Accuracy and timeless of financial management

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not	56	64.4%	64.4%	64.4%
	Weak	27	31.0%	31.0%	95.4%
	Strong	4	4.6%	4.6%	100.0%
	Total	87	100.0	100.0	

Source: Research data 2013

Research data show that in cross tabulation that there is strong relationship between level of financial management and functionality status, the process itself lead to non functionality of the water scheme.

Figure 4.1 10; Functionality Status*Level of quality, accuracy of financial management

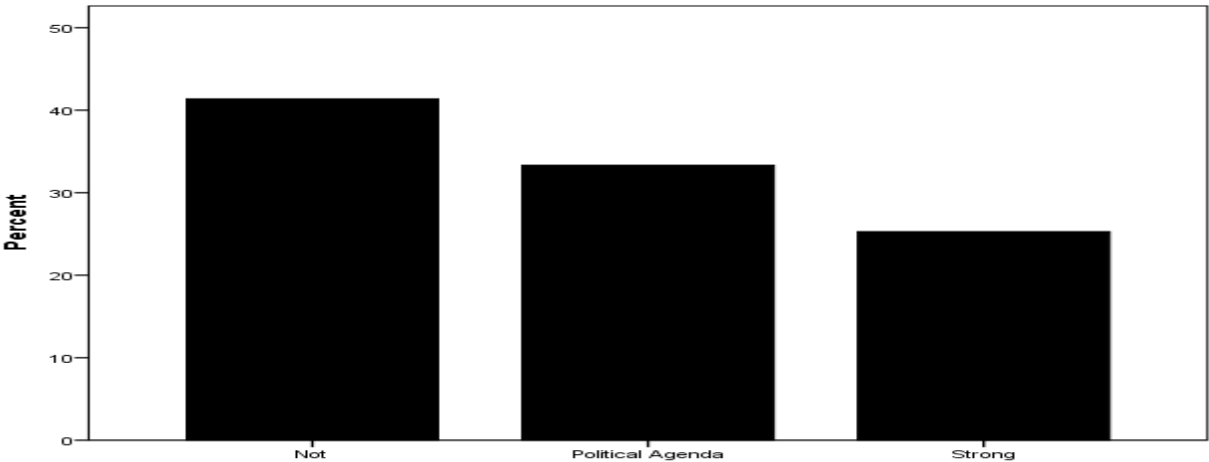


Source; Research data 2013

4.3.6 Level of Capacity on Streaming Revenue and Sources of Income

Research data show that 41.4% see there is no streaming between revenue and sources of income, 33.3% see that most of source of income are influenced by political agenda such as setting prices and 25.3% see there is strong streamlining revenue and source of income. That mean water committees does not understand how most of the income or revenues are derived and are unaware of how streams can be affected by changing customer or funder behavior. There is no appreciation of the potential impact of activities of other organizations on customer behavior

Figure 4.1 11 Level of Perception of Streamline Revenue and Source of Income

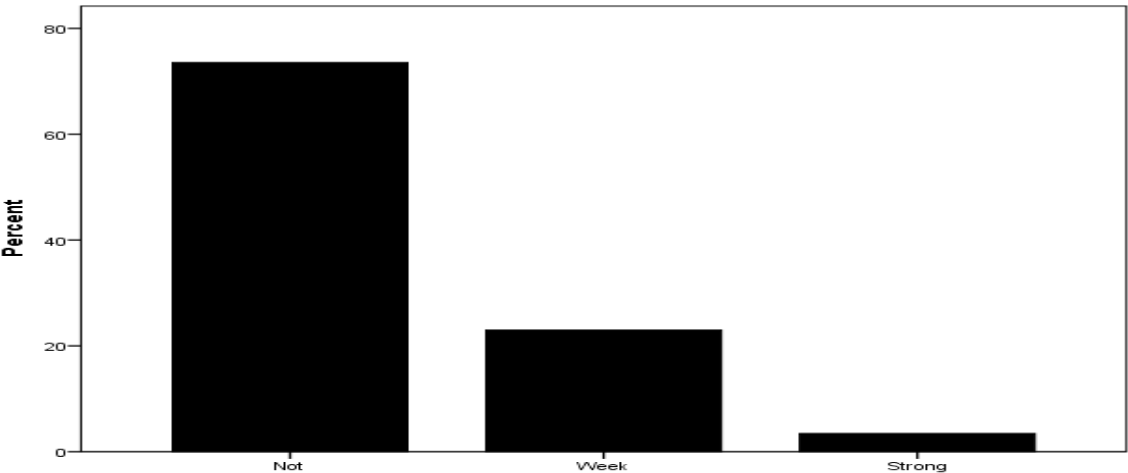


Source: Research data 2013

4.3.7 Financial management Capacity of Committee and Attendant

Research data show that financial management capacity show by 76% staff who is employed, including water committee member they have no knowledge about financials management, 22% week and only 2% strong knowledge. The weakness in financial management practice shows that, the quality and frequency of producing financial report is poor.

Figure 4.1 12financial management capacity of water committee and attendant



Source: Research data 2013

Second analysis was through cross tabulation to measure the relationship between financial management capacity of committee and attendant and functionality status, research data reveal that there is high relationship between these two variables, level of functionality is through difficult when level of financial management capacity is at 69.2%, 26.2% at weak and strong at 4.6%.

Table 4.1 13 Functionality status * Financial Capacity of Committee and Attendant Cross tabulation

			Financial Management Capacity of Committee and Attendant			Total
			Not	Weak	Strong	
Functionality status	Function through difficult	Count	45	17	3	65
		% within Functionality status	69.2%	26.2%	4.6%	100.0%
	Function well	Count	19	3	0	22
		% within Functionality status	86.4%	13.6%	0.0%	100.0%
Total		Count	64	20	3	87
		% within Functionality status	73.6%	23.0%	3.4%	100.0%

Source: Research data 2013

4.3 The extend in which financial management practices affect sustainability of donor funded projects

Functionality status is used as the key determinant of extend in which financial management practices affect sustainability of donor funded projects

4.3.1 Adequacy of financial resources

The water entity should have adequacy financial resource to cover immediate break down which might occur in specific time especially in operation and maintenance. It is acceptable if the water entity is in the position to rise fund immediately but it is not

recommended, the essence of this question was trying to measure the extend in which financial resource might affect sustainability

Table 4.1 14; Adequate financial resource

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	39	46.1%	46.1%	46.1%
	Week	30	33.7%	34.5%	80.6%
	Strong	18	20.2%	20.7%	100.0%
Total		87	100.0		

Source: Research data 2013

The research findings show that more than 46.1% the availability of financial resource is poor, 33.7% is weak and only 20.2% is strong. From the above evidence it show that the possibility of repair, maintenance and operation is not possible may be in some circumstances where the water entities can manage to raise fund to finance the procedure

4.3.2 How long it take to repair Brocken parts / site

The capacity and quickness of repair broken parts is one of the key indicators to sustainability, and the reasons of financial management to facilitate water entity in quickness to perform the issue of repair and maintenance

Table 4.1 15; how long it takes to repair Brocken part / site

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	More than a month	52	58.4%	58.4%	58.4%
	More than two weeks	27	30.3%	30.3%	88.7%
	less than a week	10	11.2%	11.2%	100.0%
Total		89	100.0%		

Source: Research data 2013

The 58.4% represent that when the scheme need maintenance it takes more than one month to repair, the fact is that if the water entity does not have enough financial resource in place it will take long time up to raise funds which eventually will be used to help the repair in maintenance of the scheme and some time eventually abandoned. Through review of the document it is evidenced that most of the time when financial

resources needed the water entities tend to raise fund at that time in order to facilitate the repair which at the end if the fund needed is not archived the site abandoned and people start to use other means.

4.4 Conclusion

Chapter four tried to discuss in detail facts and findings collected from research data collection and analysis, facts are presented under sub heading which measures four aspects which are Planning, controlling, directing and organizing. The approach to meet the expectation to justify the hypothesis these four aspects were discussed by developing indicators, to mention collectively, issue of quality and level of implementation of financial management though as best practice were taken into the account. This approach gives clear room for proving that the evidence and view of respondent represent true and fair state of actual in field.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5 Introduction

Chapter five discusses on key research findings, the presentation approach will try to align with research questions, to make it clear and understandable the approach will buy the approach of identifying key issue s which is seems to affect most of water entity running.

5.3 Financial management practices

5.3.1 Poor Financial Planning and integration of entity strategy

Financial planning and integration of entity strategy is the key element in best practices on financial management. The research findings identified in chapter four shows that 60.9% is poor financial planning and monitoring integration with the organization's strategic and corporate planning processes only 35.6% is basic and 3.4% strong.. The concern is that integration of financial planning with organization strategy gives room to sustainability. We expect water entities to survive for the long period, so every penny allocated now should concise with long term strategy of the organization.

We understand the vital importance of maintaining and transferring values and assets between the generations, water entities are one of those assets. Water entities committees must be clear about the strategic direction of the organization in the short, medium and longer term (where appropriate). Financial and operational plans must be fully aligned to the strategy at all levels. The committee and attendants must ensure that it is able to focus on the longer term strategic imperatives. Plans include forecasts over 5 to 10 years (or more if the entity requires it) so that longer term changes in the environment can be factored into plans. Financial planning produces timely information so that budgets and forecasts are routinely updated and highlight emerging changes so that remedial action can be taken. Planning processes include active co-ordination with external stakeholders such as partnership members, in order to co-ordinate effort, remove duplication and deliver economies.

5.3.2 Non presentation and sharing of financial information

Financial information facilitates decision making and some time is the tool for evaluating trend of the entity. In other areas financial information used as a tool to influence people to participate in decision and contributing to development. Non provision of financial information creates a hole between entity custodian and beneficiary, always even if it is not a true beneficiary sees as custodians are benefited by water entity revenue. So based on the fact presented it show that 74.7% do not prepare, and only 25.3 are preparing and shared but not in good quality.

The research review on the education level of water entity custodian and find that most of them they do not have basic knowledge in financial matter, this can be the reason of not presenting the information, but in another way it show that there is no even try of developing the information which lead to conclude that, it is not the matter of knowledge instead is the matter of behaviour.

5.3.3 No Audit performed,

As discussed in chapter two of literature review, the discussion on management model established by ministry of water it show that the number of scheme other established since 15 years ago but evidence show 100% no auditing is performed. Committee and leaders are elected and leave but no auditing performed to make assure proper utilization of resource and some time to receive advice concerning the proper ways of resource management.

5.3.4 High rate of political decision in water schemes

The evidence shows rate of interference by politicians is moderate 79% and most of the time by 21%, political leaders take water as agenda of being elected and as one measurement of assuring political dominance. Management module gives room to government official to interfere in water entity matters, in some cases it is found that the government official take the lead to burn government water committee from continuing with operations. This influence gives room politics to affect the performance of the water entities which eventually schemes collapse. Water matters is political agenda and in some political parties it is inside the party manifesto which claims that water is the

duty of government to provide which at the end people instead of paying they wait for that opportunity.

5.3.5 Weak systems of internal control, governance arrangements and risk management

In some scheme there is at least elements of internal control mechanism but in some of the scheme there is no that mechanism. The water committee and water attendant routinely they do not demonstrate adherence controls in place. No compliance with general financial management policies is extremely and when there is a need for performing by not following advised procedure there is no an exception basis in relation to specific issues which are then acted upon. No Feedback is sought routinely so as to update and improve systems. Challenge to the processes is not welcomed to introduce improvements and there is no identified mechanism to make changes. Most of the times all task are performed by one person from identification of cast, approving, purchasing and some time fixing the issue in hand.

The water users entities are reluctant to adopt controls and procedures which are lean, streamlined and value added, avoiding overly bureaucratic or time consuming processes. The majority of water entity attendant and water user committee due to unqualified and not having capacity in financial management disciplines they do not see the importance of applying financial management discipline they tend to see every think they see are correct and no one to collect them.

5.3.6 Not clear exercising roles and responsibility

The water user's constitutions stipulate clear roles and responsibility of the committees and scheme attendant. In some circumstances the constitution contravene and is not clearly identify but always we assume that laws and regulation was developed with positive intention. The issue identified is that treasury people thinks when power is given they can do any think without the approval from their superior, that why the research finds show that in most cases the treasury is the one who initiate, approve, and pay which is controversial to best practices.

5.3.7 Poor revenue collections

No proper mechanism of revenue collection established in moist visited scheme, 74.7% practice is moderate, 25.3% strong, but it is not clear who is duty to collect and no evidence show, the one paid and not paid. The entire above scenario show the problem in collection of revenue. Poor revenue collection creates problem in sustainability. The availability of immediate fund for operations and maintenance depend on revenue collections

5.4 Inefficiencies relates to financial management practices

5.4.1 Weak financial rules and regulations

Most of the cases there is no financial rules and regulations or even simple procedure stipulated to guide in financial issue undertakings, the water used guide simply stipulates the procedures and hopefully to be backup by other supporting regulations. As financial practitioner rules and regulation is like framework and tend to give and take power and authority to perform or not performing also provide opportunity for the organization to take any measure to anybody who go against the procedures. When the cross tabulation performed it show that there is a link by 60.9% difficulties caused by poor rules and regulation.

5.4.2 Financial planning does not cover the elements needed to support the entities.

Financial planning does not cover all areas of the water entities business to an appropriate level for some areas by 53%, planning may be linked to short term objectives rather than long term objectives. The financial plan does include a clear assessment of the organization's cash flow requirements because even water user entities they do not have clear system which has data and information to relay.

Donor funded project run for specific period with the intention of the community with the help from the government to run the schemes, but the problem is unclear situation in which water scheme are not have capacity even to link Income and expenditure, some time even these entities fail to link current revenue and investment plans due to wear

and tear and trend of population increase. There is no contingency plan most of the time when problem occurs is the time when they start to find solution.

5.4.3 Low level of collective responsibility in financial matters

The water user committee is expected that when resolution is passed on any matter in meeting or decision organ which supported by the entity constitution all members must support. Also when default or problems occurs due to one negligence the entire committee must work any see the problem and measure based in each procedure when the default occurs. Things are different most of the time in financial matter and other undertakings the water user committee does not work and decide collectively, the decision comes from individual which eventually attract challenges from other members which at the end committees is seen as disorganized.

5.4.4 Low knowledge of understanding expenditure and cost drivers

Understanding factors which influence and contribute to the expenses of certain cost of the entity is very important. Evidence shows that, the water entities they do not understand that one is due to low knowledge and second due to non established procedure. If cost drivers are not know and being able to be estimated it is not possible to plan for future or to make arrangement for undertakings. Uses of techniques such as activity cost costing will allow water entity custodians to understand and determine the cost to undertake certain activities and eventually to reach the entity sustainability goals.

5.4.5 Poor quality, accuracy, and timelessness of financial management

Quality, accuracy and timelessness are important key for decision making, all process of management of financial resource must be planned, organized, controlled and directed in the way then one aspect does not affect another. The time which is planned for planning must be used and task accomplished at that time, this will give room to another aspect to take its course. Accuracy is also important financial figure speak a lot once things are miss presented tend to create confusion which will attract failure. The water user entity researched show the procedure are poor, no quality, no accuracy and timeliness is not followed

5.4.6 Poor streamlining revenue requirement and source of income

Pricing issue is the main discussion under this discussion; the expectation is that water price and revenue collection as the only way to assure things operate very well. But the fact shows that water user committee and attendants do understand how the income or revenues are derived and but the sources of income identified is depending on poor collection and some time when break down occur people tend to contribute, influential people especial who have sufficient amount of money are the one who mostly contribute. However, the organisation has no intelligence on how these sources of revenue affect income streams in practice and makes no effort to understand the impact.

The issue of setting price is also the challenge research data find that some of the time political agenda is the reasons which determine the movement and direction of price setting, still community are with notion of water is the gift from god and which is produced free. During election political leaders tend to use water strategies as a toll for winning majority which eventually affect the situation.

5.4.7 Low level of financial management capability

There is very little financial expertise within the water scheme. The treasury and revenue collectors are not qualified or having basic financial management understanding. The water user Committee does not have appropriately experienced in financial management and sometime the allocation of task and duties within the committee members, they do not priorities allocation of those duty based on expertise. This creates miss management of financial resource intentionally and most of the time un intentionally.

5.5 The extend of financial management practices to sustainability

5.5.1 Insufficient financial resources to cover Operation and Maintenance

Most of the water entities found in difficulties to finance operations and sometime when schemes broke down they are not in position for immediate repair and maintenance. Findings show that 46.1% they do not have financial resource to cover the need, 33.7% is weak and 20.2% is strong and the strongest area is deep scheme. The only solution

used committee member is to raise fund through contributions in which eventual wealthy people tend to contribute time to time. In some circumstance the contributors at the end gets privileges. The approach is acceptable but it removes the right of distributing resources equitable.

5.5.2 Normally it take long time to fix defaults

Due to challenges of financial resources, water entity finds theme self in difficult position to fix defaults. Figure 4.1.17 proves that 58.4% takes more than a month, 30.3% takes more than two weeks and 11.2% takes more than less than a week to fix and repair broken parts. Financial resource is very important to assure the long term availability of service. The tendency of fundraising depending on circumstances affect the flow of service, in which eventually if the targeted amount is not reached the scheme finds itself in difficult position to continue with operations. Sometime the delays of fixing defaults may result due to problem of availability of spare parts but mostly financial resources are the reason.

5.6 Conclusion

The discussion of above findings show the importance of financial management, in summary issue of Poor streamlining revenue requirement and source of income, Weak systems of internal control, governance arrangements and risk management, Low level of financial management capability, Financial planning does not cover the elements needed to support the entities and Poor Financial Planning and integration of entity strategy are the key issue which identified and discussed above.

CHAPTER SIX

SUMMARY, CONCLUSION AND POLICY IMPLICATION

6.0 Introduction

This chapter presents an outline of key research result, conclusions drawn and recommendation. It also points areas which require further research. The conclusions are presented reference to the main research objective. The essence of water stewardship for suitability relays on financial management practices which were shown in main objective which is to examine the financial management practices and recommend best practices to be adopted by donor funded water entities to support self-sustainability.

6.1 Summary of research findings

Financial planning and integration of entity strategy is the key element in best practices on financial management. The concern is that integration of financial planning with organization strategy gives room to sustainability. Second, Financial planning does not cover all areas of the water entities business to an appropriate level for some areas, planning may be linked to short term objectives rather than long term objectives. The financial plan does include a clear assessment of the organization's cash flow requirements because even water user entities they do not have clear system which has data and information to relay. There is very little financial expertise within the water scheme. The treasury and revenue collectors are not qualified or having basic financial management understanding.

In some scheme there is at least elements of internal control mechanism but in some of the scheme there is no that mechanism. The water committee and water attendant routinely they do not demonstrate adherence controls in place. Pricing issue is the main discussion under this discussion; the expectation is that water price and revenue collection as the only way to assure things operate very well. But the fact shows that water user committee and attendants do understand how the income or revenues are derived and but the sources of income identified is depending on poor collection and

some time when break down occur people tend to contribute, influential people especial who have sufficient amount of money are the one who mostly contribute.

The issue of setting price is also the challenge research data find that some of the time political agenda is the reasons which determine the movement and direction of price setting, still community are with notion of water is the gift from god and which is produced free. During election political leaders tend to uses water strategies as a toll for winning majority which eventually affect the situation

The pricing of water service must focus on cost recovery for the future usage of water now and future generation. Utilities regulatory, Industrial and domestic users the need to demonstrate their engagement in water stewardship, Water is taken as second risk, politician take water as basic free service to voters despite of huge investment needed. Prioritizing in investment and budget allocation in water service must be identified by the actual need and crucial importance of water for human being life.

Donor community while planning for water service supporting must work together with government, stakeholders and communities who owning the service must be harmonized to know how water service is important. Difficulties are being identified especially after project closer, no proper process and some time the closer process is not be linking to government plans as the research identified in case area all donor funded project after project closure, project are found in difficult situation.

To achieve systemic change there must be a base level of harmonisation and coordination between different actors working in the sector; this is particularly the case for the more inclusion of other non direct water related skills such as finance, law etc and also an intra-government relationships. Common agreement and adherence to sector policy, norms and guidelines is an essential building block for working at scale. The GWI intervention especially on operation and maintenance modules tried to harmonise aligned approaches, particularly the adoption of coordinated implementation approaches, by including people of different skills in management. Basket funding, sector coordination platforms and joint performance reports helps water sector changes.

Working through these more harmonised structures is also one of the best ways to address and finance systemic capacity building.

6.2 Conclusion and policy implication

The purpose of this research paper is to assess financial management and inefficiency to support sustainability of donor funded water projects. Findings revealed that Over 65% of problem in water sector are caused by poor management framework especially in areas of financial management. The situation forces people to rely solely on self-water supply (free source) such as rivers, perennial streams, water ponds and unprotected wells which is susceptible to water borne diseases such as typhoid fever, cholera, dysentery, malaria parasites etc. Most of the town and rural dwellers especially women and children spend time trekking far distances of more than 4 kilometers to fetch water for domestic if you go further in research you will find the main courses of all this is break down or non functioning of water scheme which was previously established. Prices of water are very cheap which obstruct the essence of sustainability. Politics interfere the stewardship of the water. This is a wake-up call for water supply planners, decision makers, donor agencies and external support agencies to take their share of the responsibility and support communities in their efforts to maintain the system that have been handed over to them by putting more emphasize on financial management discipline, the time of taking water entities for granted has passed, and e community members themselves should also play a crucial role in facilitating the active involvement of communities through self-help project in safeguard and secure water supply; but they must support financially especial by paying water bills as required.

Established user management models states that communities own their water supply system and retain overall responsibility for operation and management, and government through government official will pay visits to look and verify management of this scheme, however, no formal contract or procedures make this apparent to villagers and government. In addition, this appeared to contradict this policy by performing all operation and maintenance free of charge, and many villagers still expect government and donor to do so. The research findings suggest and encourage villages (water

committee) to ensure that investments are maintained. Without formal requirements, villagers may not maintain systems properly and an increase in major repairs and costly rehabilitation will result.

6.3 Area for feature study

Tanzania society is of homogenous characteristics but the researcher hope that in some areas thinks may be different due type of funders and project implementation methodologies, that why it is advised to scale up the subject so as to find and provide solution in a wider context. Financial management practices in water entities is a crucial that's why the researcher gives a a call to other stake holder to investigate.

Figure 6.1 1Private Operators in Various parts of Tanzania



Source; Water supply and sanitation in Tanzania, 2010

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APPENDICES

APPENDIX 1

QUESTIONER

Introduction

The bearer of this Interview questioner is pursuing Msc Accounting and Finance at Mzumbe University. As a part of requirements for the programme he is pursuing, he is required to write a dissertation based on a field research to one of the case study in the country. It is designed this for collecting data to be used, which is purely academics. I want to assure you that the responses and findings will be kept in strict confidential. Study is about financial management practices: inefficiencies for self sustainable on donor funded water projects: Does support best practice in financial management in Donor funded projects for self-sustainable. Pleas tick (V)

Section A; General Information

Question Number	Question	Possible Response						Comments
		A	B	C	D	E	F	
1	Name of scheme inquired	Makanya	Kwesasu	Lungwana	Hedaru	Saweni		
2	Title of respondent	Water committee	Water Attendant	Influential people	Government official	Scheme member	Other beneficiary	
3.	Type of the scheme	Gravity Flow	Deep well					
4	Type of Management Model adopted	Point water source	Village water scheme	Group water	Private operators			

				scheme				
5	Age of water point	1-5	6-10	11- above				
6	Functionality status	Not functioning	Functioning through difficult	Functioning well				
7	If not functioning well (i.e Community not getting water)	More than a month	Between 1 week and 1 month	Less than one week				
8	If functioning but not well please specify	Problem with attendant or committee	No financial resource to finance repair	Both A and B				

Section B; Financial management practices relates to sustainability

Question number	Corresponding Variable	Question	Possible Response			Comment
			A	B	C	
1	Planning / Controlling	How are financial planning and monitoring integrated with the entity strategies and planning process?	The strategy, and financial planning processes are not coordinated	There is a basic level of alignment between financial planning process and entity strategies	There is strong level of alignment between financial planning process and entity strategies	

2	Controlling	How financial report tailored and shared internal and external	No financial report produced	Financial information produced but not shared	Financial information are produced and shared	
3	Controlling	Is auditing performed and who appoint Auditor?	auditing is performed	Committee	District Authority	
4	Directing / Organizing	Does government official obstruct the decision?	No	Moderate	Most of the time	
5	Directing / Controlling / organizing	What is the quality, accuracy and timeless of the organization's financial management?	Financial monitoring information is not available	Financial monitoring are available there is week utilization	Committee and attendant are able to relies on the monitoring and forecasting information	
5	Directing	What is the quality, accuracy and timeless of the organization's financial management	Financial monitoring information is not available	Financial monitoring are available there is week utilization	Committee and attendant are able to relies on the monitoring and forecasting information	
6	Directing/ organizing	How the Financial Roles and	There is no distribution of roles	There is distribution of roles and responsibility but	There is strong distribution of role and	

		responsibility distribution	and responsibility (Not)	not implemented (Weak)	responsibility and people implement (Strong)	
7	Controlling	What is the status of revenue collection?	Not collected (Not)	Collected by is not at full coverage (Weak)	There is strong revenue collection procedures and revenue is collected (Strong)	

Section C; Inefficiency relates on financial management practices

Question number	Corresponding Variable	Question	Possible Response			Comment
			A	B	C	
1	Planning / Controlling	How robust and streamlined are the system for financial planning?	There is no financial planning system (Not)	There is financial planning system and but it is not carried annual (Weak)	There is Financial planning system and is carried annual (Strong)	
2	Planning / Organizing	How does the financial planning cover the elements needed to support the water entity?	Financial planning do not cover aspects of the entity	Financial planning covers only few aspects that support the entity	Financial management covers only some element of the entity	

3	Directing / Controlling	What emphasis do the Water committees and attendant place on both their own responsibility and culture of collective responsibility for financial matters?	The committee and attendant do not act collectively to engage in financial matter	The committee and attendant act by representing their own area of responsibility	The board and attendant team act collectively	
4	Controlling	What understanding does the organisation have of its expenditure and cost drivers?	Committee and attendant do not know many of cost drivers of their activities	Committee and attendant little of the cost of their activities	Committee and attendant know many of their cost of their activities	
5	Controlling / Planning	What is quality of financial management information	Poor not understandable	Moderate, somehow under stable	Of high quality	
6	Organizing	What financial management capability has the committee and attendant?	There is no financial expertise in the attendant and committee	There is little financial expertise in attendant and committee	There is good and strong financial expertise in attendant and committee	
7	Controlling / Planning	What understanding the organization have of its income streams and the way	Committee do not know the criteria of	Price influenced by	Committee do understand the criteria	

		in which sets price?	price setting	political agenda	of price setting	
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Section D; the extend of financial management practices affect sustainability

Question number	Corresponding Variable	Question	Possible Response			Comment
			A	B	C	
1	Outcome measurement	Does each water entity have adequate financial resources?	Poor	Week	Strong	
2	Outcome measurement	How long it takes to repair Broken parts?	More than a month	More than two weeks	More than a month	

APPENDIX 2

INTERVIEW GUIDE / RITERATURE RIVIEW GUIDE

1. What is the process of committee report back to wider community?
2. What knowledge is there about the regular income (total community contributions) and expenditures (e.g. spare parts) related to the scheme?
3. What was the consultation like regarding the initial prioritization of what service was needed?
4. What was the involvement of community members in discussions and decisions?
5. What was the contribution of labour, material, leadership and skills?
6. What is the situation regarding the existence and functionality of by law, guidelines, internal articles, etc?
7. What is the situation regarding the existence of Committee?
8. What is the process regarding committee and office-bearer elections?
9. What level of knowledge about roles and responsibilities is there at community and committee level?
10. What is the situation regarding committee meetings?
11. What is the situation about Audit Coverage?
12. What is the situation regarding committee re-election?
13. Who receive Audit report?
14. What is the situation regarding power to replace ineffective committee members?
15. How are decisions made at community and committee level?
16. What is the situation regarding committee knowledge and practice of regular record keeping?
17. What is the committee Composition like?

18. What training and capacity is in place regarding basic maintenance of the scheme?

19. Who should be contacted in case of trouble related to services (e.g. relevant district departments or other)?

20. Additional comments

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