

**EXAMINATION OF STRATEGIES OF LOCAL
REVENUE COLLECTION IN LOCAL GOVERNMENT
AUTHORITIES IN ZAMBIA: A CASE OF GWEMBE
DISTRICT COUNCIL**

By

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partial fulfilment of the requirements for the award of an MSc
Accounting and Finance**

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DECLARATION

I, **KELVIN MUSHIMBWA**, do hereby declare that this work is my original work achieved through personal reading and research. This work has never been submitted to the University of Zambia or any other Universities. All sources of data used and literature on related works previously done by others, used in the production of this dissertation have been dully acknowledged. If any omission has been made, it is not by choice but by error.

Signed.....

Date.....

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APPROVAL

This dissertation by **Kelvin Mushimbwa** is approved as fulfilling the requirements for the award of the MSc Accounting and Finance.

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ABSTRACT

For their daily activities, administrative and other costs, Local government authorities in Zambia rely almost exclusively on funding from Central Government chiefly due to their inability to mobilize enough revenue from local sources within their jurisdictions. Taking Gwembe District in Southern Province of Zambia as a case study, this study examined existing strategies used by the local government authority to increase its local revenue collection for the period 2015 to 2018. Employing quantitative research method, a population of 46 Employees of Gwembe District Council were purposively sampled out of total population of 76 employees to gain insights from key informants involved in designing and executing local revenue collection systems using a self-administered semi structured questionnaire. The research results showed that the current strategies are not yielding the expected results in local revenue collection. The inability to mobilize sufficient local revenue by local authorities can be seen merely as a symptom of more deep-seated socioeconomic and institutional constraints. The conceptual lens through which the socioeconomic, infrastructural and institutional constraints on local revenue collection are uncovered is the study's main contribution. While more generally a number of the constraints here identified have been captured in the broader literature, this has either been coincidental or piecemeal if fragmented without due regard to the wide-ranging framework and terrain of analysis through which the problems can be seen. Because the conceptual framework is capable of identifying the deep-seated constraints and nature of their effect on revenue collection, the study goes a step beyond just identifying these constraints by erecting series of recommendations which can prove useful to both revenue mobilization and collection. Based on the findings and conclusions drawn from this study, the research study recommends the following: setting up a cross-cutting task force within the council that will look at revenue collection; tax payer sensitization regarding the need to pay taxes on time and also feedback on overall council performance; updating tax payer database; reviewing expenditure needs; outsourcing the revenue collection function in remote areas; and in house training of revenue collectors to keep them abreast with developments in new legislation, as measures to enhance local revenue collection.

KEY WORDS: Local Revenue Collection, strategies, taxpayer and constraints

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DEDICATION

To Jane M Simamba,

Forever cherished, though it cuts like a hot knife through butter.

Love leaves a permanent mark in the heart.

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LIST OF ABBREVIATIONS

LGA- Local Government Authority.

GDC – Gwembe District Council

WDC – Ward Development Committee

CDF- Constituent Development Fund

LGEF – Local Government Equalization Fund

COOM- Councilors’ and Officers’ Orientation Manual

DEFINITION OF KEY TERMS

Strategy: A method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem. It is the art and science of planning and marshalling resources for their most efficient and effective use

Revenue is the state's income from which public expenses are met. It is the income generated from sale of goods and services associated with the main operations of an organization before any cost or expenses are deducted.

Local Revenue is revenue that can only be levied on citizens of an area by the collection agency of that respective jurisdiction.

Local Government Authority: A Local Government Authority (LGA) or a council is a body corporate that is established and governed by the Local Government Act, No. 22 of 1995, Cap 281 of the Laws of Zambia. The main objective of establishing Councils is to provide services on behalf of Central Government to residents within their areas of jurisdictions.

In this dissertation, the words Local Council and Local Government Authority mean one and the same.

CHAPTER ONE- INTRODUCTION

1.1 Overview of Chapter One

In this introductory chapter, there is a brief background study where the scene is set for the entire research. The problem statement is presented as well as a clear rationale for this study. Also, in this chapter, the sole aim and objectives are clearly stated thereafter, it further highlights the scope of study and the set of questions to be answered in this research. Finally, the structure of the study, and then a summary is presented at the end of the chapter.

1.2 Background information

Local government serves a two-fold purpose; the first being the administrative purpose of supplying goods and services and the other purpose is to represent and involve citizens in determining specific local public needs and how these local needs can be met. Some proponents of social, economic and political administration have generally come to agree that local government administration is important especially when it comes to issues of ensuring equitable distribution of resources and maintaining order and sanity in the local regions. It is through local government that people access basic needs and services such as housing, land, cemetery and crematoria, provision of roads, markets, parks and other services and facilities such as library and pre-school education. Local authorities further provide services like cleaning of roads, rubbish collection etc. ((Chikulo B. C., 2014) (Mukwena R. M., 1999) (Hussein, 2006) (Watt, 2006), 2019)

In Zambia, as in many other countries, the local government has been given a mandatory function of formulating laws to supplement the provisions of the constitution, hereafter known as by-laws. These by-laws aim to meet local legal and security needs. “Many may involve some restraints on

the liberty of the subject and provide punishment to non-abeyance. Essentially it operates in the area of the authority only and is form of delegated legislation” (Ng’ambi, 2003).

Since the introduction of multi-party system in Zambia in 1991, Local Authorities have seen a reduced revenue base due to policy changes. Some of these policy changes include; abolishing of crop revenue (Chulu,2014); erosion of asset base through various actions and policies of the central government such as the 1992 directive to councils to disinvest in commercial ventures and sell rental housing stock at uneconomical prices; redirection of funds intended for local authorities to the control of local politicians, for example constituency development funds and youth projects funds controlled by MPs, or to semi-autonomous local institutions such as the Health and Education Management Boards created to perform specific functions on behalf of sector ministries; unfunded mandates – local authorities given increasing responsibilities without corresponding capacity in resource mobilization and declining and erratic disbursements of grants from central government. (Chikulo, 2009).

Gwembe District Council has equally been affected by the above policy changes, especially that it is a rural based local authority with its major economic activity being the fishing industry and agriculture. These two economic activities require to be supported by good road network to ensure smooth delivery of the respective products. A review of the financial reports of the council for the financial year ended December 2018 showed that only 44% (Forty-four per cent) of budgeted collections were collected to support the council operations, making the council depend on central government remittances to ensure service delivery is met.

1.3 Study Area Gwembe District Council

Gwembe District is a tongue shaped stripe of land in the Southern Province of Zambia. It is in the valley of the Zambezi Escarpment, sharing boundaries with Siavonga, Monze, Pemba, Sinazongwe and Zimbabwe on the Lake Kariba.

The District Commissioner whose offices are based in Gwembe Sub-Boma administers Central Government programmes in Gwembe District. This is where all Government Heads of Departments are located. However, the civic centre and Council Offices are in Munyumbwe, 32

Kilometres from Gwembe Sub-Boma. This is where also the National Assembly Constituency Office is based.

Politically Councillors at ward level, whose term of office is five years, govern the District. These conduct business through the full council under the chairmanship of the Council Chairperson. Then there is an MP, who is the Constituency's representative in Parliament, whose term of office is five (5) years. Gwembe District is mainly divided into two Chiefdoms. These are Chief Chipepo and Chief Munyumbwe. However, areas around Gwembe sub Boma are under chief Ufwenuka of Monze District. Chief Chipepo's Palace is based in Chipepo area along the lakeshore, while Chief Munyumbwe's palace is based in Munyumbwe, there are a total of 315 Headmen under the two chiefs as follows: Chief Chipepo 194 and Chief Munyumbwe 121.

GDC covers the total surface area of 3,879 square km and is approximately 260 km from Lusaka the Capital City of Zambia.

1.3.1 Physical Location

It is located at 16⁰ 38" south latitude and 27⁰ 46" East Longitude, it covers the total surface area of **3,879 km²** and is approximately 260 km from Lusaka the Capital City of Zambia. The Gwembe sub-Boma is 17 Kilometres from Chisekesi on the Livingstone-Lusaka highway. The District Council offices based at Munyumbwe civic centre are 32 Kilometres away from the Gwembe sub-Boma.



Figure 1: Gwembe District Location Map



Figure 2: District and Ward Boundaries

1.4 Systems of local revenue collection at GDC

Currently GDC has two methods of local revenue collection. The First method is through revenue collectors (Council employees) who conduct inspections and mount check points at major entry and exit points of the district; and the second is through walk in customers who pay at the council offices.

1.5 Statement of the Problem

District councils tend to operate on social contracts whereby the residents partly finance the social services that are provided by the council. The council fees, charges and taxes are all paid into the council with the belief that local authorities will in turn fulfill their obligations of providing the services to the communities from which they collect those funds from.

Councils have the ability to raise local revenue within their areas of jurisdiction for the provision of basic services and the execution of other activities. This power to raise money from the residents within the districts is what causes the services provided by local authorities to be called social services in contrast to the other services provided by the central Government called public services which are completely funded from the taxpayer's money.

Local Government Authorities have a reduced revenue base and poor collection of locally generated revenues which has led to most councils failing to provide not only basic services to their respective communities as per their mandate but also fail to pay salaries and other statutory obligations for their employees, including retirement and severance pay for their former workers (National Assembly, 2019).

For their survival, most LGAs have been surviving on support from Central Government through the Local Equalization Fund (LGEF) (National Assembly, 2019). However, changes in Government revenue collection affects how much is re-distributed to Local Authorities in the country. When revenues fall, the country must cut spending, raise taxes, or both, with the easier option being cutting the amount remitted to LAs. With an increase in debt repayments and other austerity measures, Central Government may not remit LEFs on time or even stop, pushing LGAs into more liquidity problems.

The audit findings in the audit of local government authorities for the period 2014-2016 revealed that a lot of debt remained uncollected as at reporting period end (Auditor General's report, 2017) (Auditor General,, 2017). A review of Financial statements for Gwembe District Council for the period 2015-2018 shows that the council only collected 44% of budgeted revenue (Budget K10,241,815.00, Actual collected K4,494,669).

The study seeks to find out how the Local Government Authorities, and in Particular Gwembe District Council, can collect substantial amounts of revenue from its own sources to meet its objectives and enhance service delivery.

1.6 Aim of the Study

This study is aimed at examining existing revenue collection strategies of Gwembe District Council from its own sources to meet its objectives and enhance service delivery.

1.7 Research Objectives

- i. To establish the mechanisms and institutional setup for revenue collection by source of revenue for Gwembe District council.
- ii. To establish the contradictions and challenges faced in the process of local revenue collection.
- iii. To extract best practices and lessons to offer an opportunity to rethink the current revenue collection system.

1.8 Research Questions

- i. What are the sources of revenue available to Gwembe District Council to enable it to perform its duties and responsibilities?
- ii. What are the challenges faced by Gwembe District Council in Collecting funds for its activities and programmes?
- iii. What are strategies and plans in place to counter the bottlenecks in revenue optimization

1.9 Significance of study

This study will help Gwembe District Council Management enhance their local revenue collection in pursuit of their service delivery as mandated by the constitution. The study does not only examine local revenue collection, the study makes contribution to the wider body of literature by providing a conceptual framework as an analytical lens which maps the agents and activities involved in the local revenue collection. The study does not simply ask how much revenue has been raised and from what source; its main significance lies interrogating the interplay of the institutional constitution and the agents at the council responsible for revenue collection. The study would also encourage policy makers to fine-tune existing strategies of revenue collection to a model that will assist local councils in optimizing revenue collection while enhancing service delivery.

1.10 Scope of the Study

As a case study, the study examines Gwembe District Council structures and employees associated with local revenue collection for the period 2015-2018. A case study was chosen because “the case study allows an investigation to retain the holistic and meaningful characteristics of real-life events-such as individual life cycles, organizational and managerial processes, neighborhood change, international relations, and the maturation of industries”. (Yin, 2009)

1.11 Definition of Key Terms

Strategy: A method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem. It is the art and science of planning and marshalling resources for their most efficient and effective use

Revenue is the state’s income from which public expenses are met. It is the income generated from sale of goods and services associated with the main operations of an organization before any cost or expenses are deducted.

Local Revenue is revenue that can only be levied on citizens of an area by the collection agency of that respective jurisdiction.

Local Government Authority: A Local Government Authority (LGA) or a council is a body corporate that is established and governed by the Local Government Act, No. 22 of 1995, Cap 281

of the Laws of Zambia. The main objective of establishing Councils is to provide services on behalf of Central Government to residents within their areas of jurisdictions.

In this dissertation, the words Local council and Local Government Authority mean one and the same.

1.12 Organisation of the Dissertation

This dissertation is divided into five chapters. Chapter one (Introduction), sets the scene with a background study and presents a brief overview of the whole research, outlining the aim and objectives, problem statement, rationale, research questions, and scope of this research.

The second chapter (Literature review), is a comprehensive review of relevant journals, books and other academic materials on the research topic. To enable the researcher to have a background and an overview of past authors.

Chapter three (Research Methodology) discusses in full detail, various research strategy, methodology for data collection and analysis with final decision made on an appropriate methodology suitable for this research and justification for the choice as well as the limitations encountered in course of conducting the research.

Chapter four (Findings and Analysis), is a presentation of results from the data obtained, critically analyzing every information as it should relate to literature review conducted in chapter two.

Finally, Chapter five (Discussion, conclusion and recommendations), will contain discussion of the research findings, relating it to aims and objectives of this research, conclusion and recommendations made based on research findings and how this has led to a successful achievement of the aim, of the study.

1.13 Chapter summary

This chapter gave a brief overview of what the entire research is set to achieve; it identified the problems statement and research rationale and went further to state the aims and objectives of the study, the scope, significance and structure of research. The next chapter will carry out a critical review of literatures and other relevant materials on the case topic “Examination of Strategies of local revenue collection in Local Government Authorities: A case of Gwembe District Council

CHAPTER TWO- LITERATURE REVIEW

2.1 Introduction

This chapter deals with the theoretical review, empirical review before offering a conceptual framework as map through which to navigate the contradictions in local revenue collection.

With the theoretical literature review the study will focus on the theories and other important concepts explaining revenue collection. The empirical part discusses findings from various works by other researchers who attempted to study revenue collection in LAs. The main sources of information in this chapter are the current published journals, dissertation and selected policy documents on local revenue collection in local government authorities.

2.2 Theoretical Review

In this section, a discussion of various taxation principles through which Local Government Authorities can utilize in arriving at the various local taxes that it can levy on its residents.

Across the world, one of the major sources of (local) government revenue is raised through taxation of economic activities, including income-earning activities and consumption of goods and services. (Hyman, 2010). The underlying rationale is that the regulatory authority demands a contribution towards the cost of its activities from a person or organization in its jurisdiction. In most cases there is no relationship between the amount paid and the form of benefit received. (Chilunjika, 2013). The revenue collection, whether be it at National or Local level, should be guided by the general theory of tax design, -tax design and revenue collection should be based on principles of benefit-pay, economic efficiency, administrative convenience and Equity (Goode, 1984; Musgrave and Musgrave, 1984; IMF,2011; AFRODAD, 2011).

2.2.1 Benefits-Pay Principle

The Benefits pay-principle or user pay argues that taxes should be apportioned in relation to the benefits received from publicly provided goods and services (Oakland & Testa,2009). From those

who favor this viewpoint, fees and charges are an ideal way of raising revenue for local government, because the cost of providing the goods and services will be spread across the consumers. Though this principle is popular among the public (Weinzierl, 2016), the disadvantage with this principle is that many local government services provide the greatest benefit to those who can least afford to pay for them (i.e. welfare). The second limitation is that the benefits often are hard to measure (Weinzierl, 2017)). From this theoretical landscape, one might argue that revenue collection must be based on consumers of particular public services offered by a local authority. Hence, this theory suggests that revenue collection strategies should focus on extracting rent from agents benefiting from a particular service. Revenue collection strategy must unearth the mechanisms and pathways which can optimize rent capture from consumers of a public service.

2.2.2 Economic Efficiency

The requirement that a tax system be efficient arises from the nature of a market economy. Although there are many examples to the contrary, economists generally believe that markets do a fairly good job in making economic decisions about such choices as consumption, production, and financing (Ross, 2018). Thus, they feel that tax policy should generally refrain from interfering with the market's allocation of economic resources. That is, taxation should entail a minimum of interference with individual decisions. It should not discriminate in favor of, or against, particular consumption expenditures, particular means of production, particular forms of organization, or particular industries. This does not mean, of course, that major social and economic goals may not take precedence over these considerations. It may be desirable, for example, to impose taxes on pollution as a means of protecting the environment. The biggest challenge with this principle is that there is no scientifically correct way of distributing the income to eliminate inefficiencies.

2.2.3 Administrative Convenience

A good tax system should be implemented with relative ease for both tax collector (enforcement) and the taxpayer (Convenience). Eckeston, (1983) posited that a good tax system should not impose taxes that are impossible to enforce even when people comply to tax laws voluntarily, and that the government should verify the tax payments, if not the tax becomes an invitation to break the law. Tax laws must be comprehensible to the taxpayer, as simple as possible and certain. In

addition, a good tax system should offer some of form stability, with orderly transition if need be. Collection of revenue from taxes should be cost effective-collect more revenue than the cost spent collecting the same. Thus, optimal revenue collection strategies must impose least cost in terms of administrative and other overheads if the economic criteria of efficiency are to be honored. Revenue collection strategies must maximize rent accruing to the local authority.

2.2.4 Equity (Ability to Pay)

The ability-to-pay principle maintains that taxes should be distributed according to the capacity of taxpayers to pay them. Citizens with greater ability to earn income, for example, should be taxed more heavily than those with less capacity to earn. In addition, a sound local tax system should also be sensitive to issues of fairness (equity). A system that is viewed to be unfair risk being rejected, which in turn reduces compliance levels and increases compliance costs. The value of equity underlies excellence in local authority fiscal administration. In practice, however, the test of equity and fairness is whether a system protects and empowers those who are weak and disadvantaged and whether authorities protect the rights of people (and places) that are excluded, unpopular and politically invisible (Chilunjika, 2013). The implementation of a tax system based on the ability to pay requires some collective agreement concerning an equitable distribution of the taxes among citizens. Individual evaluations of the ability to pay are likely to differ among citizens whose preferences differ.

2.2.5 Summary of the Taxation theories and relevance to the current study

The tax design principles discussed above have far reaching implications on the governance of local tax revenue collection. It is evident that local authorities will need a mixture of the above theories in devising ways of taxing the community or indeed in arriving at price to charge for its services. For instance, rental spaces in the market can be charged based on the benefits principle while administrative convenience principle could lead to more effective ways of collecting the revenue due-for example outsourcing to local residents in the community as tax agents. Local governance should be based on structures that are democratically elected and also representative of the social-political, gender, demographic, ethnic and religious and economic conditions prevalent in the local domain (Rutherford, 1983). Understanding the tax principles has helped the

researcher understand the constraints encountered in collecting the various sources of own revenue and recommend short to long terms remedial measures.

2.3 Revenue Mobilization

Revenue mobilization is a process of identifying potential revenue sources, assessing revenue due, implementing collection procedures and being able to enforce payment. It is a process geared towards raising adequate revenues for a local government authority. It includes publicity and sensitization of collectors and payers.

2.4 Revenue Mobilization Process

Revenue mobilization involves the following process: identification of the revenue sources (Tax, fee or charge), assessing potential revenue from the resources (yield), publicity and sensitisation of collectors and payers so that both are aware of their various roles in the process, maintaining registers of payers, collecting the money due and maintaining accurate collection records, review of the yield from the source from time to time.

2.5 The Concept of Public Finance

Public finance is the field of economics concerned with analysing government taxation and spending policies. It is the basic tenet of financing goods and services and entails the following:

- Services that can be allocated to specific consumers
- Services that cannot be linked to specific consumers.

Services that can be allocated to specific consumers are financed from user charges and fees. On the other hand, services that cannot be linked to specific consumers are public goods and services and are financed through taxes i.e. personal levy and owners' rates. (COOM, 2016)

2.5 Sources of Revenue

Local government as a distinct sphere of the national governance structure is entitled to an equitable share of the national revenue through either specific or non-specific grants. In addition, most local authorities derive their revenue from local taxes.

Local authorities can raise revenues either internally or externally. Internal revenue sources are those which a local authority can raise in the form of local taxes.

External sources of finance include government grants, loans and bilateral and multilateral aid.

Councils also have powers to impose levies, fees and charges on the citizenry by way of by-laws or council resolutions.

2.6 Local Revenue Base

The local revenue base is made up of non-commercial revenues and commercial revenues.

2.7 Non-Commercial Revenue (Taxes)

2.7.1 Property Rates

A rate can be described as a local tax levied at a percentage “rate” upon the annual value of corporeal property or rateable property as they are legally called. Rates form a substantial portion of the revenue which support most councils especially those in the urban set-up. The rate income is the most certain form of local taxation through which the fiscal power of a council is exercised.

2.7.2 Grant in lieu of Rates:

Ideally, Central Government like any other property owner is supposed to pay rates on its properties in full to the council. However, Central Government does not pay rates on its property in full. To compensate for revenue loss, the council is paid the ‘Grant in lieu of rates’, which is lower than the actual or full rate.

2.7.3 Personal Levy

Personal Levy is a form of local tax collected by local authorities. The levy is applicable to individuals who are earning some form of income in a given local authority area. It is calculated as a fixed sum and is payable annually in two equal instalments during the months of March and June. This type of local tax is inflation inelastic because of being determined as a lump sum as opposed to a percentage of one’s annual income. It is also a regressive tax because the rate remains the same even when people’s salaries have been increased.

2.8 Commercial Revenues (Fees, Charges and Levies)

2.8.1 Rent from Council Properties

This is a charge on the use of a local authority property. However, rentals are usually charged at uneconomic rates, or rates which are not adjusted for inflation. At the moment few local authorities have properties for rent, as a result of government directive to sell their housing stocks.

2.8.2 Fees, Charges and Charges

Included under this category are water charges, market fees, bus station fees including levies such as the fish levy, cattle levy grain levy and others which are determined by the economic endowment and activity of a given area or district.

2.8.3 Licence Fees

Under the Local Government Act (Business Levy Regulations, 2011), local authorities are empowered to collect licence fees for any type of business operated in their area.

2.8.4 Commercial Ventures

These are business units set up to support local authority operations and also provide funding for development projects in the district. However, these ventures have not contributed the expected income to support local authority operations. One of the reasons for this is partly because local authorities provide services with a human face and not motivated by profit.

2.9 Other Receipts

These relate to sundry fees charged for services which include marriage certificates, affidavits, burial certificates, plot application fees, tender document fees, plans scrutiny fees, dog licence fees

Table 2. 1 Summary of Sources of Revenue (COOM,2016)

Non-Commercial Revenues (Taxes)	Commercial Revenues (Fees, Charges and Levies)
Property Rates	Rent from Council Properties
Grant in Lieu of Rates	Fees, Charges and Levies
Personal Levy	License Fees

Commercial Ventures

Other receipts

2.10 The Legal Framework in respect of revenue mobilization.

Local authorities are empowered by various statutes in their capacity as government agencies to levy taxes on citizens living within their boundaries. Among these statutes are:

- Constitution of Zambia (Amendment) Act No. 2 of 2016
- Rating Act No. 12 of 1997 as amended in 1999
- Personal Levy Act Cap 329
- Bus Stations and Markets Act.

2.11 Empirical Literature Review

This section will explore studies that have been conducted on strategies to increase local revenue collection in Local Government Authorities, their findings and the gap that has been filled by this research. It brings some of the empirical evidence from previous studies that have both a direct and an indirect relation to this research.

Currently, many local governments in developing countries face the near-impossible task of funding the infrastructure and services required to meet the basic needs of growing urban populations, while forward-looking capital investments are not possible for financial reasons. Local financial management frequently suffers from lacking technological infrastructure and capacity, and opportunities for revenue generation are often restricted by inadequate regulatory frameworks or disadvantageous political structures. Lagging public-sector spending takes a toll on urban efficiency and local economic activity, creating a vicious cycle of budgetary shortfalls, choking urban conditions, and economic stagnation.

However, strategic governance and financing systems can provide hope for struggling local governments. There are opportunities for matching local needs with institutional frameworks and revenue-generation tools. Appropriate financial management can tap into strategies that improve efficiency of revenue collection, win public support, capitalize on urban and regional economies

of scale, curb land speculation and sprawl, incentivize economic activity, and improve urban affordability for the poor. The resulting budgetary improvements can allow municipalities to make strategic investments in their cities, stimulating a virtuous cycle of growth, revenue generation, and prosperity. UN-Habitat (2015). Thus, one of the reasons of undertaking this research.

Fjeldstad (2006) carried out a research on Local Revenue Mobilization in Urban Settings in Africa. The paper explored the opportunities and constraints facing local revenue mobilization in urban settings in Africa. The study examined various revenue instruments available, including property taxes, business licenses, and user fees, and their effect on economic efficiency and income distribution. Moreover, political and administrative constraints facing various revenue instruments and factors impacting on citizens' compliance behavior were discussed. The analysis was exemplified by cases from across Africa and other regions.

In this study, the following were identified as the major factors contributing to the inability of councils to collect fully the revenue due to them.: (1) poor administrative capacity to assess the revenue base, (2) poor administrative capacity to enforce the payment of taxes, (3) explicit and intentional tax evasion and resistance from taxpayers, (4) corruption, including embezzlement of revenues, (5) external pressure on the local finance department to provide optimistic projections, and (6) political pressure on the local tax administration to relax on revenue collection, especially during election periods.

Troland (2014) undertook a research to ascertain whether fiscal transfers from central government can increase local revenue collection in Philippine. Using exogenous variation in Philippine municipal transfers to find that fiscal transfers increase local revenue collection, a measure of local capacity. The study ruled out fiscal stimulus as a potential mechanism for these results, concluding that fixed costs and credit constraints are the dominant mechanism driving increase local revenue collection.

A study conducted by Niek (2011) in South Africa, analyzed fiscal performance in terms of own-revenue collection and sustainability of local municipalities in South Africa. Criteria such as gross value added, revenue collected from own sources, debtors outstanding, the ageing of debt and dependency on grants were considered.

The researcher concluded that many municipalities did not comply with the requirement that a “reasonable” amount of current expenditures be financed by means of own resources. Furthermore, local government finances were featured by substantial variance as far as collection of own income was concerned. While close to half of them finance more than 50 percent of their current expenditures from own resources, about one third are largely dependent on grants from upper spheres of government and generate less than 20 percent of current expenditures from own resources.

The researcher asserted that, the fiscal sustainability of the local government sector, given the current scenario of flows, was a reason for concern. To comply with international criteria for solid fiscal performance, a number of municipalities will have to improve their performance with regard to own-revenue collection.

The reason for this phenomenon seemed to be the problem of “soft budgets” and an historic dependence on grants to finance not only capital expenditures but also most, if not all of, current expenditures. Due to historical and political factors, local governments in South Africa differ substantially in terms of potential revenue base, but it may be that in many cases potential revenue was not exploited and that the high level of dependency on grants was the result of inefficiency and lack of political will to be more self-reliant. Furthermore, in view of the widespread protest actions against poor quality of service delivery at the local government level, the researcher asserted that fiscal authorities should take a fresh look at the extent to which these governments are accountable for being more financially independent. This would help prevent the accumulation of debt because of growing backlogs in service payments.

Ngoyo et al (2014) carried out a study explored the factors affecting internal revenue mobilization in Local Government Authorities in Tanzania’s Same, Babati, Siha and Hai districts. A sample size of 20 informants from the selected LGAs was used to inform the researchers. The sample comprised 4 District Executive Directors (DED), 4 District Treasurers (DTs), 4 Trade Officers, and 4 Revenue Accountants and Planners. Findings from the study revealed that revenue mobilization from the internal sources in the selected LGAs is not well planned and implemented. Also, the existing sources of revenue are not exploited to their maximum capacity. The findings, therefore, suggest that there are many factors affecting internal revenue mobilization, including

LGAs over dependency on Central Government; inconsistent Government directives over some key levies; poor planning, shortage of staffs and working gears, poorly organized outsourcing, poor market infrastructure, the use of outdated by-laws and un-updated charge rates. These affect the ability of the LGAs to mobilize and raise more revenue from their own sources to reduce their dependence on the Central Government transfer

The study recommended that LGAs should review and update their by-laws and rates they charge frequently. Also, to ensure capacity building to staffs especially legal officers and revenue accountants on contract preparation and management to avoid having weak contract which may give loopholes to subcontracted agents. Furthermore, the study recommended that the Government should do a thorough analysis before giving directives to abolish LGAs to mobilize and collect fees from some sources. Lastly, the LGAs should form a task force for revenue mobilization to ensure that existing sources are exploited to their full potentiality and discover new sources. They should also ensure that revenue mobilization is among their priorities and a crosscutting issue; and ensure that there are enough member of staff and equipment for revenue mobilization issues.

Studies by Fjeldstad (2007) and Kakwesigabo (2010) noted a challenging scenario in revenue mobilization by LGAs. The authors found that, before the rationalization of local government taxes in the year 2003, majority of district councils in Tanzania generated only 10% – 20% of their total revenue from own sources, of which development levy was the major source. The 80%-90% of total revenue in many rural types of councils was conditional grants transferred from the Central Government.

According to Nicol (2005), LGAs in most African countries revenue mobilization is affected by weak collection and monitoring systems, under declaration of revenue, leakages/corruption, lack of credible and reliable database on taxable economic activities, lack of training for revenue collection and administration staff, etc.

Ebel and Vaillancourt (1995) admit that the system of financing local governance in many countries is characterized by dependence on the Central Government on transfers and shared taxes, and almost complete lack of robust generation of own revenue sources.

Boachie-Danquah (1996) cautions that, if local governments have to depend primarily on the Central Government, funding and other external resources to enable them to deliver the services

required of them is required. Then that over dependence is a sure recipe for disaster in as far as the concept of decentralization is concerned.

Coker et al (2015) undertook a study in Nigeria that looked at Challenges of Expanding Internally Generated Revenue in Local Government Council Areas in Nigeria. The aim of the study was to posit that local government councils are likely to achieve their set objectives to a large extent if their internally generated revenue (IGR) are expanded. Also, the study also sought to postulate the capacity of local government councils in Nigeria to sustainably expand their internally generated revenue (IGR) is inhibited by the kind of strategies adopted and by some critical challenges facing them.

The study maintains that apart from the fact that the fiscal federalism apparently seems unfavourable to the local government functional responsibilities, it has nevertheless the provided for adequate source for their internally generated revenue to augment the federally allocated funds. Again, sundry factors hinder the expansion internally generate revenue have been identified and recommendations for boosting IGR in local government councils in Nigeria have also been articulated. The position of the authors is that if the problems identified and strategies for expanding internally generated revenue in local government are strictly defined within each local context and vigorously pursued, enormous amount of revenue will be harnessed from each of them.

Gideon & Alouis (2013) The paper examined self-financing efforts in local government authorities in Zimbabwe against the background of perceived declines in transfers from central government. Study findings indicated that while local authorities in Zimbabwe exercise varying taxing and expenditure powers under the rubric of fiscal decentralisation, creating a buoyant self-financing base is compromised by interlocking factors that include continued central government grip, limited revenue base, failure to devise long range revenue optimising strategies, political interference, and an institutionalised culture of rent seeking.

While property tax is a promising revenue source for local authorities in Zimbabwe, it remains among the least tapped sources of tax revenue due to absence of fiscal cadastre information, lack of valuers, inaccurate valuations, and inept collection enforcement. Zimbabwe is yet to create an up to-date information base on commercial, mining, residential and agricultural activities. In both

rural and urban areas, land ownership remains tenuous and therefore difficult to tax. Rural local authorities are yet to devise strategies to effectively mobilise royalties from mining and agricultural activities in their localities while urban local authorities tend to rely on predatory user charges. Unfolding scenarios over the decades underline the need for a paradigmatic shift in local authority self-financing strategies by placing more emphasis on property tax revenue collection and enhancing revenue planning and optimizing strategies, among others.

Gideon et al (2013) carried out a study in Zimbabwe which reviewed national revenue collection in Zimbabwe, particularly interrogating major revenue sources, revenue collection strategies and soft spots for revenue leakage. Despite numerous efforts to broaden the tax base, researchers found that optimal revenue collection was still structurally and operationally compromised by loopholes in income tax frameworks, lack of transparency in revenue collection and remittance processes, and, corruption within institutions designated as Receivers of Revenue. The researcher's recommendation was that there was need to review the structural and operational frameworks governing the national revenue authority, tighten treasury control over all national revenue sources, strengthen legislative oversight and the public audit functions, plug loose areas in income tax frameworks as well as instituting transparency in national revenue remittance processes.

A study on outsourcing as a means of increasing revenue in done in Tanzania by Lukio et al (2016). Outsourcing revenue collection in Local Government Authorities has been adopted as a mechanism to solve the previous problems of revenue collection which resulted into loss and mismanagement of the whole process. One of the expectations was to increase revenue collection which will provide a room for fiscal autonomy. The researchers' experience from few local government authorities which had outsourced their revenue collection showed that, the whole process of outsourcing had not yielded the expected outcome especially on enabling local authorities to have fiscal autonomy instead it had turned to benefit the private agent who collect Tax. The study concluded that, though outsourcing seemed to benefit local authorities by reducing some tasks especially on tax collection, outsourcing benefited a private agent more than the local authority and therefore quick measures should be adopted including building the capacity of Local Authorities in identifying the sources of revenue and in estimating the actual collections so as to have clear picture of how much will be generated by the agent and what should be the appropriate amount to be submitted to the Local authority.

Aliff (2015) undertook a study in Sri Lanka that focused on revenue collections and related issues in the Municipal Council of Sri Lanka. The prime objective of the study was to evaluate revenue collections of the Municipal council for the years 2011 and 2012, and covered research questions of how the local body generates income; problems faced by the council during revenue collection and how they can they improve their revenue collection at the local level. The findings were in to increase local revenue collections, the Akkaraipattu Municipal Council needed to simplify the licensing process and other taxes in order to minimize non-compliance of businessmen to pay taxes. It also recommended use of a computerized system to reduce tax evasion and tax avoidance. The Behavioral Insights Team (BIT), in conjunction with the Local Government Association of the United Kingdom undertook a study titled “Supporting councils to improve revenue collection with behavioral insights”. Behavioral insights are based on the idea that interventions aimed at encouraging people to make better choices for themselves and society will be more successful if they are based on an improved understanding of how people actually behave. One of the earliest proven examples of a council intervention was to increase revenue collection from residents through their council tax. Since then, many councils have improved financial outcomes by changing the way they write their council tax letters. For example, in 2015, the Behavioral Insights Team (BIT) worked with Medway Council to test the effectiveness of altering the first reminder letter sent to households who failed to pay their council tax bill; comparing two new, behaviorally informed letters to the existing one. Both new letters significantly increased repayment.

Slack (2016) undertook a study entitled “improving local government revenue in New South Wales: what are the options? The study looked at what other options are available to local government in New South Wales with reference to limited revenue base and reducing revenues from property rates, the major revenue source. The study recommended that:

The property tax is a good tax for local governments, but reform is needed in New South Wales. The property tax satisfies many of the characteristics of a fiscally sound local tax: land does not move so it can be taxed without distorting economic behavior very much. It satisfies the benefits-received criterion because it funds those services whose collective benefits accrue to the local community. Revenues are relatively stable and predictable, and the tax is highly visible, so it makes local governments accountable for the tax levied. Where tax rates are set locally, local governments have a fair degree of fiscal autonomy. Three areas in New South Wales are in need of reform,

however: the use of unimproved capital value as the tax base, the breadth of exemptions, and rate pegging, potential revenues from a land only tax is less than from a tax on capital improved value and thus, to raise the same amount of revenue, a higher tax rate is needed.

Local councils should charge for services wherever possible. User fees/charges are an important source of revenue for local councils and also have an important role in altering economic behavior. Properly designed fees (based on marginal cost) enable citizens to make efficient decisions about how much of a service to consume and governments to make efficient.

2.12 Literature Review and Findings on local revenue collection

Table 2. 2 Summary of Literature Review and Gaps

Sn.	Title of the Research	Authors & Jurisdiction	Results	Gap (Authors focus)
1	Local government revenue mobilization in Anglophone Africa	Odd-Helge Fjeldstad Kari Heggstad	The potential for revenue enhancement in urban councils is better. Many urban councils in Anglophone Africa Fail to collect the revenue due to them fully. This is due to: (1) poor administrative capacity to assess the revenue base; (2) poor administrative capacity to enforce the payment of taxes; (3) explicit and intentional tax evasion and resistance from taxpayers; (4) corruption, including embezzlement of revenues; (5) external pressure on the local finance department to provide optimistic projections; and (6) political pressure on the local tax administration to relax on revenue	The study focused more on Urban Councils

			collection, especially during election periods.	
2	Can Fiscal Transfers Increase Local Revenue Collection? Evidence from The Philippines	Erin Troland	This paper used exogenous variation in Philippine municipal transfers to find that fiscal transfers increase local revenue collection, a measure of local capacity.	Focus was in developed countries, “Future empirical work is needed to further our knowledge of transfers and capacity building in developing countries”.
3	Fiscal Performance and Sustainability of Local Government in South Africa – An Empirical Analysis	Niek Schoeman	Approximately one third of municipalities do not comply with the requirement that a “reasonable” amount of current expenditures be financed by means of own resources. Furthermore, a substantial variance could be detected as far as collection of own income is concerned.	Study did not investigate why local revenue collection is low nor what strategies local authorities could use to increase collection levels of local revenue.
4	Factors Affecting Internal Revenue Mobilization in Local Government Authorities in Tanzania	Laurent Ngoyo, Elisei Lubuva and Einstern Alexander	Given the low income derived from internal sources and the increasing demand of the quality public services by local communities, the Tanzanian councils must embark aggressively on mobilization of their local revenues. However, there is still a room for LGAs to mobilize more revenues from their internal sources if they do proper and realistic estimation	Study was done through case study and qualitative

5	Outsourcing revenue collection: Experience from Local Governments authorities in Tanzania.”	Fjelstad Odd-Helge, Kalewa Lucas And Ngalewa Erasto	Poor administrative capacity to assess the revenue base, Poor administrative capacity to enforce the fees and tax Corruption embezzlement of revenues and external pressure on the local finance department to provide optimistic projections.	The researcher uses Case study, observation and Questionnaires where simple random sampling and Questionnaires were used
6	Systems, Processes and Challenges of Public Revenue Collection in Zimbabwe	Zhou Gideon Madhikeni Alouis	Optimal revenue collection is still structurally and operationally compromised by loopholes in income tax frameworks, lack of transparency in revenue collection and remittance processes, and, corruption within institutions designated as Receivers of Revenue.	The study looked at public revenue collection in general and not Local authorities
7	Determinants of Optimal Revenue Collection in County Governments in Kenya: A Case of Bomet County	Kibet Peter Lelei, Ombui, Kepha	Method used to collect revenue determines collection levels	A descriptive design was used to analyze how the various variables. A stratified sampling design were utilized

2.13 Gaps Identified in Previous Studies

The study is motivated to understand the strategies that can increase local revenue collection in local government authorities that can help local authorities have enough financial resources to carry out their mandate. Some of the gaps/limitations identified in the previous studies include;

1. There is paucity of research conducted in rural local authorities on how rural local authorities can increase their local revenue collection levels. So far from the review done, the researcher found no published journals done in Zambia on the strategies to increase local revenue collection. It is noted however that lack of adequate financial resources is mentioned in various published literature on studies looking at the broad topic of decentralization, for example. Thus, the motivation to undertake the research in Zambia.

2.14 Chapter Summary

The intensive review of relevant literature has identified varying challenges that local authorities face in collecting local revenues and how these can be addressed.

A detailed analysis of finding in the literature review will be demonstrated in the data analysis section (chapter four) of this study. This will also be contextualized with the findings from the primary data gathered from the Council employees who are the research respondents.

On a different note, the literature review has also revealed some research gaps. The current research will however make recommendation on how these gaps can be reduced or closed.

The next chapter will evaluate different research methods and methodology, and then justify the researcher's reason of accepted or rejecting them.

CHAPTER THREE- RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter discusses the research design that was followed in this study, including methods and procedures adopted in administering the questionnaires in the collection and interpretation of data and the relevant statistical methods. The determination of the population and sampling frame for this study is provided and the conceptual framework.

3.2 Justification for the Chosen Research Methodology

This research employed a quantitative design, which is highly grounded in the philosophy of social sciences literature. The quantitative data was used to examine the strategies of local revenue collection in local government authorities in Zambia: A case of Gwembe District Council. The strategy was intended for model testing and in-depth understanding of phenomena (Creswell, 2014). The basis for this choice was because there was existing literature from which a conceptual model and hypotheses could be developed, a quantitative study was deemed appropriate for model testing. The quantitative research ensured that highly structured and objective methods were employed to test hypotheses, facilitate research replication and generalize findings. This was accomplished through the survey method, facilitated by a semi structured self-administered questionnaire as a data collection instrument

It looks at the sufficiency of the current revenue base, outsourcing or hiring third party revenue collectors, competences of the revenue collectors and enhanced voluntary Compliance as independent variables to determine Optimal local revenue collection. These variables in turn, can be measured typically, on instruments, so that numbered data can be analyzed using statistical procedures. Secondly, like quantitative research, this form of inquiry has assumptions about testing theories deductively, building in protections against bias, controlling for alternative explanations. and being able to generalize and replicate the findings (Creswell 2008). Thirdly, this is a scientific way of doing things and relies on facts that can easily be proven unlike qualitative

research will relies on assumptions and individual opinions. (Creswell 2008) explains that “Certain types of social research problems call for specific approaches. For example, if the problem calls for (a) the identification of factors that influence an outcome, (b) the utility of an intervention, or (c) understanding the best predictors of outcomes, then a quantitative approach is best suitable. It is also the best approach to use to test a theory or explanation.”

3.3 Research Strategies

Generally, deduction is associated more with positivism and induction with interpretivism. Pragmatic perspectives suggest that it is possible for a research cycle to emerge where conclusions of an inductive approach (theory building) can be further evaluated to confirm the findings using the deductive approach (theory testing). Conversely, it is also possible that a deductive study may exhume some unexpected and hard to explain result which could then be explored by using an inductive approach (Creswell, 2014).

However, Creswell (2014) suggests criteria to determine whether a particular research problem should be tackled inductively or deductively or both. Firstly, availability of enough literature from which a theoretical framework and hypotheses can be defined inclines itself more to deduction. However, for topics that are new and are subject to scant literature, it may be more appropriate to work inductively by generating data, analysing it, and reflecting on the theoretical themes the data suggests. Secondly, the time available may also be an issue. Deductive research can be quicker while inductive research can be more protracted. Lastly, the needs, interests, preferences and practicalities for stakeholders should be another guide for the decisions (Saunders et al., 2009). For the current research, after conceptualising a model based on extant literature, a deductive quantitative approach was necessary for model testing.

Research strategies refers to the logic of enquiry selected by researcher informing him on a set of decisions about the beliefs that are held in making decisions on how the social world (reality) can be studied and how the trustworthiness (epistemology) of social knowledge could be established by such research.

Due to the descriptive nature of this research “Examination of Strategies of revenue collection in local government Authorities in Zambia: A case of Gwembe District Council” a deductive approach was more appropriate because it searched for the casual relationships between concepts and variables, build protections against biasness, controlling for alternative explanations and be able to generalize and replicate the findings.

3.4 Research Philosophies

Research philosophy relates to the development of knowledge and the nature of that knowledge. It looks at the development of knowledge in a particular field (Saunders, 2012). The philosophy one adopts can be thought as an assumption about the way they view the world. These assumptions will underpin the research strategy and methods they will use. Saunders (2012) notes that the main determinant of the philosophical approach that one adopts will mainly be influenced by what they view as acceptable knowledge and how the same is developed.

3.4.1 Positivism Philosophy

The positivist stance is that of a natural scientist (Saunders et. al., 2012). The postpositivist assumptions have represented the traditional form of research, and these assumptions hold true more for quantitative research than qualitative research. This worldview is sometimes called the scientific method or doing science research (Creswell 2008). It involves collecting data about an observable reality and search for regularities and casual relationships in the data to create law like generalizations like those produced by scientists (Gill and Johnson 2010). To generate a research strategy to collect data, positivists use existing theory or hypotheses that will be tested and confirmed in whole or part or refuted leading to further development of theory which may be tested by further research (Saunders et.al., 2012). Postpositivist hold a deterministic philosophy in which causes probably determine effects or outcomes. Thus, the problems studied by postpositivist reflect the need to identify and assess the causes that influence outcomes. Such as found in experiments. It is also reductionistic in that the intent is to reduce the ideas into a small, discrete set of ideas to test, such as the variables that comprise hypotheses and research questions. (Creswell 2008). There are laws or theories that govern the world, and these need to be tested or verified and refined so that we can understand the world. Creswell argues that in the scientific method, the accepted approach to research by postpositivist, an individual begins with a theory, collects data that either

supports or refutes the theory and then makes necessary revisions before additional tests are made. Other important characteristics of positivists highlighted by Saunders et al is that research is undertaken in a value free way, they are likely to use a structured methodology in order to facilitate replication. Emphasis is also on quantifiable observations that lend themselves to statistical analysis. The researcher opted for this method due to the nature of the research being undertaken and the research approach being deductive.

3.5 Research design and method

A research design is the general plan of how you will go about answering the research questions. (Saunders ,2012). It provides a framework for the collection and analysis of data and guides the execution of a research method (Bryman and Bell 2011). Research designs are plans and the procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis. It involves the intersection of philosophical assumptions, strategies of inquiry, and specific methods (Creswell,2008). It is a blueprint for the research that provides the glue to hold the research together. A research design is used to structure the research to show how all of the major parts of the research project tends to show a detailed plan of how the methods will be used in the study to answer the research questions. Below is the research design for this study:

Table 3. 1 Research Design Matrix

#	Research Question	Research Objective	Population and sampling of unit of Analysis	Data Collection Method	Data Analysis
1	What are the main sources of revenue in Gwembe District Council?	To establish the mechanisms and institutional setup for revenue collection by source of revenue for	staff enlisted by purposive sampling	Structured questionnaire. Documents Literature review	Descriptive Analysis

		Gwembe District council			
2	What are the challenges faced by Local Government Authorities in revenue collection?	To understand the contradictions and challenges faced in the local revenue collection	staff enlisted by purposive sampling	Semi Structured Questionnaire. Interviews	Descriptive Analysis
3	How can these challenges be addressed?	To extract best practices and lessons in order to offer opportunity to rethink the current revenue collection system	Document reviews, Journals	Documents and Literature review	Content Analysis and Pragmatic analysis

3.6 Types of Data

There are two main types of data that can be utilized in every research. These are: secondary data, which refers to any published and unpublished material that is relevant to the research topic and primary data where information is sourced firsthand.

3.6.1 Primary Data

Collection of data through a primary source involves the researcher having direct experience with the respondents. The main purpose is to acquire new and unexploited information (Merriam 2002, 2014).

According to Sekaran and Bougie (2010), it involves the gathering of data from real sources in a first-hand manner by either administering questionnaire, interviewing people or by observation.

Most decisions made in the process of primary data gathering are based on research philosophies and assumptions to gain a wider knowledge. A researcher's assumption about human knowledge and the nature of realities encountered during primary research would help in shaping how the research questions are understood, the most suitable methods to be used and a better interpretation of findings (Creswell 2009; Saunders, Lewis and Thornhill 2012). In primary data collection, researchers are often faced with the challenge of time and resources to go through the process. In addition, the participants may be reluctant to divulge some sensitive information that could be very relevant to the researcher. However, making them fully aware of the research purpose could make a difference.

For this research, primary data was gathered through the issuance of self-administered semi structured questionnaires. This was done to collect information from a wide population. In addition, interviews with the Council Chairperson, Council Secretary and Council Treasurer were conducted for specific data.

3.6.2 Secondary Data

Secondary data involves gathering data that has already been collected for some other purposes, it includes both raw data and published summaries. Once obtained these data can be further analyzed to provide additional or different knowledge or interpretations or conclusions (Bulmer et al 2009). It includes both quantitative (numeric) and qualitative (non-numeric) data and are used principally in both descriptive and explanatory research (Saunders et al, 2012).

Secondary data for this research was gathered from academic databases such as: science direct, emerald, google scholar, Southern province Provincial Administration website, Austria library, research gate and other relevant websites. The researcher intensively explored academic journal articles, and textbooks. The researcher also reviewed Gwembe District Council's financial reports and budgets. The rigorous review of secondary data helped the researcher to develop the literature review to come up with the Research methodology and make recommendations on how local Authorities can increase their local revenue collection.

3.7 Methods of Data collection

A data collection method refers to both the selection of sampled units and the way data is collected from the respondents. Ideally researchers use a variety of data collection tools and techniques in

their studies as strategic tools to gather information on the participants, respondents, programs and other elements. The method chosen to collect data must be determined from an extensive literature search to determine what tools are available that will get at the question which has been asked. The methods of data collection must be reliable, and consistency must be obtained. It must be remembered that each data collection method has its own set of strengths and weaknesses (relative tradeoffs) and these should be considered in determining which method the researcher wishes to use. Below are some of the data methods that can be used;

3.7.1 Surveys and questionnaires

For this study the researcher opted to use questionnaires as the method of data collection. These are procedures in quantitative research in which you administer a survey or questionnaire to a small group of people called the sample, to identify trends in attitudes, opinions, behaviors, or characteristics of a large group of people called the population (Creswell, 2009). Saunders Lewis and Thornhill (2007) associated this data collection technique with the deductive approach as it allows the collection of a large sum of data from a sizable population in a cost-effective manner. The questionnaire is one of the most widely used data collection methods within the survey strategy. Questionnaires are usually not particularly good for exploratory or other research that requires large number of open-ended questions. They work best with standardized questions that you can be confident that will be interpreted the same way by all respondents. They therefore tend to be used for descriptive or explanatory research. Explanatory or analytical research will enable you to examine and explain the relationships between variables (Saunders et al,2012). This researcher opted to go with this method as the research being undertaken is quantitative in nature with a deductive approach and the research seeks to explain the relationships between variables, cause and effect relationships. From sample results, the researcher generalizes or makes claims about the population (Creswell, 2009). The purpose is to generalize from a sample to a population so that inferences can be made about some characteristic, attitude, or behavior of this population (Babbie, 1990).

3.8. Pre-testing of Survey Questionnaire

Designing the perfect survey questionnaire is impossible. However, researchers can still create effective surveys. To determine the effectiveness of the survey questionnaire, it is necessary to pre-test it before using it. Pretesting can help you determine the strengths and weaknesses of your

survey concerning question format, wording and order. There are two types of survey pretests: participating and undeclared.

- Participating pretests dictate that you tell respondents that the pretest is a practice run; rather than asking the respondents to simply fill out the questionnaire, participating pretests usually involve an interview setting where respondents are asked to explain reactions to question form, wording and order. This kind of pretest will help you determine whether the questionnaire is understandable.
- When conducting an undeclared pretest, you do not tell respondents that it is a pretest. The survey is given just as you intend to conduct it for real. This type of pretest allows you to check your choice of analysis and the standardization of your survey. According to Converse and Presser (1986), if researchers have the resources to do more than one pretest, it might be best to use a participatory pretest first, then an undeclared test.

The researcher undertook a pre-test of the survey questionnaire as suggested by Bryman and Bell (2007), to ensure the questions operate well as designed such that if a problem arose during the pre-test, it could be corrected before the actual survey. During a pilot test, the research supervisor alongside the researcher and course mates examined the questionnaire, and they provided useful feedback on specific research questions with a view to make it clearer.

3.9 Sample frame and Sampling Criteria

The primary goal of sampling is to get a representative sample, or a small collection of units or cases from a much larger collection or population, such that the researcher can study the smaller group and produce accurate generalizations about the larger group. Researchers focus on the specific techniques that will yield highly representative samples (i.e., samples that are very much like the population). Quantitative researchers tend to use a type of sampling based on theories of probability from mathematics, called probability sampling. Approaches to sampling methodologies include Non-probability and Probability Sampling Techniques. Non-probability sampling is a sampling technique in which each unit in a population does not have a specifiable probability of being selected. In other words, non-probability sampling does not select their units from the population in a mathematically random way. As a result, non -random samples typically

produce samples that are not representative of the population. This also means that are ability to generalize from them is limited.

Due to the nature of the research at hand and the nature of information being reviewed the researcher opted to for Purposive sampling framework.

3.9.1 Type of Non-Probability Sampling Technique used;

Purposive Sampling was adopted for this research. The merit of using Purposive sampling includes selecting only that part of the population that is critical or relevant to the study at hand. One of the shortcomings is the inability to generalize the findings from research based on Purposive sampling because the data is not a representation of the whole population under study. However, these shortcomings were mitigated by selecting sample frame based on the following sampling criterion which includes:

- Respondents must have some knowledge or be involved in the revenue collection, either as collector of part of the team responsible for strategy formulation.
- A reasonable sample will be estimated across the entire organisation/ population which will be a representation of the banking population in Lusaka.

The researcher opted to use Purposive sampling for this type of research due to the nature of the information that is to be collected. It is difficult to undertake such a research using random sampling as some respondents would have no input to the research. It should also be noted that company financial data is held with high confidentiality and secrecy thus not every employee will be privy to it.

3.9.2 Proposed Methodology

The study was restricted to Gwembe District Council employees stationed in Munyumbwe, where Council offices are based and all the respective key respondents.

The study employed a mathematical formula to determine the appropriate sample for the study based on the Yamane (1967) formula.

$$: n_0 = \frac{N}{1+N(e^2)}$$

Where:

- n_0 is the sample size
- N is the Total population
- e is the acceptable sampling error

10% is the maximum error that was used to solve all errors that are likely to occur so that the researcher has accurate data and avoid interference from non-respondents within the area of the study.

Gwembe District Council had 76 employees on their register as at the date of the data collection. Given these values and an acceptable sampling error of 10%, the sample size determined is as

$$\mathbf{n_0 = \frac{76}{1+76(0.1)^2} = 46}$$

Therefore, a Purposive sample of 46 respondents was selected for the quantitative study. While the sample size may be lower than acceptable minimum, the researcher opted to use the identified sample because taking the entire population (Census) would have included employees who have little or no understanding of the subject matter and secondly some positions were vacant at the time of the research. The researcher's strategy was to ask for consent from the respondents and handing them the questionnaire for them to answer. Emphasis was made on the anonymity of the respondents and that no name should appear on the questionnaire and that their responses were confidential. Collection time was agreed between the researcher and the respondent. Any further clarifications were also done either at collection point or whenever the respondent had any. All questionnaires were collected and analyzed before departure just to ensure relevant data was included and also for completeness.

3.10 Method of data analysis

Data analysis is the process of bringing order, structure and meaning to the bunch of collected data (Ghauri and Gronhaug 2005). To determine the appropriate approach to be used in analyzing any data, the nature and type of data collected will be taken into consideration.

3.10.1 Quantitative data analysis

Quantitative data analysis is the main stay of nomothetic research. Data in quantitative research is analyzed with a view to show either the following or both (a) to elicit the descriptive features of inquiry and (b) to make the inferences from the data to general population.

In quantitative analysis the data collected primarily from the participants are analyzed quantitatively using techniques such as graphs, charts and statistics. These help us to explore, present, describe and examine the relationships and trends within our data. Saunders, Lewis & Thornhill (2009) refers to quantitative analysis as techniques that are used to show the frequency of occurrence and using statistics such as indices to enable comparisons, through establishing statistical relationships between variables to complex statistical modelling. The researcher chose the quantitative data analysis because it is mainly used to analyses numerical data which is the predominant nature of the study being undertaken.

3.10.2. Descriptive Statistics

All quantitative studies will have some descriptive statistics as well as frequency tables. The descriptive statistics describe the patterns and trends in a data set. It is used to understand and explore the variable numerically and focuses on central tendency and dispersion (Saunders, Lewis & Thornhill 2009). In many studies this is the first step, prior to the more complex inferential analysis. The two main types of descriptive statistics encountered in research papers are measures of central tendency, (loosely called averages) and measures of dispersion. The central tendency gives the variable occurrences which are usually related to a single variable. The two main types of descriptive statistics are a product of univariate analysis. There are three major characteristics of a single variable that researchers look at these are:

- The distribution
- The central tendency
- The dispersion

- mode, mean & media

Research data was analyzed using descriptive statistics and for ascertaining association between variables. The researcher utilized Statistical Package for Social Sciences (SPSS) as the main descriptive statistical tool to analyze quantitative data collected using a questionnaire. Frequency tables and charts were used to describe and understand data. The researcher opted to use the multivariate analysis to analyses the data that was collected. Finally, once data had been analyzed, it was presented as summary tables and diagrams.

3.11 Ethical Considerations

The most important ethical considerations when conducting a research include; integrity, objectivity, respect, avoidance of harm, privacy, voluntary participation anonymity, responsibility in analyzing and reporting, data management and compliance, informed consent, conflict of interest, deception potential harm, right to withdraw, confidentiality and safety (Saunders et.al.,2012) In this proposed study, the ethical considerations will mainly be focused on Informed consent in all the data collection methods and confidentiality for the proposal at hand.

The following ethical considerations will be considered;

3.11.1 Confidentiality

All research requires mutual respect and confidence between investigators and participants. There must be an informed consent form given to the participants to sign before starting the research (Creswell, 2013).

Thus, the following issues are important during the research

3.11.2 Informed Consent

People should be aware what your research is about and how you are to use the information that you are collecting. This will also help the organizations / individuals that are participating in the research provide you with the correct information, having understood what you require.

Creswell (2013, p.89) lists some elements of consent that are to be included;

- Assurance that participants can withdraw at any time
- Purpose of the research should be stated

- Guarantee of confidentiality to the participant
- Identification of the researcher
- Identification of the sponsoring institution
- Identification of the institution you belong to
- Notation of the risks to the participant

It should be noted that all information that is obtained from an individual is confidential unless otherwise agreed in advance. However, it should be noted that business case studies rely on revealing the identity of the organization as an illustration of real practice or participants may not wish to remain anonymous as this is the way of retaining ownership of the stories.

3.12 Conceptual or Theoretical Framework or Theory guiding the study

The conceptual framework is based on the dependent variable, (Increased revenue collection), examined in the local authority’s context (infrastructural and institutional framework) which will lead the researcher to specific independent variables affecting revenue collection (Transport, Competencies and Capacity of revenue collectors, and administrative constraints, e.g. shortage of staff.)

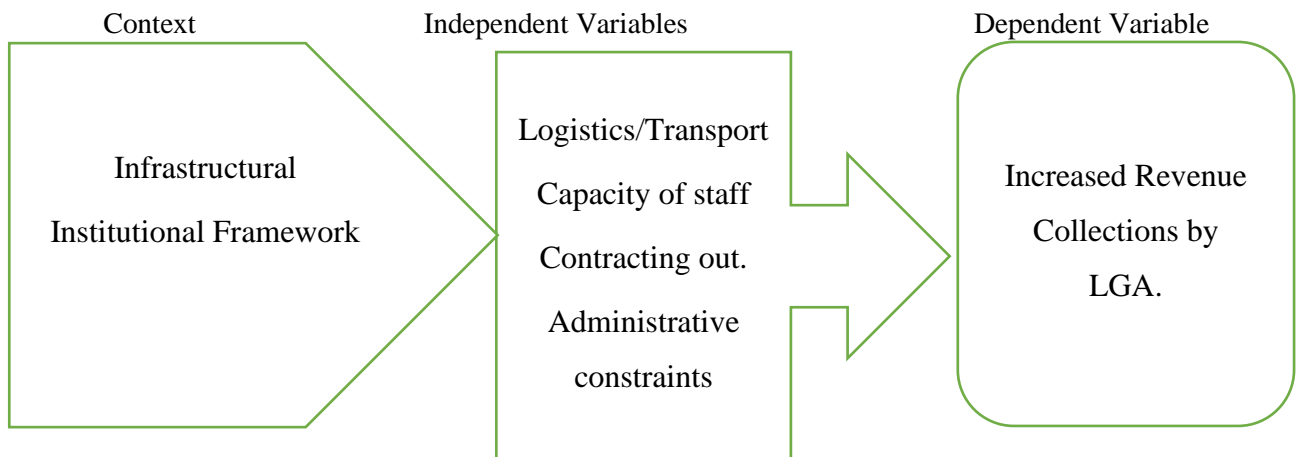


Figure 3: Conceptual Framework for increased local revenue collection

Source: Researcher, 2019 based on LGA revenue collection

Figure 3 presents the Conceptual Model which illustrates the foundation on which the entire research is based. It is a logically developed, described and, elaborated network of associations

among the variables deemed relevant to the problem situation and identified through a literature review. The conceptual model can be described as a conceptual scheme connecting the various concepts. The dependent variable is increased revenue collection in GDC which is the variable of primary interest in which the variance is attempted to be explained by the independent variable which are: Transport challenges to effectively collect the revenue due-does the council have adequate transport logistics to ensure all the revenue due is collected from respective collections points?, capacity and competencies of the members of staff as revenue collection agents of the Local Authority-are the council employees technically equipped and understand the legal framework governing council revenue collection (relevant bye laws and statutory instruments applicable), alternative option of contracting out-would the council consider hiring the revenue collection function to a third party, and administrative constraints-is the council adequately staffed in all the departments-for instance, some levies require that an assessment is done by an appropriate council employee. Infrastructure is defined as revenue collection points such as Security check points, Markets and bus stations and Institutional Framework looks at how well prepared is the council in terms of revenue collection. Is it a function solely reserved for the finance department or there is a task force or team that spearheads this important task of the organization?

The conceptual framework above was set to measure the independent variables using a semi structured self-administered questionnaire. The questionnaire was designed in such a way as to generate respondent interest to participate and also establish informed consent (Peterson, 2000). Peterson (2000) developed a model called BRUSO which stands for stands for “brief,” “relevant,” “unambiguous,” “specific,” and “objective.” The factors followed the above principles to ensure that respondents give as much data as possible without inconveniencing them.

3.13 Limitations of research

Like any research, this study also encountered some limitations. Limitations of the study refers to those factors of reserach design or methodology that can influence the interpretation or application of the findings of the study Yin (2009). Data quality constraints associated with quantitative research are highlighted by Saunders et al. (2012) as prone to misinterpretation, difficulties in getting indepth information,tends to be artificial and requires high levels of literacy by repondents. The method of sampling used non probability sampling(convinient and purposive sampling) which is prone to the following limitations; When a researcher haphazardly selects cases that are

convenient, he or she can easily get a sample that seriously misrepresents the population. Such samples are cheap and quick; however, the systematic errors that easily occur make them worse than no sample at all. In other words, nonprobability sampling does not select their units from the population in a mathematically random way. As a result, nonrandom samples typically produce samples that are not representative of the population. This also means that the ability to generalize from them is very limited.

This research is limited with the issue of generalisability which refers to the degree to which the results of the research study can be applicable to other settings (Saunders et al. 2012). For these stated and other reasons, the finding of this study may not be very adequate to generalize with.

The primary data for the entire research was gathered from Munyumbwe town of Gwembe District only from a number of respondents although, it is worth noting that their contributions were immensely informative and Munyumbwe town is the Council headquarters where most of the respondents are based.

3.14 Chapter Summary

It can be assumed that the research design applied in this study helped the researcher identify and develop procedures and logistical arrangements required to undertake the study with the quality of procedures to ensure validity, objectivity and accuracy of the research findings. Therefore, the succeeding chapter (four) will present in logical manner, the findings of data collected.

CHAPTER FOUR: DATA FINDINGS, ANALYSIS AND DISCUSSION

4.1 Introduction

In this chapter, the information gathered from the research methods employed, has been compiled and analyzed using the chosen data analysis tools. A summary of the results generated from the questionnaires has been provided and a more detailed analysis of the results of the hypothesis. The Chapter will review the demographic characteristics of the respondents, and the analysis of the data collected through the survey questionnaire.

The chapter is categorized into three subgroups. The first part is the description of the demographics of the respondents which has been used to evaluate the nature of the respondents used in the study. The demographics reviews and analyses the gender, age group, length of employment in the local authority, and educational level.

The second part assesses the research question regarding current sources of revenue for Gwembe District Council and collection method and using Descriptive Statistical analysis to determine the current sources and challenges faced when collecting. The third chapter proceeds to discuss how these challenges can be addressed including any other recommendations to enhance the local revenue collection system. This will help to answer the first and second research question and based on these results the researcher will be able to answer the last research question based on the results of the study and the recommendations made by other researchers in the literature review that has highlighted similar enhanced revenue collection strategies

4.2 Sampled Characteristics

4.2.1 Demographic Profile of Respondents

The demographics are looking at the quantifiable characteristics of human population in this study the researcher used gender, age, education level, and length of employments in the council.

Quantitative data was collected from Forty-Six (46) respondents from the council. The respondents were Purposively sampled, and survey questionnaires were administered to these respondents to complete the set questions which were to answer the 3 main research questions and in tandem answer the objectives.

The analysis below shows the demography of the respondents that were used in this study. The demography mainly looks at the gender, age, marital status, length of employment, and level of education of the respondents of the study.

4.2.2 Age of Respondents

The foremost age group among the respondent was between 31-40 years (49%), second age group was 36-45 years (44%), the third group was 46-55 years (5%), and the fourth age group was 56-65 years (2%). This implies that most of the officials responsible for revenue collection in Gwembe District Council are the youths. Figure 4.1 shows the Age of the Respondents that were sampled.

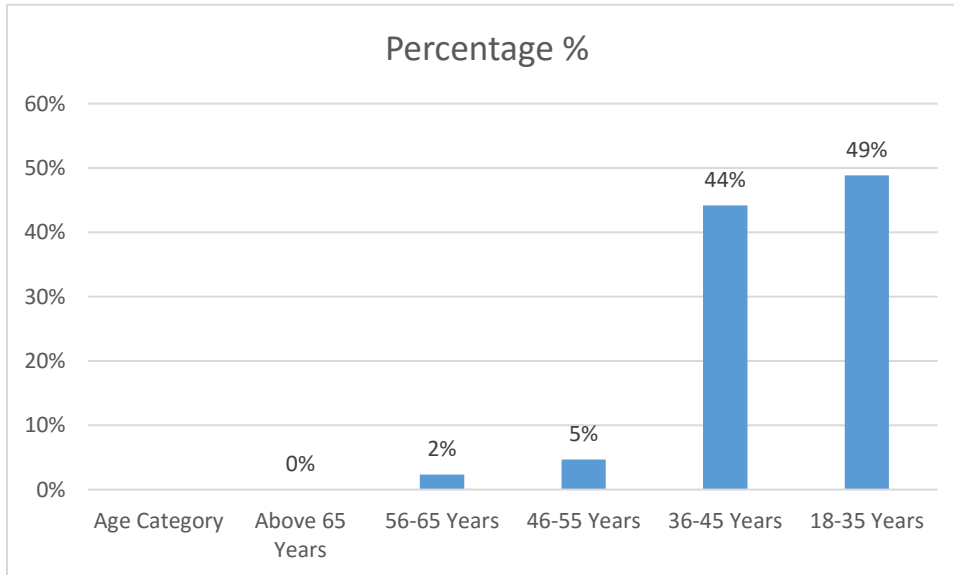


Figure 4: Age of Respondents

The sample size also included everyone in the senior management team, who could explain the revenue collection process because of their involvement in strategy formulation.

4.2.3 Gender

Of the 46 respondents, 24 (56%) of the respondents were female and 19 (46%) were males. This means most of the officials in the district were females. Of the total respondents 54% (169) were male and 46% (144) were female. Figure 4.3 below shows the gender split between male and female.

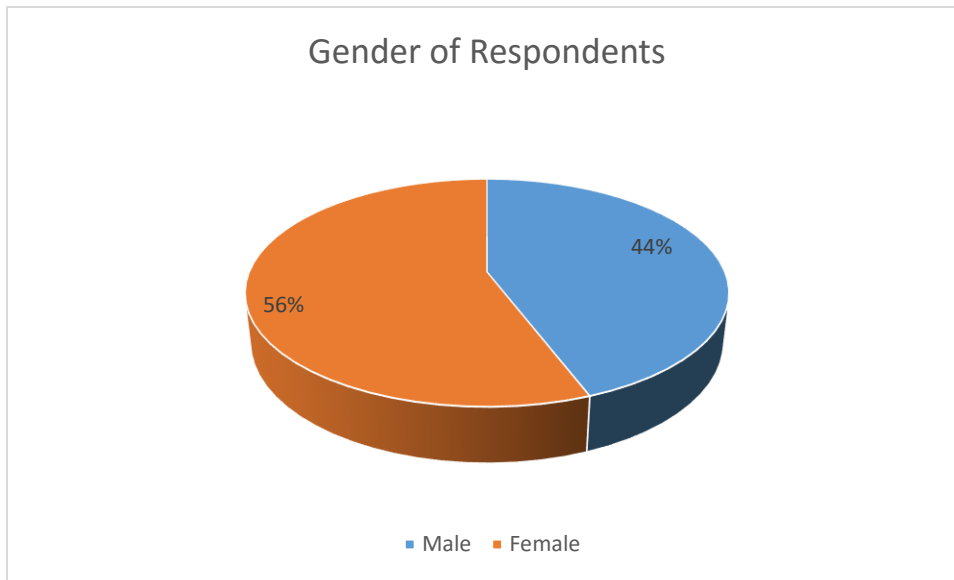


Figure 5: Gender of Respondents

However, the slightly high population of females compared to the males that have been reviewed may be due to the fact that the district has a higher proportion of females than men in Gwembe District as indicated in the Central statistics report CSO (2010), Medium Variant Projections, 2013).

4.2.4 Education Levels

From the literature review, it was uncovered that poor administrative capacity hinders local authorities from mounting effective and innovative revenue collection strategies. Therefore, as a window through which it views administrative capacity, the education levels of relevant staff becomes an important attribute. In relation to education, 87% of the respondents were either

university degree holders or college diploma holders suggesting that education may not have been a major constraint hindering capacities of the local government officials in collecting revenue from the district's own sources.

The results of the study are summarized in figure 4.4 below.

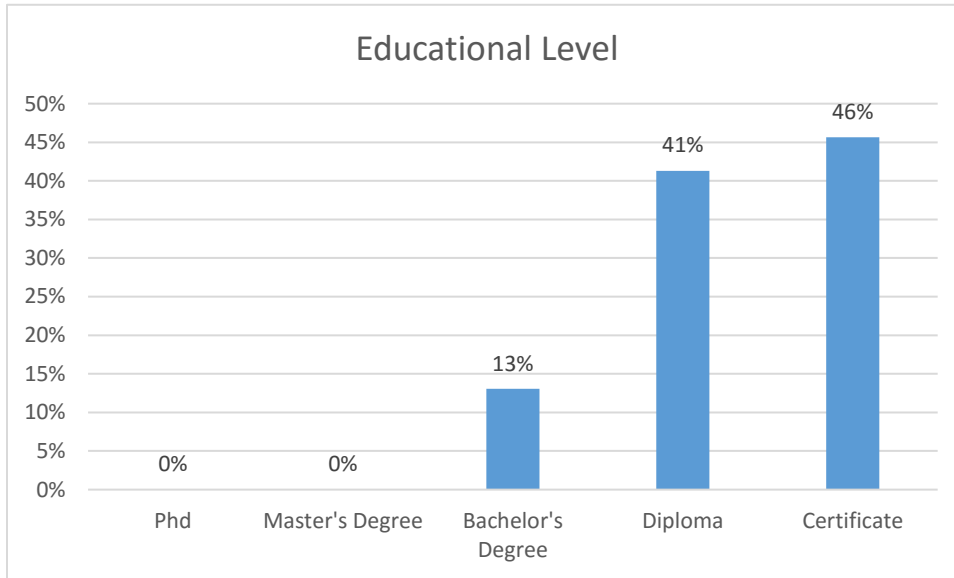


Figure 6: Level of Education of the Respondents

4.2.5 Length of Employment in the Council

37 (80%) of the respondents have been working for Gwembe District Council for less than 5 years. According to documents from the Southern Province Administration, the district has had a challenge in filling certain vacancies as most candidates have turned down transfers to the district with the district having operated without a substantive Chief Executive Officer (CEO), Council Secretary for 3 years. At the time of data collection, some key positions like the building engineer, Deputy Council Treasurer and Civil engineer were still vacant. The Local Government commission was still recruiting for the positions. This has affected revenue collection as certain levies and fees require assessment from Gwembe District Council. e.g. buildings inspection fee, service charges etc.

Figure 9 highlights the employment status of the respondents

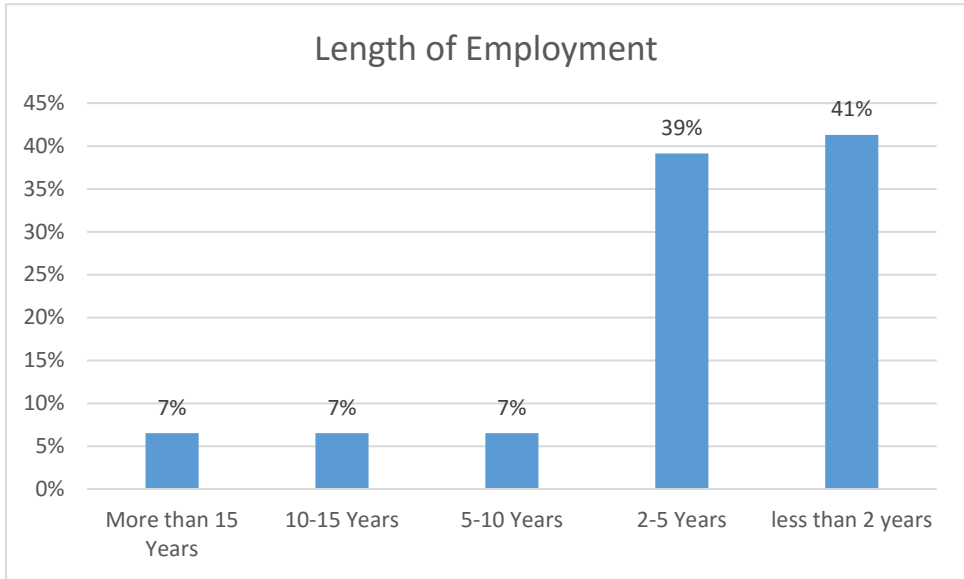


Figure 7: Length of Employment in the Council

4.2.6 Department of the Respondents

The Research respondents comprised 37% of the sampled population were from Administration and Finance Department, 17% were Heads of Departments, 9% Revenue Collectors, 17% from the Planning department, 11% from Procurement and logistics and 9% Others (Other income generating units), as shown below in figure 4.6.

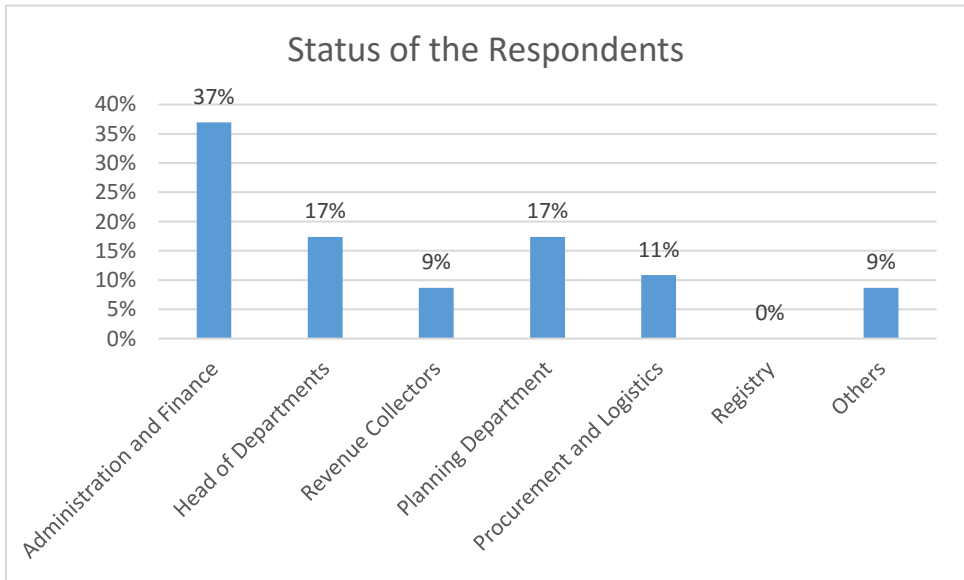


Figure 8: Department of the Respondents

4.3 What are current sources of own revenue for Gwembe District Council

To answer this question, the researcher first looked at what constitutes the duties and responsibilities of the council and review the current strategies in place to achieve these.

4.3.1 What are the duties and responsibilities of Gwembe District Council (GDC)?

A Local Authority (LA) or a council is a body corporate that is established and governed by the Local Government Act, No. 22 of 1995, Cap 281 of the Laws of Zambia. The main objective of establishing Councils is to provide services on behalf of Central Government to residents within their areas of jurisdictions. These services are aimed at delivery of basic social and economic services to the people and to discharge all or any of the functions set out in the second schedule of cap 281 of the Laws of Zambia which include, among others, power to make by-laws, power to make regulations, imposition of levies, fees and other charges; and to formulate local policies to promote, guide and regulate development in the district through various relevant departments of the Council.

In the light of the above, Gwembe District Council provides the following Services:

- Construction and regular maintenance of roads, bridges, culverts, markets, bus stops and public toilets.
- Installation and regular maintenance of boreholes
- Capacity building of communities in management of borehole pumps
- Construction of latrines
- Installation & regular maintenance of streetlights
- Sensitization of communities on safe drinking water and good sanitation
- Capacity building of district substructures
- Construction of waste collection points
- Regular collection and disposal of waste
- Sensitization of the community on the value of keeping their surroundings clean
- Servicing of new plots
- Updating the land inventory

- Development control
- Upgrading of squatter settlements
- Certification of buildings before occupation
- Issuance of trading licenses and permits
- Creation of an investment incentives plan to attract new investments/new businesses in Gwembe
- Identification & opening of land for development of tourist facilities
- Development of support infrastructure.

4.3.2 What are the strategies, programmes and activities in place to enable GDC to execute its duties and responsibilities?

The following are the current strategies, programmes and activities in place:

- Establishing mechanisms to enact by-laws that will enable the council to widen its revenue base that will enhance its financial sustainability.
- Building the capacity of district substructures to enhance decentralized planning and development of the district.
- Increased community sensitization on the need to pay local taxes and participation in developmental issues.
- Strengthening anti evasion mechanisms and policing to ensure all local revenues due are collected timely.
- Ensure timely infrastructure maintenance and facilitate partnership for housing development.
- Enhanced quality of service provision to the residents by allocating 40% of the budget for service provision.
- Grading of feeder, township and district roads.

4.3.3 Where do these strategies, activities and programmes come from? That is, where does GDC gets its powers from?

Local authorities are empowered by various statutes in their capacity as government agencies to levy taxes on citizens living within their boundaries. Among these statutes are:

- Constitution of Zambia (Amendment) Act No. 2 of 2016
- Rating Act No. 12 of 1997 as amended in 1999
- Personal Levy Act Cap 329
- Bus Stations and Markets Act.

These are derived from the second schedule of cap 281 of the Laws of Zambia. Through its mandate, the governance of the council is entrusted to fourteen (14) ward councillors. Two (2) chiefs' representatives and one (1) member of parliament, who is responsible for providing direction and formulation of policies through by-laws and resolutions. The Council Secretary (CS) together with the management team is charged with the day to day management of the council. The current operations are guided by the 5-year strategic plan 2018-2022

4.3.4 What are the sources of revenue (sources of finance) available to GDC to enable it to perform its duties and responsibilities?

The objective of this research question was to help the researcher understand the current revenue sources of Gwembe District Council and establish the mechanisms and institutional setup for revenue collection by source. The current Sources of revenue for Gwembe District Council are divided into two categories, Own sources and Central Government funding. Own Sources of Revenue are those that can be levied on goods and services within the council's jurisdiction while central government funding are sources of revenue determined by the central government. These sources of revenue are in tandem with those found in the study done by Chibiliti (2010) for Copperbelt Province based Local Authorities in Zambia. In terms of mechanisms and institutional setup for collecting this revenue, 85% of the local revenue is collected by the council either through the council employees going to the points of revenue generation or through taxpayers paying at the council offices. It was noted also that the council did not have infrastructure such as Market buildings and bus stations for it to effectively collect revenues. At Gwembe Town Market for example, traders conduct their businesses from makeshift shelters erected by the individual traders. According to a study done by Ngoyo et al (2014) identified poor market infrastructure as one of the factors affecting effective internal revenue mobilization in Local Government Authorities.

The current sources of revenue are as per below:

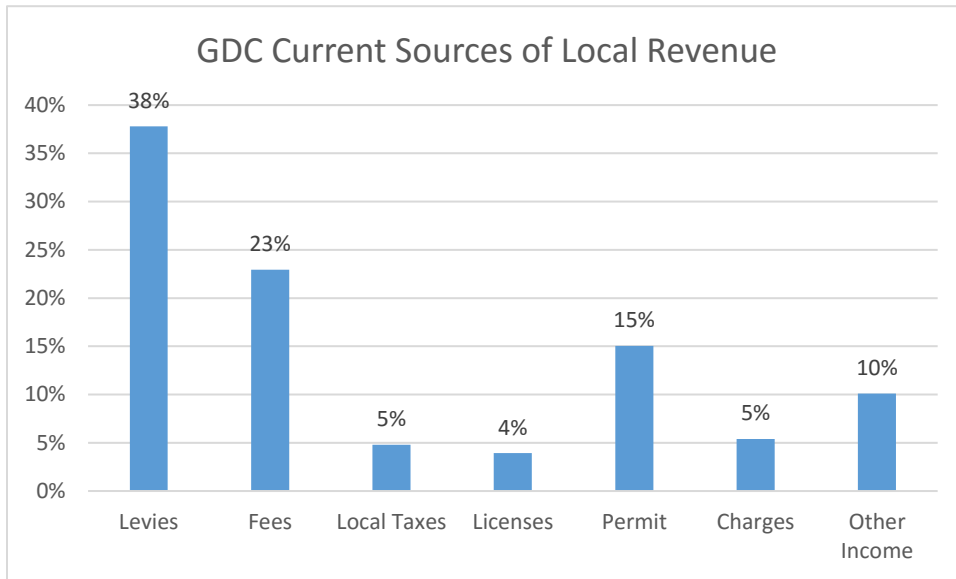


Figure 9: Sources of Revenue

Source: GDC financial statements.

38% of the local revenue was collected from Levies, which comprises Fish levy (Kapenta). This is partly due to the proximity of Lake Kariba and fishing being the largest economic activity in the district. Fees and Charges accounted for 23% of the local revenue collected. These relate to Property rates, land alienation and service charges (plot sales). 15% of the local revenue was collected from permits-trading licenses, various permits (Livestock movement permits). Other income relates to income from Income generating units run by the council. At the time of data collection, the council was renovating its guest house. However, the restaurant and the liquor bar were fully operational. The council also operates a bus shuttle service between Munyumbwe and Monze 6 days in a week.

4.3.5 What are the strategies, programmes and activities in place to raise funds for its duties and responsibilities?

GDC uses revenue agents stationed in various parts of the district to collect revenue at source. In addition, the council has erected barriers and points of entry and exit into the district as a means of reducing evasion by taxpayers, hence maximum revenue collection.

4.3.6 Composition of expenditure: where does GDC spend its money?

An analysis of the last 3 full years (2015-2017) and 11 months of 2018 revealed the following expenditure patterns: 55% of all revenue collected and received is spent on Personal emoluments, 30% on service provision (road maintenance, market rehabilitation, plot demarcation etc.) with the balance split between capital expenditure(purchase of Bus for use as a commercial venture, purchase of office equipment and furniture), vehicle repairs and buildings. The 5-year strategic plan has put a target of spending 40% of the Annual district budget on service provisions. Currently, Gwembe District Council is not meeting the set target.

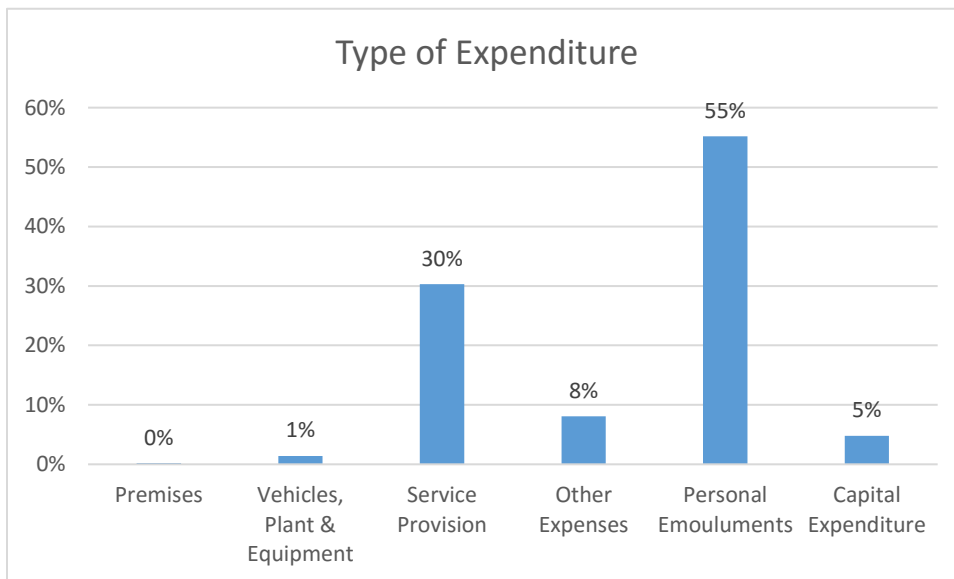


Figure 10: Types of Expenditure

4.4 What are the Challenges faced by GDC in collecting funds for its activities and programmes?

The objective of this research question was meant to help the researcher establish the contradictions and challenges faced in the process of local revenue collection. 37% of the respondents felt that lack of adequate transport to cover the entire district was a major challenge. A further 30% indicated that bad roads and inaccessible areas during some parts of the year was another contributing factor. During the rainy season, some areas of the district are usually cut off due to overflowing seasonal streams. 15% of the respondents felt that evasion and corruption was

another challenge they face. This is when taxpayers willfully opt not to pay the relevant charges by either changing the time when they transport their products or when they offer inducements to pay less. 13% of the respondents felt that the district has a narrow revenue base and is heavily dependent on the fishing industry. If this sector is not performing well, the council revenues are affected. Lastly, 4% of the respondents felt that the district council had insufficient manpower to cover the entire district. The Sub-Boma towns are more than 20 kilometers apart making supervision another challenge, especially that the district has no banking facilities.

Figure 4.8 below summarizes the results.

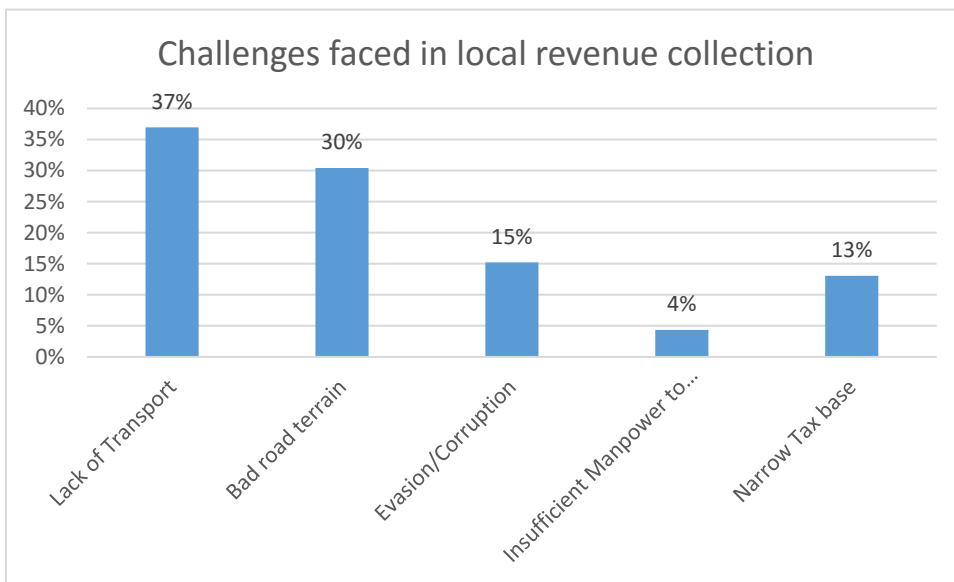


Figure 11: Challenges faced in local revenue collection

Some of the challenges identified above were also identified as the cause of poor local revenue collection in the studies done by Ngoyo et al (2014)-Shortage of Staff, Fjeldstad (2006)-Evasion and Corruption, including embezzlement, and poor administrative capacity to enforce the payment of taxes. While Gideon et al (2013) identified, among other causes, a narrow revenue base as a challenge in optimal revenue collection. Due to policy changes post 1991 which saw sales of council houses to sitting tenants, re-direction of certain fees to newly created statutory bodies (for example motor vehicle licensing to Road Transport and Safety Agency-RTSA) has reduced the revenue base for most local councils in Zambia.

The above results helped address the second objective of the study-to establish the contradictions and challenges faced in the process of local revenue collection.

4.5 Strategies and plans to address these challenges

This specific objective discusses the various strategies employed by GDC in local revenue collection in order to extract best practices and lessons to offer an opportunity to rethink the current revenue collection system. It was accomplished with the help of variables such as Direct remittances, inspection and outsourcing/contracting. The study also looked at any other useful information that respondents felt would be used in enhancing the current revenue collection system being used by GDC.

The research results revealed that 37% felt that purchasing or assigning a specific motor vehicle would help address the challenge of low revenue collection. Another alternative was to get motor bikes specifically for local revenue collection. These plans were included in the 2019 budget process. 28% of respondents felt that outsourcing the revenue collection to Ward Development Committee under the supervision of the area Ward Councilor would assist in addressing the challenge of uneconomical revenue collection in remote areas where the revenue collected is less than the cost incurred in collecting it. The area councilor can then remit the funds as they come for Council meetings periodically. 22% of the respondents felt that more regular inspections and on the spot checks at various revenue collection points should be implemented. They felt that regular inspections can also be coupled with sensitization of the residents on the need to pay taxes and sharing what works the council is doing in the district. 7% of the respondents felt that the Council should embark on attracting investments in the district so as to broaden the revenue base. The district has no banking facilities as a result resident have to drive to either Kafue (via the newly constructed bottom road) or Monze to access banking facilities. At the time of data collection, the council was in advanced negotiations with one of the banks to open either a branch or cash point. Lastly 7% felt that more plots should be sold to allow for construction of dwelling house from which property rates can be levied on. This however was subject to the council getting land from the traditional leadership.

The above strategies are in stark contrast to those recommended by Ngoyo et al (2014) for

example. In that study, the researchers recommended that LGAs should update their by-laws and rates, ensure capacity building is done for all revenue collectors, government to do a thorough analysis before abolition certain levies/taxes, and that LGAs should form a task for revenue mobilization to ensure existing sources are exploited to their full potential while at the same time identify alternative sources of local revenue

Figure 11 shows the Strategies and plans to address the challenges in local revenue collection.

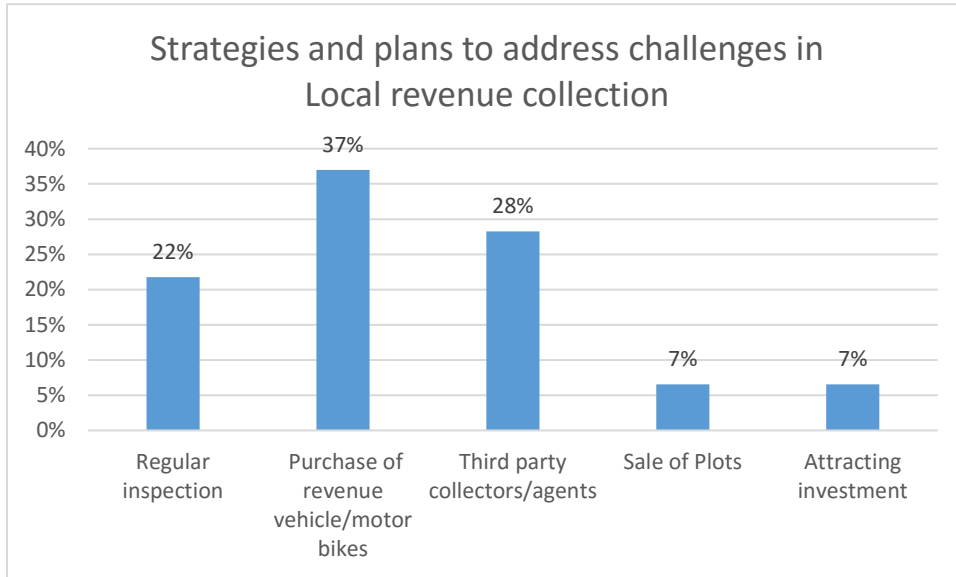


Figure 12: Strategies and plans to address challenges in local revenue collection

The above results helped the researcher address the third objective-to extract best practices and lessons to offer an opportunity to rethink the current revenue collection system, which forms part of the recommendations in the subsequent chapter of this dissertation.

4.6 Use of Conceptual Model to Analyse the research results.

There was no data received from the respondents regarding the socioeconomic context of the district and the effect it has on optimal revenue collection. Whilst none of the respondents felt infrastructure can affect optimal revenue collection, it is evident from the literature review and the situation on the district that lack of infrastructure is negatively affecting optimal revenue collection. For Example, lack of market/bus stations makes it difficult to accurately project and collect the revenue that is due to the council. Regarding Institutional framework, some respondents felt that the council is not well equipped with appropriate members of staff with requisite skill sets

to effectively harness the opportunities of increasing local revenue collection. Reviewed literature indicated that having a well informed and equipped revenue collectors can positively affect the amount of revenue that is collected. In addition, having full staff compliment in all key departments is a key requirement. At the time of the study, some key vacancies were yet to be filled depriving the council of the much-needed expertise and technical know-how. Most respondents agreed with the independent variables in the model regarding current challenges that the council faces in collecting the local revenue. Off all the variables in the model, the socioeconomic did not show any effect on optimal revenue collection.

4.7 Chapter Summary

This chapter has demonstrated how the researcher was able to achieve the research objectives through in-depth primary and secondary research. A brief background of respondents and their demographics was presented. The data collected through primary source, as outlined earlier in chapter 3 was presented, analysed and discussed. Questionnaires were mainly centred around the current sources of local revenue, challenges that are faced when collecting local revenue, strategies and plans to counter these challenges and any other alternatives to the current methods of revenue collection. The study determined the current sources of local revenue, of which 38% comes from fish levy (Kapenta), 23% from fees, 15% from permits (livestock movement permits, and business permits mostly).10% other income and the balance from local taxes, charges and licenses. In terms of expenditure, the council spends its revenues on Personnel emoluments (55%), service provision (30%), other expenses (8%), Capital expenditure (5%) and 1% on equipment maintenance. The study also identified that contrary to the strategic objective of spending 40% of the council's revenue on service provision, the council is currently spending 30%. Challenges currently being faced include; lack of transport; bad road terrain; evasion and corruption; insufficient manpower and narrow tax base. Strategies to overcome these challenges included; procurement of a vehicle or assigning one vehicle for revenue collection; having regular inspections; outsourcing the revenue collection function to either area ward councillors or Ward development committee, sale of plots to encourage construction of residential houses which will create a revenue source for property rates in the near future and lobbying for investment in the district especially fuel station

and banking services. The next chapter (chapter five) will present a summary for the entire research, make some relevant recommendation, and finally propose area for future research.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter will present a summary of the entire research findings. The analysis in this study was conducted to explore the strategies to increase local revenue collection in local government authorities: A case Gwembe District Council. In this chapter the discussion and interpretation of the results of the study given in chapter four are presented and explained in relation to the set objectives and research questions in chapter one. The first part of this study will focus on current sources of revenue for Gwembe District Council. The second part will review the challenges that Gwembe District Council is faced with when collecting local revenue in response to the second research question and objective. The last part will address how the challenges highlighted in 2 can be overcome and answer the last research question and objective. Some relevant recommendations, based on the findings of this study, will be put forward likewise highlighting the limitations faced in course of carrying out this research. Finally, suggestion of areas for future research will be made.

5.2 Current Sources of Local Revenue.

The study revealed that Gwembe District Council's sources of local revenue are: Levies, Charges, Local Taxes, Licenses, Permits and other income. 38% of the local income is from levies of which the majority is derived from Fish levy primarily due to the local economy being heavily dependent on the fishing industry. A review of the council's budget over the last four years reviewed that the council had budgeted to collect 37% of its local revenue from Fees, 22% from levies, 19% from charges, 8% from other income sources, 9% from permits, 3% from local taxes and 2% from licenses. Further review of the financial statements for the same period revealed that 73% of total cash received was from Central Government (Constituency Development Fund-CDC and Local Government Equalization Fund-LGEF), and 27% from local Sources of revenue. It is evident from the above analysis that the council is not efficiently collecting what is due to it from its local sources of revenue. These sources of revenue are 85% collected by council revenue authorities, either through the council employees going to points of revenue generation or through the access

control gates mounted on major points of entry and exit into the district towns. While various legal instruments give the councils mandates to collect local revenue from a variety of sources, an optimal collection strategy is needed to efficiently collect from the current existing sources.

5.3 What are the challenges faced by Gwembe District Council in Collecting funds for its activities and programmes?

The study revealed that the Gwembe District Council faces transport challenges in local revenue collection. Revenue collectors must travel long distances to collect the revenue as the district towns are geographically apart by more than 20 kilometres. Added to this is the lack of banking facilities in the district which means all revenue collected has to be banked a further 40 kilometres from the collection point. At present the council has no specific assigned vehicle for revenue collection. This has made it difficult to effectively collect the monies that are due to the council. In addition, some areas of the district are inaccessible at certain times of the year due to washed out bridges.

Another challenge that was identified was evasion and corruption. Taxpayers refuse to pay taxes due and, in most cases, will transport their taxable goods when revenue collectors have knocked off. In some instances, taxpayers will offer to pay less or offer inducements to revenue collectors. This results in revenue loss and affects the amount of local revenue collected.

Insufficient Manpower was cited as one of the challenges faced by the district in collecting local revenue. The study found out that out of 76 employees, only four (4) were dedicated revenue collectors, one stationed in Gwembe (covering Gwembe Town), two stationed in Chipeco (the fishing town) and one stationed in Munyumbwe at the council offices covering Munyumbwe and surrounding areas.

The other challenge identified was the narrow tax base from which to generate and tax residents. The district relies too much on revenue from the fishing industry and livestock movements. Little has been done to identify other sources, for example, construction of bus stops and trading markets where revenue will be easier to collect and administer.

5.4 Strategies and plans to counter the challenges in local revenue collection

The study revealed that 37% of the respondents felt purchasing a car or assigning a vehicle for revenue collection would address the challenge faced in revenue collection. At the time of the study, management had started to explore this measure to be implemented in the 2020 operational budget.

The other strategy identified was regular inspections. This will enhance controls around evasion and corruption. Inspection will assist in updating the revenue and debtor's database since feedback will be used to reconcile the council records with those of the taxpayers.

To mitigate against the challenge of distance and inadequate manpower, respondents felt hiring third parties to collect revenue on behalf of the council will increase revenue collected. These can be employed on a commission basis so as to reduce the overall wage bill but also tie in performance-based remuneration. Controls around cash collected will however need to be enhanced and regularly monitored.

To broaden the tax base, respondents felt that more land should be sold to residents so that it can generate a pool of income in the form of land rates/property rates. Another strategy identified was to attract investment in the district that will have a multiplier effect. At the time of data collection, council management was in advanced discussions regarding having a banking facility in the district and fuel station. It was felt that these two will be a catalyst for further developmental actions which will in the long run widen the revenue base for the council.

5.5 Conclusion

The study endeavoured to understand the current sources of revenue, the collection mechanism and the institutional setup, establish any contradictions and challenges faced in the revenue collection process and extract best practices and lessons to offer and opportunity to rethink the current revenue collection system at Gwembe District Council.

This was on the premise that Local Government Authorities are struggling to collect as much revenue from own sources making them dependent on Central Government funding to meet their obligations as mandated by the Constitution of the Republic of Zambia. For Gwembe District in Particular, only 44% of revenue was collected in the financial year 2018. The following findings

depict the findings of the study in relation to the problem statement;

In response to the first research question, the study revealed that Gwembe District Council had both internal and external sources of revenue. Internal being those sources under the direct influence and control of the local authority, such as market levy, charges, and other fees as per the local government Act Cap 281 of the Laws of Zambia. External sources were those outside the control and influence of the local council. These were sources from central government, Constituent Development Fund (CDF) and Local Government Equalization Fund (LGEF). These sources make up the pool of funds that the council uses to carry out its responsibilities in the district, which among others include, feeder road maintenance, garbage collection.

In response to the second research question, the study revealed that the council has many challenges that affect its ability to optimally collect local revenue. These challenges include lack of transport logistics to enable revenue collectors collect revenue in areas further from the council offices. In addition, during the rainy season, certain areas are impassable due to overflowing seasonal streams. The council, at the time of the study, had no specific assigned vehicle for revenue collection. The other challenge that was identified was willful evasion and corruption. Taxpayers finding loopholes in the revenue collection system to deprive the council of maximum income either through changing routes and time they pass through infrastructures set up to collect revenue or bribing the revenue collectors. Another challenge that was found was that the council had insufficient manpower. The council had only four (4) dedicated revenue collectors to cover three towns that are more than 20kms apart. In addition, certain key positions, like Director of Buildings were vacant at the time of the study. This means that certain sources of revenue such as buildings levy could not be collected as there was no one competent enough to assess.

In response to the third research question, the study revealed that one of the strategies to overcome the challenges was purchasing a motor vehicle or motorbikes specifically for use in revenue collection. The other strategy was to enhance and increase inspections at revenue collection points, including more tighter controls to minimise revenue loss. The other strategy was to outsource revenue collection to third party or agent in order to mitigate the uneconomical revenue collection costs for areas furthest from the council offices. In order to broaden the revenue base, the study found that more land should be sold to residents who will erect structures that can generate more

revenue in the form of property rates, this will also act as a catalyst for local development.

The study met all the objectives are set out in section 1.9. Sections 4.2 to 4.4 above have demonstrated how each research objective and research question was addressed in greater detail. The researcher was able to establish the mechanisms and institutional set up for revenue collection by source of revenue, resulting in recommendations of outsourcing and establishment of a task force being derived from the current set up. The respondents were able to provide the current challenges they face in revenue collection which have been used in arriving at recommendations and extraction of best practices to use going forward.

5.6 Recommendations

In line with the findings of this study, as well as the research gaps noted in section 2 (literature review), the following recommendations are made:

5.6.1 Creation of Cross-cutting task force

There is need to create a cross-cutting task force that will look at revenue collection as opposed to leaving debt collection to the finance and revenue collectors only. This task force will be solely assigned to developing debt collection protocols that outline the actions to be taken in case of default and applying these protocols appropriately. This should ensure optimal revenue collection as the entire organization will be involved and committed to the cause. It will also increase the yield of the current taxes by collecting taxes from all taxable entities.

Kitwe City council used this strategy in first quarter of 2017 and saw their revenue collection increase by 60 per cent. (Zambia Daily Mail, 2017). According to the report, The Director of Finance “attributed the improvement in revenue collection to measures the council has put in place such as the establishment of a task force solely assigned to determine how much is supposed to be collected in places such as markets compared to how much is actually being collected from there”.

5.6.2 Taxpayer sensitization

Taxpayers need to be educated on the benefits of paying taxes to the local authority. This can be coupled with the local authority implementing its strategic objective of ensuring that 40% of its local revenue is spent on provision of services in the district. Currently, only 30% is spent on

service provision with 58% being spent on council employees' personal emoluments. Increasing expenditure on what can be seen by residents will help change the perception that paying taxes goes to salaries of the Council employees as opposed to service provision. In addition, sensitisation will make the residents get involved in the development agenda of the district and will bring a common understanding of what the council aims to achieve and the aspirations of the residents. GDC should enhance community participation in their various activities by carrying some community members when executing some projects. This will enhance administrative openness and accountability (Aliff, 2015)

5.6.3 Updated records management

An up to date automated records management system to be maintained which will reduce tax evasion and avoidance. GDC should Increase the revenue base by ensuring that all entities that are taxable are billed and taxed accordingly and that the database for the taxpayers is updated frequently. The council should also ensure that new taxes are introduced that ensure that all economically active entities pay some tax. In addition, the licensing process and other taxes should be simplified in order to reduce non-compliance of traders to pay applicable taxes due.

5.6.4 Reviewing Expenditure needs

While this study focused more on local revenue collection, consideration of options to address financial challenges should always include reviewing current expenditure needs and preferences. Modifying the scope and timing of expenditure proposals is likely to be an appropriate component of a financial performance improvement strategy for many local governments.

5.6.5 Outsourcing the revenue collection function

For remote areas, the council should consider outsourcing revenue collection to third parties that are domiciled in the revenue generating regions. These agents can then remit the money periodically. One option is to use area ward councillors and Ward development committees (WDC). Care should be taken however to ensure that all monies collected are remitted to the council on time and in full, and any discrepancies dealt with either by withholding allowances due to the councillor or reported to law enforcement agencies.

5.6.6 In house training

With new legislation and Statutory instruments being passed frequently, the council management should ensure that revenue collectors are well equipped with relevant training to ensure they keep abreast with developments within the sector and how to deal with conflicting laws and council by-laws.

5.7 Opportunities for further research

Considering the findings of this study as well as limitations highlighted in section 5.3, some further research should be carried out in order to gain a deeper insight into the topic. Further studies could include:

- Studying other rural councils other than Gwembe District Council to understand if the results are applicable across Zambia.
- A mixed method study approach can be selected for future research as current research has made use of a quantitative approach and results may be limited.
- Using a similar research structure, another research study to be done but using taxpayers as respondents so that views can be obtained regarding why they don't contribute as much when asked to, to the council revenues.

5.8 Chapter Summary

This chapter was aimed at giving further narration on the results that were obtained in chapter four. The results of the study whose aim was to understand how local government authorities can increase their local revenue collection model and to recommend solutions that will address the challenges affecting local revenue collection. Current sources of revenue were discussed in 5.1, challenges faced in collection of local revenue discussed in section 5.2. The strategies to counter the challenges faced in collecting local revenue were discussed in section 5.3. The subsequent section discussed the conclusion of the study, the limitations of the study, recommendations to the stakeholders of research study and opportunities for further research.

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LIST OF APPENDICES

Appendix 1: Introductory letter



The University of Zambia

Graduate School of Business

Examination of Strategies of Local Revenue Collection in Local Government Authorities in Zambia: A case of Gwembe District Council of Southern Province, Zambia.

Mushimbwa Kelvin (Student ID: GSB151620)

MSc in Accounting and Finance,

For more information or any queries, kindly get in touch with me on 0966-737446

Dear Respondent,

I am a student at the University of Zambia in my final stage pursuing a Master of Science in Accounting and Finance. As partial fulfillment for the award of a Master of Science degree, I am conducting a baseline study on: “*Strategies to increase local revenue collection in local Government Authorities in Zambia: a case of Gwembe District Council of Southern Province*”

You have been purposively sampled to provide information for the topic indicated above. The information being collected is purely for academic purposes as such, it will be treated with maximum confidentiality. Subsequently, you are not supposed to indicate your name or any personal information that can lead to revealing of your identity.

Your co-operation will be greatly appreciated.

For more information or any queries, kindly get in touch with the following:

Project Supervisor: Dr. Gabriel Pollen (0963 296550) or

Coordinator: Dr. Chowa (0211 293901)

Appendix 2 : Research Questionnaire

Strategies to Improve Local Revenue Collection-Gwembe District Council

SECTION A: BIO DATA

Please tell us about yourself:

1. Gender:

Female	Male

2. Age:

18-35	36-45	46-55	56-65	Above 65
5	4	3	2	1

3. Position held in Gwembe District Council

.....

4. Years of Service in the Gwembe District Council:

< 2 Yrs	2-5 Yrs	5-10 ys	10-15 yrs	>15 Yrs

5. Education Level:

Certificate	Diploma	Bachelor's Degree	Master's Degree	P.H.D
5	4	3	2	1

SECTION B: CHALLENGES IN LOCAL REVENUE COLLECTION

I would like to ask you some questions regarding local revenue collection and its challenges in Gwembe District Council. Please answer the questions that apply to you.

1) What are the main sources of locally generated revenue for Gwembe District Council?

- a)
- b)
- c)
- d)
- e)
- f)
- g)
- h)

2) What are the strategies, programmes and activities in place to raise these funds?

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.....
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3) How are these funds collected?

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.....

4) Do you have any challenges in terms of collecting these funds?

Yes	No

5) If you answered yes above, what are the challenges in collecting the locally generated revenue?

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6) What are the strategies and plans in place to address these challenges?

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7) Is the existing local revenue collection system meeting current Council Needs?

Please indicate your degree of agreement or not, by ticking one of the responses on each of the following statements.

Definitely agree Agree Do not Agree Definitely do not agree.

- 8) Direct Remittance is when taxpayers directly deposit/pay into the local Authority's account and present deposit slips for an official receipt to be issued. What are your views regarding this method of collection?
- a) Good system
 - b) Neutral
 - c) Bad system
- 9) Do you think Direct Remittances can help increase revenue collection?

Yes	No

10) If you answered yes above, how would direct remittances increase revenue collection.

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SECTION C: RECOMMENDATIONS

11) Is there any additional support, technology, or training you feel could be provided that could help with local revenue collection?

Yes	No

12) If yes, List as required.

No	Tools Required
1	
2	
3	
4	
5	

13) Would you consider outsourcing the revenue collection function?

Yes	No

14) If Yes, why would you consider outsourcing?

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15) What other Alternatives would you consider?

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16) Any other useful information?

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