

**FRAMEWORK FOR ADDRESSING DRAWBACKS OF CENTRAL  
GOVERNMENT FISCAL TRANSFERS IN ZAMBIA**

By

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## **DECLARATION**

I, Moffat Tembo, do hereby declare that the work presented in this dissertation is the result of my research work except to the extent indicated in the Acknowledgements and references and comments included in the report and that it has not previously been submitted for any degree at this or another University.

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## ABSTRACT

The Constitution of Zambia establishes a local government system where a sound financial base is established for each Local Authority with reliable and predictable sources of revenue. To ensure financial survival of Local Authorities; the central government provides Local Authorities grants -to guarantee effective provision of municipal services. Local Authorities, therefore, depend on central government grants and other statutory allocations to meet expenditure. These grants are linked to central government's determined policies resulting in local authorities become dependent on them than on internally generating revenues. This dependence has led to Local Authorities' lax effort in broadening revenue generating strategies. The result is a culture of poor financial standing, inexplicable failure to engage in commercially viable investment programmes and failure to accomplish decentralization process. This study therefore aimed at providing a framework to eliminates drawbacks of central government grants and facilitate the implementation of decentralization in Zambia. Data was obtained through purposive and critical case sampling (using person to person interviews and questionnaire interviews) as well as secondary data through literature reviews and content analysis of local authority project documents. The methodology adopted a mixed method approach. The key result of the interviews was the identification of measures being used to enhance revenue generation. The interviews were also aimed at obtaining preliminary data which was then used to enhance the questionnaire survey. The sample size for the questionnaire was 102 computed at 95% confidence level with a 5% confidence interval. Data analysis was quantitative and included use of descriptive statistics, analysis of variance and multivariate analysis of variance to examine the relationships between variables. T-test were also used. The results allowed conclusions on how to eliminate the dependence and dominance relationship with central government, remove reliance on fiscal transfers (grants) and induce local authority autonomy to guarantee local performance and sustainability of income generation.

**Keywords:** *Local authority, autonomy, grants, commercial investment, revenue, decentralisation*

## **DEDICATION**

*To my lovely wife (Maela Sakala Tembo) and my wonderful children (Khwezi Tembo,  
Chawanzi Tembo and Mkhuzza Tembo)*

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## **ACRONYMS & ABBREVIATIONS**

LA	Local Authority
MLG	Ministry of Local Government
CDF	Constituency Development Fund
CDC	Constituency Development Committee
WDC	Ward Development Committee
ZMW	Zambian Kwacha
LGEF	Local Government Equalisation Fund
MANOVA	Multivariate Analysis of Variance
ANOVA	Analysis of Variance
SDG	Sustainable Development Goals (SDGs)



# CHAPTER 1: INTRODUCTION

## 1.1 Introduction

Local Authorities form a segment of government that is tasked with delivery of municipal services to local communities. They are politically and socially closest to the people and play an important role in sustainable development (Cigu, 2014). Therefore, local authorities are supposed to be efficient and effective in service delivery to remain politically relevant and socially alleviate poverty in their respective jurisdictions. However, local political, social and financial conditions affect the local authority's performance and effectiveness (Boex and Muga, 2009). Sustainable municipal service delivery require sufficient financing (Considine and Reidy, 2015). This means local authorities need to generate adequate revenues to meet the sort of expenditure in the execution of their mandate (Ojo, 2009).

However, “small-sized” local authorities do not have adequate revenue base to raise and collect enough finances internally (Considine and Reidy, 2015). On the other hand, the “larger-sized” local authorities who have sufficient revenue base to locally raise and collect adequate revenues are plagued with negative factors such as political interference, unwillingness by locals to pay for a troubled service delivery system, corruption and management failures to come up with revenue optimizing strategies (Chilunjika and Zhu, 2013; Piña and Avellaneda, 2017). This is when central government fiscal transfers become necessary as they are often used to supplement inadequate locally generated revenues to enhance local authorities’ ability to meet expenditure responsibilities (Pumkaew, 2016).

For instance, due to council’s lack of financial autonomy no infrastructure project can be undertaken in a local authority without central government involvement (Murana, 2015). Central government transfers ensure that the councils implement infrastructure projects as decided by internal local politics or central government guidelines (Piña & Avellaneda, 2017). This in turn means that local authority performance is affected by local and national political influences over central government fiscal transfers (Lentner, 2014). However, though there is this system of central government transfers in place local authorities continue to struggle financially (Uryszek, 2013). Local Authority self-

sufficiency entails ability to internally generate revenue and ensure efficient, effective and sustainable expenditure in municipal services delivery. Local authority's ability to satisfy their communities is thus directly related to their financial autonomy. Hence, Kortaba and Kolomycew (2014) developed a key hypothesis that stated that a local authority that is not financially self-sufficient cannot be entirely held accountable for the quality and quantity of municipal service delivery.

Fiscal sustainability has remained a major challenge in Zambia. Zambia's local authorities need to endeavor to achieve a sustainable fiscal system in both revenues and expenditure that refers to strategic, tactical and operational levels rather than being dependent on central government grant system (Chapman 2008; Aristarkhova, O. Zueva & M. Zueva, 2018). Meanwhile, the grant oriented fiscal system is marred with entitlement infrastructure projects that are driven and shaped by political forces. Combined with the current central government fiscal deficits, local authorities have been forced to make harsh financial adjustments at the time their local revenues are far below their spending patterns (Ward, 2012). The local authorities' path to fiscal consolidation requires broadening the revenue base and reducing spending and overdependence on state financing. On the other hand the basic goal is to establish policies that keep local government sustainable and decentralized with the aim to seeking models of approaches that increase the possibility of leveraging local government financial distress (Maher, Majumder, Liao & Liao, 2019).

Fiscal decentralization is an important aspect of local government fiscal sustainability of which the most important indicator is revenue autonomy of local government (Slavinskaite & Ginevičius, 2016). Despite the widespread tendency to decentralize in Zambia, local authorities still profoundly depend on central government grants. Psycharis, Zoi and Iliopoulou (2015) offer exceptional evidence that political factors actually do affect the level of local government fiscal autonomy in a country. Dependency on grants can be attributed to a lack of characteristic local authority fiscal competition and limited total fiscal expenditure competition on capital allocation as well as absent internal revenue mobilization strategy (Capuno, Quimbo, Kraft, Tan & Fabella, 2015). The beliefs that the state grant system to finance local authorities' capital expenditure achieve better development is contradictory since to prevent local government fiscal distress states require local authorities to reduce their expenditure (Coe, 2008). Moreover, this approach

does not give local authorities control over development projects as opposed to evidence from frameworks underpinning decentralization of local government.

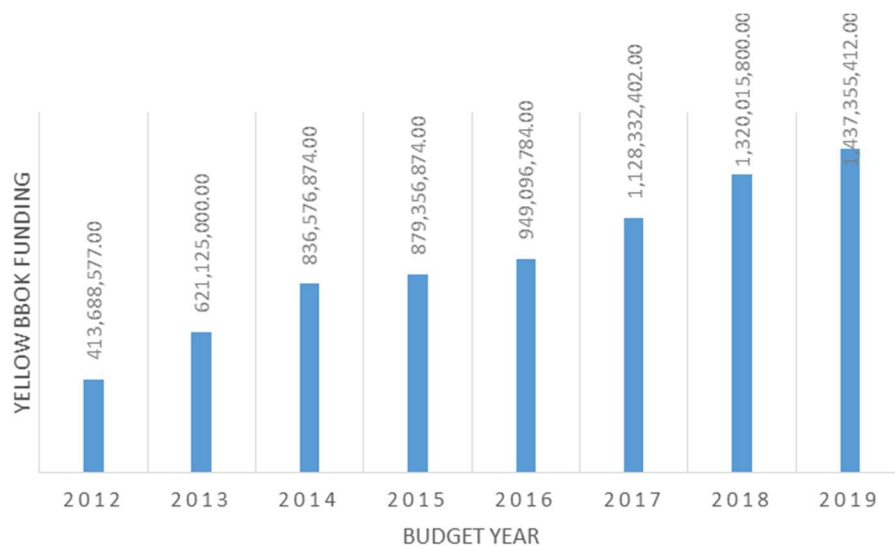
It is clear that local participation brought about by decentralization has the capacity to stimulate positive economic activities and growth. Studies by Onuoha & Ufomba (2019) prove that there is positive correlation and huge impact of local government expenditure and fiscal autonomy on profitability of SMEs. Politically motivated policies diminish the viability of local government institutions and are a major source of risk and vulnerability in the fiscal structure of local government (Odo, 2016; Pradhan, 2019). Zambia has embarked on the decentralization path in recognition of the role decentralized institutions play in rural development, however, there is still the requirement of defining a way forward by developing an interface between decentralized institutions and local development (Durgam, 2020). Since Zambian local authorities are dependent on state grants, when they are not adequately funded, they are incapable of providing basic amenities to local communities. This calls for institutional review and redesign of the decentralization agenda to realize the benefits of decentralizing (Jonga, 2020).

Implementing decentralization is always a challenge especially in Zambia where centralization tendencies still exist (Msewa, 2020). The fact that there exist in Zambia areas that are more socially and economically deprived (like newly created districts) than others weakens the positive decentralization stride required since central government control over local government spending will always be necessary in equalizing fiscal performance in all districts. However, this criticism may not fully counter the necessary fiscal discipline and local government responsiveness that fiscal decentralization entails (Alonso & Andrews, 2018). This simply means that decentralization is dependent on the capacity of the local authority, thus, as much as decentralization is a crucial mechanism for development one factor to be considered is capacity of the local authority to decentralize prior to implementation (Wang, 2013). Therefore, the approach of trying to decentralize all local authority at once is likely to be the single most drawback to fully implement decentralization in the country.

## 1.2 Background

Zambia has constitutional provision for local government as one of the two spheres of government. The Local Government Act No. 2 of 2019 is the main governing legislation and there are 117 local authorities overseen by the Ministry of Local Government which consists of 5 city councils, 16 municipal councils and 96 district councils. The Constitution of Zambia (Amendment) No. 2 of 2016 establishes Zambia's local government system where a sound financial base is established for each local authority with reliable and predictable sources of revenue. The Local Government Act provides for an integrated three tier local administration system where local authorities are formed and functions based on democratically elected Councils. To ensure financial survival of local authorities the Zambian government gives them grants such as equalization and community development funds (Local Government, 2019). The Constitution of Zambia establishes the Constituency Development Fund (CDF) and the Local Government Equalisation Fund (LGEF) which are disbursed by the Ministry responsible for finance to various local authorities. Since 2012, Central government transfers have been increased by over 340% from ZMW 413,688,577.00 to ZMW 1,437,355,412.00 in 2019 as shown in Figure 1.1.

The grants are intended to finance Community Based Projects in infrastructure development, wealth creation and poverty reduction. These grants are necessary since local authorities in Zambia cannot generate adequate internal funding to guarantee effective provision of municipal services. Thus they depend on central government grants and other statutory allocations to meet expenditure. Central Government grants often are used to supplement inadequate local revenues to enhance a local authority's ability to meet expenditure responsibilities. The Zambian central government currently contributes, as shown in Figure 1.1, to the bulky of local authorities' revenues through grants and thus largely determines local expenditure priorities through a collection of guidelines such as CDF guidelines. Consequently, these central governments grants are time and again linked to central government's determined policies because the central government has a genuine interest in ensuring that its policies and plans are successful at all levels of governance. These interests, however, warrant that the central government remains responsible for providing resources in terms of funding to local authorities.



**Fig. 1.1:** Budgeted grants to institutions excluding supplementary funding

Local authorities in Zambia are far more dependent upon external sources of funding instead of internally generated revenues to an extent that recipient councils are used to receiving central government grants almost as an entitlement. Indeed councils are responsible for raising and collecting local taxes and user fees, however, not all have been able to collect their local revenues as budgeted and there is no comprehensive data available on the revenues collected by councils.

In Zambia, the national government provides grants to local authorities for municipal services delivery relying on the Local Government Act No. 2 of 2019 which states that, *“no council shall borrow money or receive any grant of money from a foreign government or foreign organisation without the approval of the Minister”*. Even though some services largely remain the responsibility of national government, there are ongoing attempts to decentralise these services as well as devolve them to local government. According to Section 48 of the Local Government Act 2019, other sources for council may include, *“borrowing such sums of money as may be required for the purpose of discharging its functions in all or any of the following ways: (a) by loan under Section 24; (b) by the issue of stock or bonds; (c) by mortgage; d) by temporary loan or overdraft from a bank or other source; (e) by loan from any other source”*.

The national government is yet to implement a formula-based grant system for equalisation grant. Currently the government uses some form of judgement to determine how much of equalization grant a local authority needs. The equalization is both capital and operational grant which is split into 20% for capital projects and 80% for operations of the Council such as salaries (Local Government Act, 2019). Grants in lieu of rates are given to all council's in which central government have property as opposed, or as a substitute, to paying property rates. This is a purely operational grant. The CDF grant is purely a Capital grant which is intended to finance Community Based Projects in infrastructure development, wealth creation and poverty reduction. The appropriation of monies to CDF as well as management, disbursement, utilization and accountability of the Constituency Development Fund is prescribed in the CDF Regulations.

### **1.3 Statement of the Problem**

To ensure financial survival of local authorities in Zambia, central government has introduced grants such as equalization and community development funds. Numerous challenges faced within local authorities put them in a position of having to be reliant on these central government transfers as a guaranteed technique of raising quick revenue. In contrast, this has created overdependence on government grants to an extent that despite, cities like, Lusaka City having sufficient revenue base, and possessing greater potential to generate and guarantee higher local revenues to match expenditure, remain overly dependent on central government grants. Government's lack of readily available funds within the budget means a further dwindling resource envelop for local authorities and further reduces the financial viability of central government grants. Moreover, central government fiscal transfers have created local political conditions which encourage contradictory regional planning processes and deprive local authority's ability to spend independently as politically charged entities within the ranks of Local Authorities tend to determine what kind or type of developmental activities a Local Authority engages in as well as location. These political and party lines influence ability of locally elected officials who encounter a strong motivation to undertake projects which best reflect their interests and not the priorities of Local Authorities leading to proliferation of small uncoordinated projects and compromised collective interest. Central government transfers have led to a huge presence of contradictory investment strategies and Local Authorities' lax effort in

broadening revenue generating strategies. Importantly, this overdependence allows for the continuation of a culture of centrally planned economy thereby fostering Local Authorities' poor financial status, their inexplicable failure to engage in locally financed investment programmes, failure to achieve proper economies of scale for investment, negatively affecting efforts to attain autonomy and failure to accomplish decentralization. Thus, central government transfers create a challenge to financial sustenance and autonomy whereby Local Authorities are failing to institute proper mechanisms to ensure they collect local revenue as a result. If these problems are not addressed Local authorities will be caught up in a dependence and dominance relationship with central government due to reliance on their fiscal transfers with externally induced underperformance. This research aims to provide a framework that outlines the solution to these drawbacks of central government grants.

#### **1.4 Research Aim**

To help local authorities achieve sustainability of income generation.

#### **1.5 Research Objectives**

- i. To identify measures LAs are putting in place to improve raising and collection of internally generated revenues;
- ii. To explain the causes of failure of LAs in attracting investments using internally generated revenues;
- iii. To recommend a framework to central government that will ensure sustained fiscal autonomy

#### **1.6 Research Questions**

This research thus attempts to answer the following research questions:

- i. What measures have Local Authorities put in place to improve raising and collection of internally generated revenues?
- ii. Why have Local Authorities failed to make any meaningful investment using internally generated revenue?
- iii. How can Local Authorities overcome their dependency on central government grants?

### **1.7 Delimitation of the Study**

The focus of this research was to understand and assess distortions caused by central government transfers on Local Authority's self-financing. The aim was to identify ways to enhance Council's financial autonomy thereby accelerating full decentralisation. The study relates to self-sufficiency of all local authorities in Zambia. It required that a large number of Local Authorities in Zambia be involved in the study (at data collection and framework review stage) to be able to make correct generalisations. The framework review did, thus, try to focus on the Councils with large collection potential, outdoor advertising opportunities in the country, enormous untapped revenue base, and technological and human resource expertise to overcome specific financeability barriers. The demarcation of this research was within the conditions and context that supposedly maybe affected by the distortionary effects or drawbacks of central government fiscal transfers.

Therefore, this study will not cover all types and number of local authorities to compare different levels of self-financeability of local authorities in Zambia. Second, the study did not cover challenges local authority faces in raising and collecting internal revenues rather will seek to investigate various revenue optimizing strategies that the local authority were implementing if any. The assessment was limited on the level of results or outputs of these strategies. While aspects of challenges faced in revenue collection was crucial for this kind of analysis, this research did delve into a relatively new area of determining extents to which Local Authorities meet their expenditure by utilizing internally generated funds as a measure of self-financeability hence deriving the impact of central government transfers on the same. In assessing revenue optimising strategies, this study did not cover outcome-oriented effectiveness since such assessment would require before and after data, of which such data was lacking.

### **1.8 Limitations of the Study**

Additionally, the study did have limitations in relying on the 'information' given by local authority employees and civil servants who might have answered questions with some reservations for reasons of perception nature with respect to seemingly politically insensitive questions. Such reservations might have been misleading and a poor guide to



determine whether enduring benefits were being achieved from the nature of grants. This might have affected presentation of detailed or highly accurate picture of the phenomena. However, conscious of this potential sample bias, the study did seek to mitigate through triangulating ideas and opinions of respondents, as well as comparing the survey data with existing documentary evidence.

### **1.9 Research Methodology**

The research adopted purposeful arranged selection of local government staff for structured questionnaire. The procedure involved getting permission from the local authority and administering structured questionnaire on purposefully selected respondents. Purposive and critical case sampling was used because the study required respondents who were adequately vested with the knowledge of the fiscal nature of the local authority. This approach was adopted to ensure the selection of respondents with knowledge in the areas of revenue generation and expenditure in the Local Authority. The methodology adopted a mixed method approach and followed the research design matrix as shown in Table 1.

### **1.10 Research Strategy**

Since the research had what, why and how questions then all strategies were likely to be used. However, the research labored to select the best possible strategy to answer each research question and the best selected strategies were enumerated as follows;

1. Research question number 1; what measures has the Local Authority put in place to improve collection and raising of internally generated revenues? This questions aimed to elicit cause and effect or relations between phenomena of level of revenue collection and measures put in place. For this question the research used abduction strategy with an inner world focus. (Realist Ontology)
2. Research question number 2; why has the Local Authority failed to make any meaningful infrastructure development using internally generated revenue? This question aimed to measure cause and effect. It follows that for this “why” question the research used retroductive strategy with an outer world focus. (Realist Ontology)

3. Research question number 3; how can Local Authorities develop mechanisms that will ensure self-sustaining revenue generation and prevent continuation of a culture of centrally planned economy? This question aimed to elicit alteration of fiscal planning and revenue generation and, the research used pragmatic strategy with both outer and inner world focus. (Both Realist and Nominalist Ontologies)

### **1.11 Research Impact and Significance**

The increasingly complex nature of government and investment interests in Local Authorities raises use of research in solving both operational and strategic problems. This research assumes a significant role in formulation of policy for local government tier and could provide a basis for further research in this area as well as designing policies for an improved local government fiscal system. The research elicits for, example, a local authority system with financial autonomy whose budget depends particularly on the analysis of needs and desires of the people and availability of

**Table. 1.1: Research design matrix**

Research Question		Research Objectives	Population & Sampling	Data Collection	Data Analysis
<b>RQ1.</b>	<b>What measures have Local Authorities put in place to enhance internal revenue generation?</b>	1.	To identify measures LAs are putting in place to improve raising and collection of internally generated revenues;	1. Senior Management Officials in Local Authorities (Purposive and Critical Case Sampling)	1. Interviews (Person to Person) 2. Documentary Reviews 3. Survey Questionnaire
		2.	To explain the failure of LAs to make any meaningful investments using internally generated revenues;	1. Senior Management Officials in Local Authorities (Purposive and Critical Case Sampling)	1. Survey Questionnaire 2. Descriptive statistics 3. Multivariate analysis
		3.	To construct a framework that will ensure sustained fiscal autonomy	1. Senior Management Officials in Local Authorities (Purposive and Critical Case Sampling) 2. Senior Management Officials in Central Government (Purposive Sampling)	1. Interviews (Person to Person) 2. Documentary Reviews 3. Survey Questionnaire 1. Thematic and 2. Content Analysis 3. Multivariate analysis 4. Descriptive statistics

locally generated revenues. This could be achieved by examining and highlighting negative consequences of central government fiscal transfers and facilitating the policy making by decision makers. By inspiring financial autonomy of “large base” local authorities it also indirectly helps in the proper allocation of the countries scarce resources. This research compiles facts through investigating the local government economic structure, analyzing forces underlying them and examining their consequential cultural interplay. Another significance of this study is adding pragmatic perspectives towards resolving revenue problems faced by local authorities.

### **1.12 Data Collection Techniques**

Objective 1 of this research prompts to be familiar with basic facts and the institutional setting with respect to local authority dependencies on central government transfers. This will entail administering survey questionnaire, carrying out person to person interviews where clarity will be necessary and carry out documentary review. Objective 2 of the research draws to produce technical accounts and link internally generated revenues and sustainable investments. This requires administering survey questionnaires. Objective 3 of the research aims at assisting in impact mitigation and policy making. This will require administering survey questionnaire, carrying out person to person interviews where clarity will be necessary and carry out documentary review.

### **1.13 Research Design**

The objectives sought to answer research questions will be descriptive and explanatory in nature. Due to time constraints the research shall adopt time cross-sectional design. This research is about quantifying the links between central government fiscal transfers and financial autonomy of local authorities. To quantify the relationships between these variables the research will use values of effect statistics such as correlation coefficient, the difference between means, or the relative frequencies entities within groups. A cursory look at this research shows that the research will follow the quantitative research design.

### **1.14 Bias**

Indeed politically active stakeholders could exhibit a bias towards more favourable views of the success or value of these central government fiscal transfer. However, the use of documentary sources to complement survey questionnaire minimizes the problems of bias

and poor recalls. Documentary data sources obtained for the study were from various reports of projects implementation and evaluation, policy guidelines, minutes of meetings and other organizational documents. This research aimed to follow proper scientific rules and procedures to reduce errors and biases in in order to enhance the reliability of the results of the study.

### **1.15 Organisation of the Dissertation**

The study is organised in the following chapters.

*Chapter 1* outlines the background, rationale, aim and objectives of the study.

*Chapter 2* is where relevant literature was reviewed in this study. This was done by reviewing Journals, books, working papers, conference papers and other research studies relevant to the study.

*Chapter 3* highlights of the research methodology, strategies and the justification for the method adopted for the study is presented.

*Chapter 4* presents the results of the survey research. The analysis of the results is also presented.

*Chapter 5* presents a discussion of the results on the subject.

*Chapter 6* the developed local government framework for autonomy is presented. The steps and how it works is also presented.

*Chapter 7* presents the conclusions and recommendations of the study.

### **1.16 Summary**

In this chapter it was highlighted how this research assumes a significant role in the formulation of policy for local government tier and could provide a basis for further research in this area as well as designing policies for an improved local government fiscal system. The research elicits for, example, a local authority system with financial autonomy and whose budget depends particularly on the analysis of needs and desires of people and availability of locally generated revenues by attempting to examine and highlight the negative consequences of central government fiscal transfers and facilitating the policy making by decision makers.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

Literature review of this research is aimed at investigating, exploring and understanding the importance and drawbacks of central government transfers and, provide a foundation for subsequent chapters. The boundary of knowledge regarding central government grants and high revenue dependency is extremely emotional as anything else that borders on public service provision. This makes the field more challenging and interesting to study with respect to the highly politicized Zambian scenario.

### **2.2 Effectiveness of Intergovernmental Transfers**

Central government grants are the most feasible and consistent source of local authority revenue such that without these grants little to no investment projects can be implemented by local authorities (Murana, 2015; Fjeldstad, 2004). For local authorities to be able to meet their expenditure, central government grants are needed to supplement inadequate local generated revenues (Pumkaew, 2016). On the other hand, central government has used this support to local authorities to violate their rights of self-governance by developing political maneuvers as functional measures (Harbich, 2009) in the application of such grants. Despite, these inter-governmental grants local authorities are underfunded and remain comparatively ineffective in economic and social service delivery (Usman, 2011).

### **2.3 Drawbacks of Intergovernmental Fiscal Transfers**

It is clear that grants alone are not sufficient to sustain local needs in local governments (Abdullahi & Kwanga, 2012; Considine & Reidy, 2015) despite the fact that grants are an important aspect of intergovernmental relations. Development at the grassroots has been circumvented mainly due to underlying factors like overdependence on central government grant and corruption. Mostly, newly created local authorities lack the viability in terms of capacity to generate finance internally and effectively utilized it for development purposes, (Agba, Ocheni, & Nnamani, 2014) well as the existing local authorities lack financial autonomy to generate revenues and determine own expenditure. Central government has used grants to instigate an increasing lack of financial resources in local authorities as they (grants) are not related to any specific expenditure functions

and are often spent with political motivations. These conditions make local government officials less accountable for the quality of delivered services and uninterested in spending these funds (Mikayilov, n.d.). Hoffman, (2006) argued that political and party institutions and sources of finance were two variables that affected the accountability of local government officials in Tanzania. Findings by Arvate, Mattos and Rocha (2015) indicate that grants caused lack of local government autonomy and induced consistent spending measures that were determined by the central government. Kotarba and Kołomycew (2014) hypothesised that local authorities cannot be entirely held accountable for the quality of delivered services since they lack autonomy and have limited control over their finances. In Tanzania, Mdee & Thorley (2016) observed that central government exerted control over local service delivery through grants and control over policy.

Högye and McFerren (2002) found that grants from central government were totally outside the control or influence of the recipient local authorities such that all decisions including planning and utilization of resources were controlled from the central government (Salami, 2011). Most local authorities cannot sustain themselves without these grants thereby perpetrating measures that create relationships which are unable to break with the bad culture of centrally planned economies (Lentner, 2014). Moreover, Dash (2015) observed that the economic performance of local authorities was not satisfactory despite receiving grants because the grants only subjected local authorities to higher revenue dependency. A greater concern is that recipient local authorities get used to receiving grants almost as an entitlement, especially where political affiliation matters more than the conditions (OECD, 2012).

There has been a reform process across the developing world towards decentralization. Decentralisation has brought remarkable emphasis on the need to strengthen financial autonomy of local authorities over increasing transfers (Cigu, 2014). Devolving government functions to local levels create new demands and increase fiscal pressures on local governments motivating them to innovate mechanisms and institutional changes to solve these problems (Mullins, 2004). This is a form of public entrepreneurship which can lead to new, creative and better governance. Local level public entrepreneurs are far more effective in service delivery than centrally planned blanket policies. Mullins (2004) argues that when a blanket policy is imposed on all governments it reduces local officials'

and citizens' control over the decisions of their local authority, because it restricts their choices (Stallmann, 2007).

## **2.4 Governments Centralizing Tendencies**

A vibrant local authority system enhances government responsiveness also serves as the forum for robust and sustainable grassroots participation at the local level. Zhou and Chilunjika (2013) examined self-financing efforts in local government authorities in Zimbabwe against the background of perceived declines in transfers from central government. Their findings indicate that while local authorities in Zimbabwe failed to create adequate self-financing base due to interlocking factors such as continued central government grip, limited revenue base, and failure to devise long range revenue optimising strategies, political interference, and an institutionalised culture of rent-seeking. The central government currently contributes to the bulky of local government revenues through transfers and still determines local government policies as well as local budget and expenditure priorities (Fjelstad, Katera, Msami and Ngalewa, 2010). Basil Chubb (1992) documented the centralizing tendencies of central government towards local government by always aiming to restrict the scope of local authorities and centralise control over financial resources (Considine & Reidy, 2015).

Smaller local authorities are far more dependent on central government grants due to the eminent difficulty of raising and collecting local revenues and of reducing expenditures. This dependency upon external sources of money causes poor financial performance to the extent that it removes the local authority discretion to make decisions (Gomes, Alfinito & Albuquerque, 2013). Local government underspending and poor performance are a result of severe national government investment controls, procurement regulations such as thresholds and budget controls (Aragón & Casas, 2008). The central government, however, continues to monitor local government programs or policy implementation (Mamogale, 2014) through use of grants which are often linked to Government's legitimate interest in ensuring that those policies are successful (House of Commons, 2014). Therefore, the use of central government grants alone is an inadequate response to local authority challenges (Akudugu, 2013). One of such challenges is the dwindling revenue base of the local government that negate the potential benefits from



decentralization (Boex & Muga, 2009; Ndubuisi & Onuba, 2016). The central government grants are not necessary meant to empower local authorities rather to purchase political capital, thereby enhancing the politicians own chances of reelection (Worthington & Dollery, 1998).

## **2.5 Need for Greater Financial Autonomy**

Financial autonomy of a local authority is the independence to decide about (their) revenues and expenses (Kotarba & Kołomycew, 2014). Local government financing is the subject of discussion world over (Commission on Taxation, 2009; Department of the Environment, Heritage and Local Government, 2008; Indecon International Economic Consultants, 2005; KPMG Consultants, 1996; National Economic and Social Council, 1985) and the most important point being made is that local government needs financial autonomy as opposed to over-reliance on central government funds (Considine & Reidy, 2015). (Fjeldstad, 2003) argued that local authorities fiscal autonomy is limited with respect to both revenue and expenditure as the bulk of their revenue are conditional grants from the central government. With respect to investment, local authorities are completely dependent on central government grants (Fjeldstad, (2004) which exposes them to financial shocks when the central governments experience financial problems (Mutabwire, 2008).

The longstanding reliance on grants is especially evident in poor performance of local authorities once central government funding declines or delays significantly. It is also clear that central government will come to play a less important role in the funding of local government once they achieve fiscal autonomy (Considine & Reidy, 2015). The main principle at full fiscal autonomy is that local governments should have sufficient local revenue generating authority and control to fund the level of services that the local community needs and is willing to pay for, meaning, that individual local authorities will have the ability to raise differing amounts (Högye & McFerren, 2002). Nwosu & Okafor (2013) recommended that financial autonomy and improved technical capacity at local level would promote sound financial management enhanced by a paradigmatic shift in self-financing strategies and revenue planning (Zhou & Chilunjika, 2013).

Murana (2015) argued that to arrest the over dependence on grants local authorities should increase their revenue bases and lay more emphasis on the internal revenue sources by fully exploiting all source available. Local governments need to raise own financial resources to provide social services at the local level (Olu, 2009). However, the level of financial autonomy of local authorities is considerably low and the local revenues are unable to cover their expenditures. Despite a system of central government grants there are still excessive fiscal imbalances (Uryszek, 2013). Abdullahi & Kwanga (2012) revealed poor performance of local governments in Nigeria was as a result of relying on federation allocations as opposed to own revenue sources. In this context, it is necessary to ensure local autonomy for local sustainable development, prudent financial management, and creation of stable local revenues (Cigu, 2014).

Fiscal autonomy coupled with effective financial management; public accountability and staff motivation are requirements for creating sustainable development at local level (Agba, Ocheni, & Nnamani, 2014). Local authorities need to develop diversified sources of self-financing if they are to complements and counterbalance central government power (Grzegorzcyk, 2016). Central government grants are a key source of local government funds. On the other hand local authorities need to raise a significant portion of own revenue if they are to avoid unwarranted state grip (Bartle, Ebdon, and Krane, 2003). Greater own revenues and less central government interference could and should be use to overcome local government over-dependency on central government (House of Commons, 2014). Local government autonomy could lead to better public services and a more resilient economy as central government comes to play a less important role in the funding of local government (Considine & Reidy, 2015). Communities suffer when local governments fail to raise own revenues and keep pace with increasing local needs and increased infrastructure spending (Krupnick, Echarte, and Muehlenbachs, 2017).

Equally a system with sufficient fiscal transfers from the central government could be helpful in eliminating at the local level though not sustainable as transfers to local authorities quickly dwindles especially when central government is in financial crisis. The best solution to addressing revenue-expenditure mismatches is not increasing transfers but diversifying local financing sources (Lu & Sun, 2013). Emengini (2010) agrees that the socio-economic status of local councils are not significantly influenced by the level of

transfers from central government. A number of arguments suggest that local governments should attain sufficient fiscal autonomy to finance their expenditure responsibilities rather than having to rely on central government grant (Watt, 2006). Moreover, Pamkaew (2016) argued that increased fiscal allocations created more fiscal inequality among local authorities in some cases.

In addition decentralization calls for sound local government finance and taking advantage of local government ability to arrange for the provision of local public goods in line with local tastes and preferences. So far, local government finance is marred with mismatches between the delegated functions and revenue-generating authority resulting in continued over reliance on central government transfers (Vera & Kim, 2003). Lozano & Julio (2015) provide evidence on the positive role of fiscal decentralization on local economic growth in Colombia.

## **2.6 Improving Local Authority Revenue Generation and Investments**

Alao, Osakede and Owolabi (2015) revealed that the challenges constraining efficient service delivery include undue intervention by central government and political interference in local authority administration. They further argued that political will by central government is adequate to address these constraints considering they are institutional and attitudinal in nature and recommended a legal framework to counterweigh excessive intervention by central governments. Central government controls or regulations, local political interference and lack of revenue base compromises local authority ability to become self-reliant (Zhou & Chilunjika, 2013). The central government grants create tremendous impact on the financial waste due to politicization of expenditure at the local level (Majid, Mohamed, Haron, Omar, Jomitin, 2014). Eteng & Agbor (2018) maintained that the poor internal revenue generation by local authorities is caused by the usurpation of revenue sources by the central government and replacing them with transfers (Eteng & Agbor, 2018).

There is an urgent need to acknowledge and address the revenue and expenditure mismatches at the local government level through comprehensive frameworks that ensuring sustainability of financial resources and promotion of financial reforms (Lu & Sun, 2013). The relationship between central government and local authorities should

highlight policy principles that emphasize the importance of commercially viable infrastructure investments for economic growth and prosperity. Central governments and local authorities must maximize the value for money by subjecting all investment projects to rigorous cost-benefit analysis and ensure that projects with the greatest returns are embarked on (Greenstone & Looney, 2011).

The increasing emphasis on central guidance and unfavorable environment in which central government's attempts to implement decentralization undermines fiscal autonomy of local government (Curtis, 2011). Factors influencing central government funding are largely driven by simple assumptions. On one hand central government grants promote equality across rich and poor districts, on the other hand they hamper local prioritizing and tailoring (Liscow, 2017). It is difficult to create a decentralized and financially equitable local government system especially if the fundamental regulation is marred with political compromises (Brezovnik, Finžgar & Oplotnik, 2018). Nonetheless, each country must endeavor to attain fiscal autonomy of its local government for efficient and effective provision of municipal services. What model or framework a particular country employs to achieve decentralization and local government fiscal autonomy is purely the preserve of that country's empirical evidence. For instance, in the 1980s China capitalized local government financing vehicles; companies owned and established by local government for the purpose of raising revenues for municipal infrastructure project (Clarke & Lu, 2017).

Grant & Drew (2017) insist that autonomy signifies relations between local government and central government. Local governments face a range of complex issues with respect to their functions and the way to increase the effective work of local government is through decentralization and increased local fiscal autonomy (Korra, Gremi, & Gjolen, 2016). Politics in the ongoing fiscal decentralization is the main origin of fiscal illusion leading to poor finances accruing from appropriate local revenue sources (Guziejewska, 2016). Delewa (2019) found that central government fiscal grants predicted the state of the fiscal autonomy of local governments with a direct intervening influence as a precursor to local autonomy. This explains the reason for local governments that have remained heavily reliant on central government grants having achieved so little to no fiscal autonomy (Psycharis et al, 2015). Negative relations between political parties, political influence and

local government contribute to lack of local government fiscal autonomy. Panday (2017) argues that the heavy control of central government weakens the operational capacity of local government.

Local governments with more fiscal autonomy responded to challenges and fiscal stress with more broadened approaches in what is known as pragmatic municipalism. Kim & Warner (2020) explored the concepts of pragmatic municipalism and austerity urbanism in relation to how local governments responded with dissimilar views when trying to open up their services during times of fiscal distress. Fiscal autonomy is considered simply as the local government strength to efficiently present high quality services using own-revenues. When one focus on decentralization, the indicators of local government fiscal autonomy become apparently clear to include but not limited to a synergy that comprise mostly own-revenue, central government transfers and total revenues (Eroğlu & Serbes, 2018). Increasing fiscal autonomy of local governments has been proven to assist with aligning local expenditure and increase efficiency of municipal service delivery (Boetti, Piacenza, & Turati, 2010).

## **2.7 Theoretical Framework**

A number of theories that can be applicable to this study are shown in Table 2.1. However, the fact that Zambia has already embarked on development strategies that emphasise decentralisation makes the decentralisation theory more suitable and appropriate for this study. The theoretical argument for decentralization traces back to the belief that the people at local level must be given the mandate to compose independent regions to which they respectively belong and effectively avoid the dangers of central government control (Diep, Archer and Gueye, 2016).

The early propositions in decentralization theory were only on political representation such as the Stigler's theory of decentralization which identifies two principles in its design (Fatile & Ejalonibu, 2015): (1) keeping authority and control closer to the grass roots through local authorities (2) people right to participate in deciding and identifying their needs. The modern day decentralization theories which emphasise democratic principles and functional performances.

***Table 2.1: Applicable theories to the study***

<b>Theory</b>	<b>Theoretical Argument</b>	<b>Quick Reference</b>
<b>development theory</b>	a collection of theories about how desirable change in society is best achieved	Björn Hettne. (1983). <i>Acta Sociologica</i> . Vol. 26, No. 3/4 (1983), pp. 247-266
<b>structural functionalism</b>	society as a complex system whose parts work together to promote solidarity and stability; emphasizing on the relationships between the various levels of society	Norman Fontes and Nancy Guardalabene. (1976). <i>Human Communication Research</i> , Volume 2, Issue 3, March 1976, Pages 299–310,
<b>pluralist theory</b>	distribute power among many groups; multitude of groups, not the people as a whole, govern	Claude J. Burtenshaw. (1968). <i>The Western Political Quarterly</i> . Vol. 21, No. 4 (Dec., 1968), pp. 577-587
<b>decentralization theory</b>	transfer of authority from a central government to a sub-national entity; the closer a representative government is to the people, the better it works and people's right to vote for the kind and amount of public services they want	David K. Hart (1972). <i>Public Administration Review</i> . Vol. 32, Special Issue: Curriculum Essays on Citizens, Politics, and Administration in Urban Neighborhoods (Oct., 1972), pp. 603-621
<b>centralization theory</b>	formal authority is concentrated in one area or level of the organization; localities are vertically integrated with a benevolent central authority who effectively possesses all rights	Roger Mansfield. (1973). <i>Administrative Science Quarterly</i> . Vol. 18, No. 4 (Dec., 1973), pp. 477-488
<b>theory of local autonomy</b>	the power of localities to function free from the oversight authority of tiers of the state; the power of localities to regulate and legislate the behaviour of residents	Gordon L. Clark (1984). <i>Annals of the Association of American Geographers</i> . Vol. 74, No. 2 (Jun., 1984), pp. 195-208

The theory of decentralization explains the transfer of authority and responsibility from the central government to the subordinate government entities or the private sector (Fatile & Ejalonibu, 2015; Wild, Chambers, et al, 2012). Decentralization is an initiative to support and give functions and responsibilities to the lower tiers of government for efficient and effective service delivery. Decentralization, as a framework for development, guarantees resources and greater autonomy in administrative decision-making in local authority. This strengthens democratic accountability and ensures that the government responds timely to the specific needs of communities. Decentralization is a measure of central government's increasing willingness to grant more financial autonomy to local governments (Saito, 1999).

## **2.8 Decentralising Governance**

Decentralization generally refers to the transfer of some administrative and fiscal functions of central government to local authorities (Jong et al, 1999; Hammond & Tosun, 2009). Decentralisation has thus been the major policy issue across many African countries (Mohmand & Loureiro, 2017). Bardhan (2002) has argued that decentralization has been regarded as the major institutional framework for China's remarkable industrial growth. He opines that the centralized system has lost legitimacy on account of many failures as decentralization is commonly thought to promise a wide range of benefits. It is regarded as a way to making central government more responsive, competent, well-organised and efficient through fragmentation of central authority, reduction of central government role and introducing more local authority responsiveness and accountability (Ahmad & Abu Talib, 2011). Decentralization is viewed as basis to improving community participation in a country's development (Nzimakwe & Pillay, 2014; Amusa & Mabugu, 2016; Sarmistha & Zaki, 2017).

In order to overcome physical and central government administrative constraints of the development agenda, it is widely regarded as necessary to transfer functions and power from central government to local authorities (Ahmad & Abu Talib, 2011). The context of decentralization reforms in which central governments transfer political, administrative, fiscal and economic powers and functions to local authorities has become an increasing method of pursuing participatory mechanisms in a bid to improve governance and service delivery "with respect to efficient allocation of resources; equity in service delivery; accountability and reduction of corruption; quality of services; and, cost recovery" (Muriu, 2013, p. 12). Hence, "governments have been increasingly encouraged to decentralise their activities and shift decision making to the local level in order to promote public participation, government accountability as well as responsiveness of public policies and service delivery" (Maschietto, 2016, p.103).

Though decentralized government is considered more "responsive towards local needs and development of poor peoples" the idea of decentralization may need some "protection against free market advocates who might attempt to use it to cripple the central government and those who ignore local authority failures" (Ahmad & Abu Talib, 2011, p. 58; Bardhan, 2002, p.185). However, decentralisation is key to sustainable development since the fragmentation of functions and power at intergovernmental level improves the

management of resources and participation of communities. However, several local government reforms including decentralization remain incomplete and have had little impact on improved governance agenda (Mohmand and Loureiro, 2017) due to “central governments' inability to decentralise power and fiscal autonomy in the name of national unity and stability” (Oluwasinaayomi & Tunde, 2017, p.110). These failures have led to minimal participation of citizens and the “resulting influence on the decentralized service delivery negligible” “perpetuating existing challenges and limiting the ability of local authorities to address both current and future environmental, social and economic challenges” (Muriu, 2013, p.91; Diep et al, 2016, p.43).

Dickovick and Wunsch (2014) concluded that although the legal, fiscal, and administrative authorities can be increased in local authorities there can still be fewer achievements in other dimensions of governance, including autonomy, accountability, and capacity. This is mainly because central government is usually interested in retaining power, functions and revenue generating streams rather than redistributing to lower levels of government (Maschietto, 2016). Despite the assumption that decentralisation would encourage local populace to be more “willing to participate and possibly be ready to pay taxes” study findings show that “decentralisation policy suffer adverse financing constraints” and poor implementation strategies (Mushemeza, 2019, p.11). Decentralisation in most cases has been accompanied by lack of or limited transfer of administrative authority, transfer of workload to local authorities while “decision-making in the functional areas remain largely centralized” (Mohammed et al, 2016, p.173). Martinez-Vazquez (2011) refers to this system as “deconcentration” in which workload or operations are transferred to lower levels of government, but fail to devolve decision-making powers thereby limiting benefits for providers. Therefore, each country must endeavor to learn country-specific ways to improve the model of implementation of fiscal decentralisation (Martinez-Vazquez, 2011; Smoke, 2003).

On the other hand, Schneider (2019) argues that when decentralisation lacks specificity it becomes an unreliable concept and appear to operate more as a rhetorical strategy. Mohammed (2016) tested the claim that decentralisation increases public participation and decision making in local authorities and found evidence showed that contrary to theory, formal and informal procedures for participation are inadequate and irregular. He



argues that decentralisation cannot induce significant levels of public participation unless social, political and economic structure that inhibit engagement and empowerment of especially marginalized groups are addressed. Olum (2014, p.23) proposes six pre-conditions that need to be fulfilled prior to implementing decentralisation and they include; “institutional mechanisms; creation of spaces for participation; political will and civil will; capacity development at the local level; careful implementation; and democratic governance”. Several shortcomings, such as “low levels of accountability, insufficient human and financial resources, corruption, patronage, and central resistance to decentralisation, constrain the proper implementation of the reform, putting improvements in participation and efficiency at risk and ultimately jeopardising the intended impact on poverty” (Steiner, 2006, p3; Green, 2008).

## **2.9 Summary**

Literature relevant to local government autonomy and transfers was reviewed and in some cases comments given (Table 2.2). The theories that concern local-state relationships in service delivery were also reviewed. The other documents reviewed included Zambian Constitution, laws and regulations pertaining to local government. The next chapter deals with the research methodology and the research design undertaken to achieve the study objectives.

***Table 2.2: Literature relevant to local government autonomy and transfers***

<b>No.</b>	<b>Author(s)</b>	<b>Title of Study</b>	<b>Methodology</b>	<b>Findings/Conclusions</b>	<b>Comments, Critique (If Any)</b>
1	Edogbanya, Adejoh & Sule (2013)	Revenue Generation: It's Impact on Government Developmental Effort (A Study of Selected Local Council in Kogi East Senatorial District)	The researcher used both primary and secondary methods of data collection to generate the needed data. The data obtained through secondary data were analyzed using simple least square regression method (spss version17).	The research found a significant relationship between revenue generated and developmental effort of government, poor development of the areas, lack of basic social amenities to the rural people and lack of revenue to maintain the existing infrastructures.	The research was limited to analyzing the extent to which revenue generation had affected the development of the selected local Governments and fell short of developing strategies to addressing the varieties of difficulties to source adequate revenues
2	Oladimeji & monisola (2013)	Strategic Control and Revenue Generation: A Critical Success Factor in Local Government Using the Balanced Scorecard	The study is descriptive and adopted the desk research approach, using secondary sources of data such as journals, text-books, accounting standards, government papers.	The study found that there is need for re-engineering the whole system through strategic controls and using the balanced scorecard as an appraisal system for staff performance which when properly linked with organization objective will enhance increased revenue generation.	The study did not consider other overarching causes of poor revenue generation rather drew a straight line relationship between staff performance and increase revenues
3	Adu-Gyamfi (2014)	Effective Revenue Mobilisation by Districts Assemblies: A Case	The research design used for the study was the mixed approach. Both qualitative and quantitative research	The study found that some of the problems undermining revenue mobilization are -inadequate data on revenue sources, lack of	The study recommends tax education, training and motivation of revenue staff,

		Study of Upper Denkyira East Municipal Assembly of Ghana	methods were used for the study. The sample size was 85 and both convenient and purposive samplings were used for the study.	enforcement of revenue mobilization bye laws, inadequate revenue collectors and their training.	establishment of databank on revenue sources, enforcement of bye-laws and prosecution of defaulters constantly.
4	Atakpa, Ochen & Nwankwo (2012)	Analysis of options for Maximizing Local Government internally generated Revenue in Nigeria		Most of the local governments abandoned the hitherto viable internal revenue sources in preference to the revenue from statutory allocation since the 1976 Reforms and the paper concludes, by stating that unless the local governments look inwards to maximize their internal revenue sources it cannot be financially self-reliant.	The study suggested feasible and pragmatic ways to maximize internal revenue generation in the local governments.
5	Uremadu & Ndulue (2011)	A review of private sector tax revenue generation at local government level: Evidence from Nigeria	The study utilized both fundamental analysis and simple percentages evaluation on field survey data collected	The findings profoundly revealed that there exists: (1) significance tax avoidance and evasion by the self-employed in FCT, which has adversely affected the quantum of revenue mobilization from income tax; (2) several factors are responsible for this dismal tax situation such as: high personal income tax rate; complexity of the assessment and collection procedures; lack of adequate tax incentives; lack of taxpayer	To revive the system, the study recommends a three pronged approach (i) the tax laws, tax policies and tax administration should be holistically reviewed; (ii) the penalties to be meted out to tax offenders should be made severe to deter tax evasion and avoidance; (iii) the tax policies should be well

				education and high costs of compliance; among others.	focused geared towards reducing the personal income tax rates and providing adequate tax incentives and taxpayer education.
6	Toyin (2015)	Revenue Generation and Local Government Administration in Nigeria (1999-2007):  The Case of Ijumu Local Government Area of Kogi State	The analysis is through descriptive and inferential statistical tools. The descriptive analysis involved the use of simple percentages, tabulation and counts, while inferential statistical method employed, chi-square analytical instrument.	The research found that There are problems of sourcing for adequate revenue from the federal and state governments. And there are also problems associated with sourcing for funds via internally generated revenue. There is therefore, an urgent need to review local government revenue generation.	The research concluded that establishment of people oriented projects, staff motivation; training and retraining of revenue officers can set the local government system in the right direction to improving internally generated revenue.
7	Agbe, Terzungwe & Igbabee (2017)	Internal Revenue Generation and Economic Development in Local Government Areas in Nigeria		The study established that the local governments in Nigeria are docile in terms of aggressive revenue collection to augment allocations from the federation account which they get on monthly basis. Other empirical review hinged Local Governments' abysmal revenue generation on dishonesty on the part of council revenue collectors, who, in most cases, misappropriate collections made on behalf of the council.	According to the study, economic development is positively related to revenue generation which is the nucleus and the path to modern development.

8	Frumence <i>et al</i> (2014)	The dependency on central government funding of decentralised health systems: experiences of the challenges and coping strategies in the Kongwa District, Tanzania	The study adopted a qualitative approach and data were collected using semi-structured interviews and focus group discussions.	The results showed that Local government authorities (LGAs) face delays in the disbursement of funds from the central government which interrupts the implementation of activities in the districts	The research argues that the delays in disbursements have necessitated introduction of informal coping strategies to deal with the situation.
9	Adi, Magaji & eche (2015)	Internal Revenue Generation in the Taraba State, Nigeria: Problems and Prospects	The paper used both structured/unstructured questionnaires in collection of data	The major findings were that; revenue machinery are inadequate and out dated, inadequate staff and lack of professional personnel in revenue section, inadequate salaries and incentives for revenue collectors, inadequate provision of social services, Market and Motor Park and political interference in appointment into task force board	The paper focuses on Problems and Prospects of Internal Revenue generation in Local Government administration in Taraba State, Nigeria for the period of 2001-2013.
10	Bandyopadhyay (2015)	Local government finance: challenges in revenue raising at the Municipal Corporation of Delhi	The data was collected through primary surveys of the income and expenditure budgets of MCD, and from secondary sources such as the Third SFC Report. Interviews and discussions with officials of MCD at different levels were also conducted to collect	The main findings suggest there have been some efforts to reduce reliance on transfers from upper tiers of government and to strengthen 'own revenues' at the Municipal Corporation of Delhi (MCD).	The main objective of this paper is to examine the extent to which the capital city of Delhi has gained financial autonomy over the years

			information and obtain necessary clarifications.		
11	Fumey & Egwaikhide (2018)	Political Economy of Intergovernmental Fiscal Transfers:  The Rural-Urban Dynamics in Ghana	Descriptive statistics of variables	The research found that during election years, the increases in fiscal transfers were even higher, precisely 5 per cent and 10 per cent for rural aligned and urban swing districts, respectively.	The allocation formula was influenced by political factors, as election years tended to be associated with higher transfers.
12	Wu, Huang, Zhao & Pu (2017)	Transfer payment structure and local government fiscal efficiency: evidence from China	This paper use the SE-DEA model to measures the financial efficiency, and studies how transfer payment structure effect fiscal efficiency by the quantile regression method.	The study found that the theoretical and empirical studies indicate that the tax refund is the most effective policy and the categorical grant is more efficient than condition grant.	For greater impact there is a need to decrease the condition grant and increases the tax refund or categorical grant in transfer payment.
13	Masaki (2016)	The impact of intergovernmental transfers on local revenue generation in Africa	District-level, quarterly data on local revenues and spending. Analysis used Descriptive Statistics and Data Sources and Robustness Test	The findings of this paper include; intergovernmental transfers play an integral role in facilitating the mobilization of local revenues in Africa where local governments lack the internal capacity to raise their own revenues. LGAs are financially weak and cannot hire qualified staff or purchase equipment necessary for the collection of taxes and fees. They also rely on financial transfers from the central government to provide public services, which, in turn, generates further local	The paper emphasizes that these transfers may also provide LGAs with strong incentives to generate more local revenues, through improving their capability to deliver public services and also strengthening their institutional capacity to collect taxes/fees. (the positive effect of fiscal

				revenues through promoting voluntary tax compliance. (The impact of intergovernmental transfers on local revenue generation in Africa)	transfers on local revenue collection is particularly pronounced in rural districts)
14	Goerl & Seiferling (2014)	Income Inequality, Fiscal Decentralization and Transfer Dependency		The paper found that decentralization on the expenditure side should be accompanied by adequate decentralization on the revenue side, such that subnational governments rely primarily on their own revenue sources as opposed to intergovernmental transfers	This paper tests the impact of decentralized redistribution on income inequality for a globally representative sample of countries since 1980
15	Odd-Helge Fjeldstad, Merima Ali, Lucas Katera, (2019)	Policy implementation under stress: Central-local government relations in property tax administration in Tanzania	Semi-structured interviews were conducted with a wide range of stakeholders, including senior managers and operational staff of the national and municipal tax administrations.	Top-down reform processes, ambiguity related to the rationale behind the reforms and lack of consultations on their respective roles and expectations have acted as barriers to constructive working relationships between the local and central government revenue agencies	Contributes to the literature on policy implementation by identifying political and administrative factors challenging the reform process.

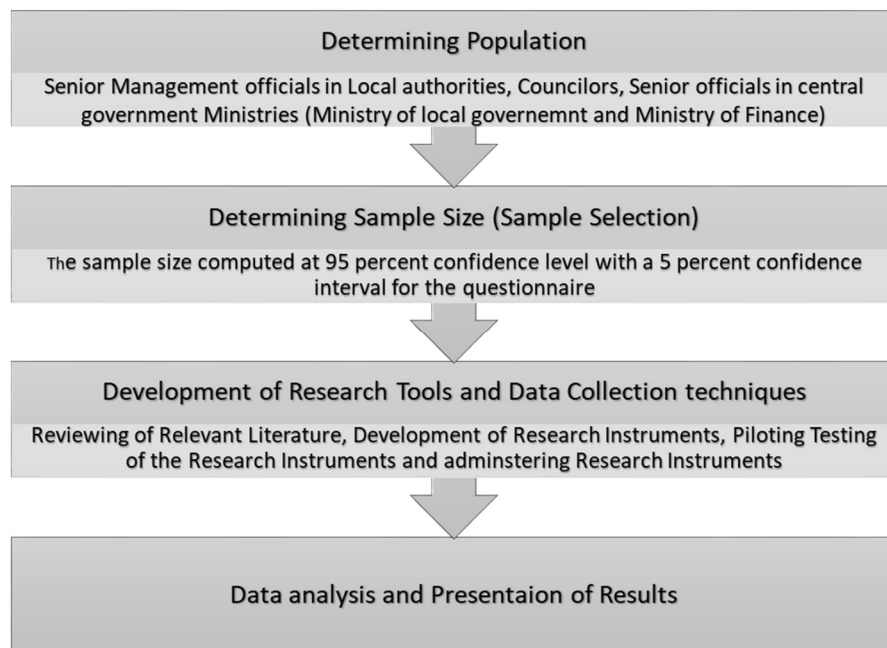
## CHAPTER 3: RESEARCH METHODOLOGY

### 3.1 Introduction

The previous chapter largely presented reviewed literature on intergovernmental grants in the local governance system. This chapter of the study presents the methodology used to carry out the research presented in this dissertation in order to achieve the study objectives and answer the research questions. The chapter further explains how the statement of the problem was investigated. It also describes the characteristics of the research population, sampling techniques employed, research instruments and the methods of data collection and analysis used.

### 3.2 Research Methodology

Research methodology defines the activity of research concerning how to proceed, how to measure progress, and what constitutes success in systematically solving the research problem (Kothari, 2004). It includes the way in which the data are collected and analysed in a research project. Research methodology is thus the approach the researcher uses to conduct research project (Leedy & Ormrod, 2001). The framework of the research methodology designed for this study is as illustrated in Figure 3.1.



**Fig. 3.1:** Framework of the research methodology



### **3.3 Research Design**

Kothari (2004) defines research design as the concept constituting the plan for the collection, measurement and analysis of data for the research project. The research design is used as a plan or outlining how to generate answers to a particular research problem (Orodho, 2003). This research adopted the use of the research design matrix as a method of planning. “The research design matrix is a system of rows and columns into which the components of a research project fit, including the goal, objectives, definitions, hypotheses, variables, methods of analysis and anticipated conclusions” (Choguill, 2005, p. 615). The Research Design Matrix in Figure 3.2 shows the framework used in this study.

### **3.4 Study Population**

The OED (2010) notes that population originally refers to people living in a particular place. However statistically, population refers to a real or hypothetical totality of objects or individuals under consideration, of which the statistical attributes may be estimated by the study of a sample or samples drawn from it or simply the total set of observations that can be made (Kombo and Tromp, 2006). Population refers to all the people or units of interest who meet the particular criterion specified for a research investigation (Mwanaumo, 2013). Walliman (2011) argues that population in research refers to a group of individuals, objects or items from which samples are taken for measurement. Therefore, population can be people, certain objects, organizations, or events which meet particular criterion specified for a research investigation

In this study, the population refers to local authorities (represented by either town clerk or council secretary and or director) and 2 government Ministries (of interest to the research are Ministry responsible for Local Government and Ministry responsible for Finance represented by the controlling officers or respective responsible directors presiding over grants). There are a total of 116 local authorities in the country and plus the particular senior officers form central government who are roughly 4 in number. Therefore, a total finite population of 120 potential respondents were identified and to make generalisations possible the research ensured that the purposive and critical case samples were representative.

### 3.5 Sampling Techniques

Purposive and critical case sampling method was used in this research. Guarte and Barrios (2006) describe purposive sampling as a random selection of sampling units within a population with the most information on the characteristic of interest. The purposive sampling technique is a “non-probability sampling that is most effective when studying a certain cultural domain with knowledgeable experts within” (Tongco, 2007, p.148). Since it includes an element of subjective judgement (Saunders, Lewis & Thornhill, 2012) a purposive sample is fundamental to the quality of data gathered in this research to ensure reliability and competence of the informant. Purposive sampling was chosen in this research in order to select people that are believed to be reliable, valuable and would superlatively answer the research questions. Other reasons for using purposive sampling in this research included;

- i. Purposive sampling was found to be the most cost-effective and time-effective sampling method available
- ii. Considering the research objectives, the research did not mean to choose subjects who may not be knowledgeable or conversant with the subject matter, therefore, purposive sampling helped identify the subjects who were compatible with the study. This allowed the research to identify and select individuals or groups of individuals that were especially knowledgeable about or experienced with the phenomena of interest (Cresswell & Clark, 2011).
- iii. Considering that there were only a limited number of primary data sources who could commendably contribute to the study, purposive sampling became the most appropriate method to use.
- iv. Purposive sampling technique was effective in exploring and benefiting from an intuitive approach of this research

Critical Case sampling allowed for “choosing settings, groups, and/or individuals based on specific characteristic(s) because their inclusion provided the researcher with compelling insight about a phenomenon of interest” (Onwuegbuzie and Collins, 2007, p. 286). This sampling method was preferred because it helped the research identify

respondents who highlighted the vital information for the research as well as permitted better analytic generalizations.

### 3.6 Sample Size Determination

Saunders *et al.* (2012) explained that the size of the sample in non-probability sampling, possess an important logical relationship between purpose and focus of the research. This research adopted a purposive and critical case sampling technique with volunteers who agree to participate and the sample size was dependent on the research questions and the objectives to be achieved. A common goal of this research was to collect data representative of population because the researcher used information gathered from the survey to generalize findings from a drawn sample back to a population, within the limits of marginal error. The general rule relative to acceptable margins of error in this research is 5%. The sample size was estimated using the following formula for calculating sample size with a finite population as shown below;

$$n = \frac{\frac{Z^2 * p(1-p)}{e^2}}{1 + \left( \frac{Z^2 * p(1-p)}{e^2 N} \right)} \dots \dots \dots \text{Equation 3.1}$$

Where p is the prevalence or proportion of population of interest for the study, e is the Precision (or margin of error). For this research e is 5% of p and  $Z = Z_{\alpha/2}$  is normal deviate for two-tailed alternative hypothesis at a level of significance; such that, for 5% level of significance,  $Z_{\alpha/2}$  is 1.96. p may be estimated at 50% to reflect the assumption that an impact is expected in 50% of the population. Note that assuming p of 50% in this research is also a conservative estimate such that the sample size with a finite population of 120 was calculated as using the formula as follows;

$$n = \frac{\frac{1.96^2 * 0.5(1 - 0.5)}{e^2}}{1 + \left( \frac{1.96^2 * 0.5(1 - 0.5)}{0.05^2 * 120} \right)} = 91.4$$

Hence, sample size of 91.4 is required to conduct a survey to achieve the objectives of this research.

To find the final adjusted sample size, allowing non-response rate of 10% in the above example, the adjusted sample size became  $\frac{91.4}{1-0.10} = \frac{91.4}{0.90} = 101.5 \approx 102$ . The sample size for the questionnaire was computed at 95 percent confidence level with a 5 percent confidence interval. The total population was 120 experts giving a sample size of 101.5. A sample size of 102 was however adopted for convenience.

Creswell (2007) gives a guide that normally the research should undertake between 25 and 30 interviews for a general study requiring semi-structured or in-depth interviews. Furthermore, Saunders et al. (2012), gave an additional guidance of sample sizes to consider for different types of study as shown in Table 3.1.

**Table 3.1: Minimum non-probability sample size**

Nature of study	Minimum sample size
Semi-structured/in-depth interviews	5 – 25
Ethnographic	35 – 36
Grounded theory	20 – 35
Considering a homogeneous population	4 – 12
Considering a heterogeneous population	12– 30

Henceforth, the sample size for interviews adopted for this research was 10 because the interviews were preliminary in nature, this sample size was considered adequate. The interviews were aimed at obtaining preliminary data which was then used to enhance the questionnaire survey. For example, given that the research conducted  $n = 10$  interviews, themes that were held by at least  $R\%$  of the population were  $P\%$  likely to emerge. The equation for this is:

$$R = 1 - e^{\frac{\ln(1-p)}{n}} \dots \dots \dots \text{Equation 3.2}$$

Meaning, since the research conducted 10 interviews at a 95% confidence level ( $P = 0.95$ ) then  $R = 0.25$ , i.e. for 10 interviews, we are 95% confident that at least one person will have mentioned a theme held by at least 25% of the parent population of 120. Or, in other

words, if we run the experiment 100 times, each with a random subset of 10 interviewees, then in 95 of these, at least one person will mention a theme that is held by 25% of the parent population.

It is worth mentioning that the value of R is a function not only the proportion of the population who hold a particular theme, but also the interviewer's skill in extracting this theme from the interviewee. Consequently, this highlighted the need for the researcher to prepare and practice thoroughly to make best use of the interviews.

### **3.7 Bias**

The concern in non-probability sampling is bias. Since the sampling in this research was purposive and critical case whereby the sample was taken for a particular purpose, the researcher was concerned that the result may be "self-fulfilling prophecy". The research, therefore, aimed at overcoming or minimizing bias to ensure that the adopted non-probability sampling became acceptable. The research, accordingly, aimed to demonstrate safeguarding measures against bias by establishing an inclusion criteria. This inclusion criteria was for the sole purpose of removing or minimizing biasness in selection of potential respondents. The inclusion criteria were as follows:

- i. Respondents should have had worked for a local authority in a senior management position either as Town Clerk or Council Secretary and or Director of engineering, Director of housing and Director of social services, Director of finance, Director of Planning, Director of Public Health, Director of Legal and or Director of Administration;
- ii. Respondent should have had experience working with or involved in central government grants (policy, guidelines or administration), local government administration, policy, local authority investments; and
- iii. Only one questionnaire per local authority must be administered and considered into the research as data collected.

### **3.8 Data Collection and Analysis Techniques**

In this research qualitative and quantitative information were both important to understanding and explaining the impact of central government grants upon the population. However, given time and budgetary constraints, primary qualitative information was

mostly combined with secondary quantitative information to address knowledge gaps. In collecting qualitative data, the data collection instrument was the researcher undertaking semi-structured interviews, individual interviews as well as key informant interviews. In collecting quantitative data the researcher administered sampling survey questionnaire and structured interviews. For this research to achieve its objectives qualitative and quantitative data interpretation were inter-changeable with a crucial consideration on how data was presented and what questions it was being used to answer. Qualitative data collected was analysed using inductive reasoning, as shown in Table 3.2, which involved;

- i. systematic and iterative process of searching, categorizing and integrating data;
- ii. describing the meaning of research findings from the perspective of the research participants; and
- iii. developing generalizations from a limited number of specific observations or experiences

Thus, for qualitative data the analysis was descriptive. Quantitative data collected from sampling survey questionnaire was analysed using deductive methods which involved;

- i. descriptive statistical techniques; and
- ii. inferential statistics

In order to arrange the raw data in a systematic and consistent manner, advanced data management and statistical analysis methods were required. For this purpose, Statistical Package for Social Science (SPSS version 23) software and Excel were chosen as the best options available.

### **3.9 Reliability and Validity Test**

According to Saunders et al (2012), reliability is the ability to reproduce the same result in subsequent studies following the same procedures used in the prior study. While, validity of a research instrument refers to the extent to which it measures what it is designed to measure (Robson, 2011). Thus, reliability refers to consistency, repeatability and trustworthiness. In this research, the questionnaire was the main data collection tool and for it to be valid it must be reliable or must yield consistent results regardless of how the data was taken probability or non-probability sampling. Pre-testing of the

questionnaire was used to achieve an unacceptable measure of reliability. The instrument was pre-tested in a pilot survey which was conducted on samples of the respondents.

### 3.9.1 Reliability Test

The main purpose of the pre-test was to detect a problem that participants may encounter with a questionnaire as well as confirm that the target audience understood the questions and proposed response options as intended by the research, and that the participants were indeed able to answer meaningfully. To compute the number of pre-test required for this research we used the equation proposed by Perneger, Courvoisier, Hudelson and Gayet-Ageron (2014). They formulated that *power* is the power to detect a problem in at least one interview for a sample size *n* and a prevalence of problem *p*. Perneger et al (2014) calculated the best empirically derived multiplier for a power of 90% to equal to 1.70. They proposed a convenient formula for the number of observations needed to detect a problem at least twice in a sample as follows:

$$n = C \left( \frac{\ln(1-\text{power})}{\ln(1-p)} \right) \dots \dots \dots \text{Equation 3.3}$$

Where C equals 1.70 if power is 90% as adopted by this research and the computed n is rounded upward to the next integer. Remember that for this research *p* may was estimated at 50% to reflect the assumption that an impact was expected in 50% of the population. Rounding upwards helped achieve some level of exactness since the method yields numbers that can be off by 1–2 observations when compared to the exact values obtainable by numerical solution. Thus, following the formula by Perneger et al (2014) n was calculated as follows:

$$n = 1.70 \left( \frac{\ln(1 - 0.9)}{\ln(1 - 0.5)} \right) = 6$$

Therefore, to ensure external consistency reliability the questionnaire was distributed to six (6) respondents for assessment and feedback. This further helped to achieve clarity on interpretation and appropriateness of the questions provided in the questionnaire. This also helped determine the efficiency with which the respondents could complete the questionnaire. To measure internal consistency reliability of the test the research administering different versions of the assessment tool to the same group of individuals

such as survey questionnaire, structured interviews and semi-structured interviews. To ensure content reliability of the survey questionnaire, the method of face validity was used. The method involved showing the samples of the questionnaires to research supervisors and professional experts in the field which was easy and simple to do in the interest of time. This helped in achieving consistency with respect to the contextual interpretations of questions. The face validity feedback made significant improvement to the data collection instruments.

### **3.9.2 Validity Test**

Validity is the degree to which the results are truthful and dependable. It is paramount in this research, therefore, that the research instrument correctly measure the concepts being studied (Pallant 2011; and Zohrabi, 2013). This research aim at achieving both internal and external validity. Internal validity was achieved through legitimacy of the results by putting into consideration the way the participants were selected, data were recorded or analyses were performed. To achieve this milestone the research utilized appropriate strategies, such as triangulation, member checks, and peer review. External validity refers to the transferability of the results of the study to other groups of interest (Last, 2001). This research increased external validity by achieving representation of the population through strategies, such as, using heterogeneous groups, using non-reactive measures, and using precise description to allow for study replication (Shekaran & Bougie, 2010; Mohajan, 2017).

### **3.10 Ethical Considerations**

Information obtained from respondents was solely for the purposes of research and permission was sought from individuals where data was collected. Individual participants and any information collected were protected against abuse of rights committed or likely to be incurred. The research was voluntary and information collected was provided willingly by the respondents. The research intentionally ensured that the respondents had full knowledge concerning how their information was used. This research was sensitive, therefore, data collection was structured in such a way that respondents were not required to provide their personal details or any information that might have had jeopardized confidentiality considerations.



**Table 3.2: Detailed research design matrix**

Objective	Specific aim of the objective	Definition(s)	Premise	Questions	Techniques of Analysis	Anticipated Conclusions
RO1. To identify measures local authorities (LAs) are putting in place to improve raising and collection of internally generated revenues;	To present institutional setting with respect to local authority dependencies on grants	Internally generated revenues (IGR) are revenues or funds generated by LAs, independent of their revenue from central government	1. LAs are overly dependent on government grants 2. LAs lack strict effort in broadening revenue generating strategies	1. What is LAs understanding on the availability of Central Government (CG) funding within CG's budget? 2. What is the financial viability of central government grants? 3. How are LAs responding to CG's dwindling resource envelop? 4. What is the evidence of cost recovery as well as management systems that have been put in place?	Q2. Interviews (Person to Person) Q1, Q2 & Q3. Survey Questionnaire Q4- Documentary Reviews	Premises 1 and 2. A priori suspicion that premise 1 and 2 are correct
RO2. To explain the failure of LAs to make any meaningful investments using internally	To produce technical accounts that link internally generated revenues and	Meaningful investments are direct investment of revenues to enterprises by the LA that seek not just to make a profit but to	3. LAs have failed to engage in locally financed investment programmes	1. What is the extent of involvement of political entities in deciding the type of developmental activities a Local	Q1 – Q3. Documentary Reviews and Interviews (person to Person)	Premise 3. A priori suspicion that hypothesis 3 is correct

generated revenues;	sustainable investments	make the LA jurisdiction a better place.		<p>Authority engages in?</p> <p>2. What are the local political conditions surrounding investment strategies?</p> <p>3. What is CG involvement in LA spending?</p>		
RO3. To construct a framework that will ensure sustained fiscal autonomy	To assist in impact mitigation and policy making	Sustainable fiscal autonomy is the guaranteed full rights to financial self-governance intended as independence from political agencies and central government interference	4. Current knowledge is adequate to design a framework or model to meet fiscal sustainability criteria	<p>1. What can be done to break with the continuation of a culture of centrally planned economy?</p> <p>2. What measures to implement to attain autonomy of LAs</p> <p>3. What are the measures to help break the dependence and dominance relationship with CG</p> <p>4. What are the strategies that can help to accomplish full decentralization</p>		Premise 4. Thought to be correct with considerable uncertainty to the extent of correctness

### **3.11 Summary**

In this chapter, information on how data were collected and analysed in order to address the objectives of the investigation was presented. In this regard, the chapter covered the research methodology, research design and a description of the data collection and data analysis tools employed. The chapter also provided information on the sampling method as well as the reliability and validity of the tools used. The sample size for the research was determined at to be 102 using purposive and critical case sampling.

The study sought to develop a framework for enhancing fiscal autonomy in Zambia's local authorities. The study adopted an exploratory mixed methods approach in unstructured interviews and structured survey questionnaire were used. The research targeted ten (10) interview participants who were purposively selected to obtain an in-depth understanding of local government fiscal system in Zambia. The target group for interviews included management of local authorities. A thematic analysis followed the data that was captured through audio recording and note taking. The interview provided preliminary data that informed formation of survey questionnaire. After successfully testing survey questionnaires a sample size of 116 local authorities was adopted of which a total of 103 questionnaires were successfully completed giving a response rate of 88.9%. The survey questionnaire targeted town clerks, mayors, and directors of finance, directors of engineering and directors of planning in local authorities. The study rated the statements using a Likert scale of 1 to 5. The results of the survey questionnaire were analyzed for descriptive and inferential statistical significance using Statistical Package for Science (SPSS) version 23.

## **CHAPTER 4: DATA ANALYSIS AND RESULTS**

### **4.1 Introduction**

The previous Chapter presented a detailed discussion of the research design and methodology relevant for the objectives of this research. The previous chapter presented the research design matrix, a description of the data collection and data analysis tools used. This Chapter focuses on the research findings following literature review, semi-structured interviews and questionnaire surveys.

### **4.2 Review of Relevant Project Documentation**

In order to get a better understanding on disbursements and utilisation of grants, the research reviewed CDF projects from at least 10 CDF files of town councils named Siavonga, Nakonde, Milenge, Sioma, Chikankata, Mushindamo, Mulobezi, Chadiza, Kalomo and Mpongwe. The documents reviewed included the Constitution of Zambia (Amendment) No. 2 of 2016, the Local Government Act no. 2 of 2019, the Public Finance Management Act No. 1 of 2018, the CDF guidelines, the Constituency Development Act No. 11 of 2018, the Rating Act No. 21 of 2018 and the Local Government Act of 2019.

#### **4.2.1 The Constitution of Zambia (Amendment) No. 2 of 2016**

The Constitution of Zambia states that a local authority is competent to levy, impose, recover and retain local taxes, as prescribed by the national government. The constitution in accordance with Article 164, further, stipulates that the national government shall prescribe the regulation of local authorities, financial control and accountability of a local authority and raising of loans, grants and other financial instruments by local authorities. The Constitution further establishes the Constituency Development Fund in accordance with article 162 as well as the Local Government Equalisation Fund in accordance with Article 163.

#### **4.2.2 Constituency Development Fund (CDF) Files**

The file documents showed that most investments undertaken by local authorities were social investment programmes. Details on how the local authorities would recover such investments were not indicated. Table 4.1 shows the number as well as the types of CDF projects the selected 10 town councils engaged in between the periods 2018 and 2019. It

shows that one hundred and seventeen (117) projects were of social infrastructure development nature, three (3) projects being of empowerment nature to various women's clubs, Six (6) were various procurement projects which included procurement of equipment and one (1) HIV programme.

A review of CDF files also showed that this grant was allocated to a district on the basis of the number of constituencies within the jurisdiction of the district. This means that those districts with a larger number of constituencies received more CDF funds than districts with less constituencies. There was no proof of any formula or indeed any other requirements in the allocation of CDF apart from the number of constituencies in a particular district.

#### **4.2.3 Constituency Development Fund (CDF) Guidelines**

The current guidelines on the management and utilisation of constituency development funds were established by the ministerial circular of 26<sup>th</sup> December 2006. These guidelines were issued in order to tighten the weaknesses in the earlier utilisation of the funds. The changes in the guidelines included composition of membership of the Constituency Development Committee (CDC), notification of submission of project proposals, project implementation and release of funds for approved projects. The Constituency Development Fund was approved by Parliament in 1995 to finance micro-community projects for poverty reduction. The CDC was developed to include only nine (9) members of which two (2) are councillors nominated by all councillors in the constituency and one (1) Area Member of Parliament. This means that 34% of the CDC membership is held by politically active and oriented entities. Then there is 4 position in the membership reserved for community leaders from civil society and Non-Governmental Organisations (NGOs), churches, community based organisations (CBOs) identified by the Area Member of Parliament and Councillors in the Constituency. The guideline vests the authority to decide on the utilisation of CDF in the Council in accordance with the Local Government Act No. 2 of 2019.

The guidelines only state that the type of projects to be financed under CDF shall be developmental in nature and beneficial to all stakeholders in the community and runs short

of talking about the commercial nature of the investments. Therefore, the requirements are not stringent enough with respect to cost recovery as well as cost benefit analysis.

#### **4.2.4 Equalisation Fund (LGEF)**

The Local Government Act No 2 of 2019 indicates that a local authority shall use at least twenty percent (20%) of the funds received by a local authority from the Equalisation Fund, in any financial year, to finance capital expenditure. However, there are no further guidelines on the utilisation of the twenty percent (20%) of the Equalisation Fund with respect the type of projects the local authority engages in. It would be safe, thus, to assume that these projects are likewise of the social nature.

#### **4.2.5 The Local Government Act no. 2 of 2019**

A local authority may borrow sums of money that it may require for the purpose of carrying out its functions by way of a loan (a loan is defined under section 24 of the Act as for the purposes of establishing and maintaining of institutions which are meant for achieving social aspects of development without again any mention of investments of commercial nature); the issue of stock or bonds; a mortgage; a temporary loan or overdraft from a bank or other sources or a loan from any other source. Despite section 48 of the Act, a local authority is not permitted to borrow money or receive any money by way of a grant or donation from a source outside the Republic without prior approval of the Minister (Central Government).

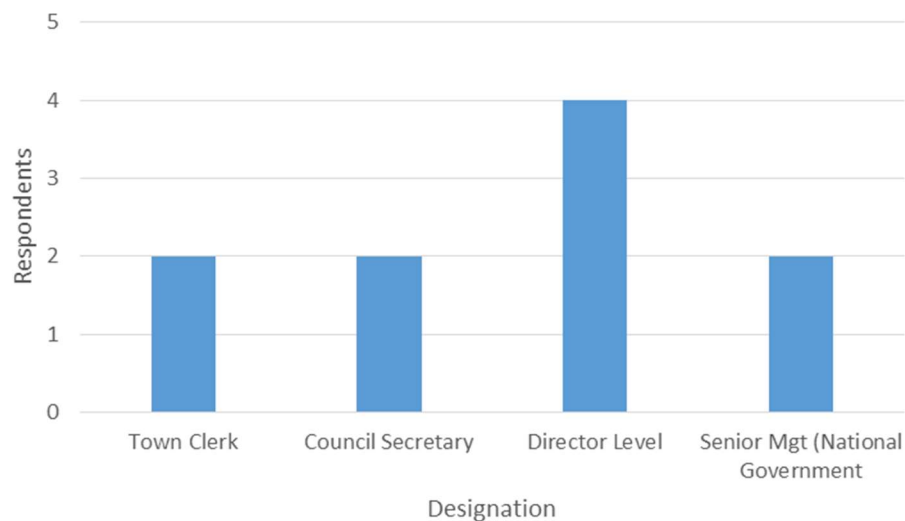
### **4.3 Interview Data and Analysis**

Semi-Structured interviews were conducted in April 2019 and targeted Ten (10) participants with vast amounts of experience in local government administration. The interviews were preliminary all Ten (10) of the targeted stakeholders participated in the interviews. The purpose was to obtain an in-depth understanding of how the various stakeholders in local government viewed grants, local revenue collection and steps to decentralisation and autonomy of councils.

#### **4.3.1 The profile of interviewees**

This section of the findings presents information on characteristics of the respondents with respect to position in their respective organisations as well as their involvement in the

administration of grants. Four (4) of the twenty six (26) interviewees were experienced employees of the various local authorities at director level. These included directors of planning (2), director of finance (1) and director of engineering services (1). Two (2) were Town Clerks with vast experience in local government and are currently involved in administrating over some of the large city councils in the country. Two (2) of the interviewees were the Council Secretaries involved in the administration of smaller and newly created districts in the country while two (2) officials worked in the local government finance administration and service delivery (utilisations of grants) within the Ministry of Local government. This provided an insight into the parties involved in the management and utilisation of grants. All of the interviewees had a long history of involvement in administration of grants as well as local revenue generation. Figure 4.1 shows the summary of interviewees in each category.

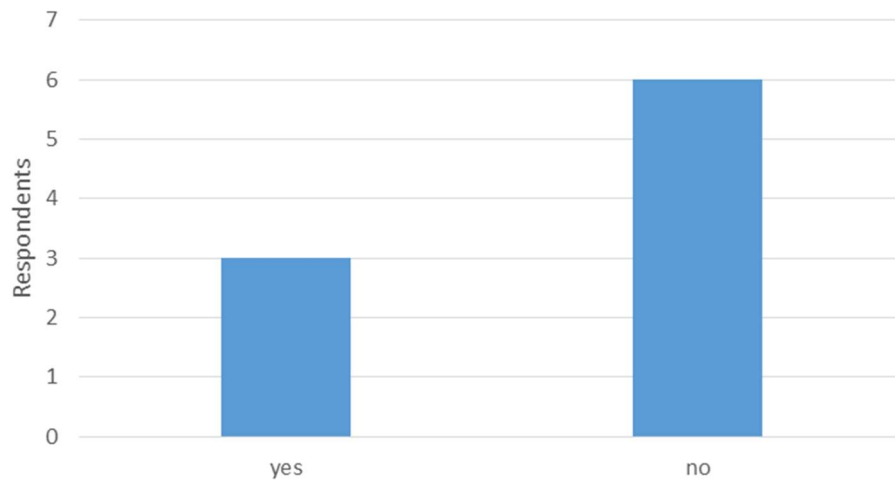


**Fig. 4.1:** Summary of interviewees

#### **4.3.2 Local Authority Investment Programmes**

This section of the findings presents information on the investment programmes the local authorities had undertaken using either grants or locally generated own revenues. The proportion of respondents who had not been involved in any use of grants or locally generated revenue to create Local Authority investment with tangible cost recovery was sixty percent (60%) followed by those who had been involved in some kind of investments though without any cost recovery at thirty percent (30%). Those who were completely

not sure concerning any investments in local authorities accounted for ten percent (10). Figure 4.2 presents a summary of the findings.



**Fig. 4.2:** Results on whether local authorities have undertaken any investment programmes

#### **4.3.3 Financial Sustainability of Central Government Grants**

The interviewees were also asked whether central government grants were adequate as the primary source of revenue for local authorities and whether the grants made local authorities financially viable. All respondents answered in the negative.

#### **4.3.4 Local Revenue Generation Measures**

Interviewees were requested to provide their opinions whether councils were at the time engaged in any measures to enhance local revenue generation. The findings are listed in Table 4.2.

#### **4.3.5 Strategies for Addressing Inadequacies of Grants**

The results showed that generally the respondents understood the main features of sustainable local revenue generation and autonomy of local authorities. Over 90 percent of the interviewees stated that the main strategies that would sufficiently address inadequacies to the grant revenue system and enhance council's fiscal autonomy included:



- (i) Local authorities and national government establishing prudent financial systems
- (ii) Local authorities implementing their evaluation roles
- (iii) Introducing computerised and modernised systems of revenue collection
- (iv) National government minimizing political interference in local authority operation and decisions
- (v) Encouraging Public-Private-Partnerships (PPPs) into local authorities' commercial investments by developing enabling PPP requirements
- (vi) Enhancing transparency and accountability in local authorities
- (vii) Local authorities gaining enhanced control by removing regulations that restrict council ability and capability to own collect revenues
- (viii) Retaining some national revenue streams back to the local authorities
- (ix) Establishing guidelines that would encourage local authority to venture into commercial investments
- (x) Provide formal platforms for local authorities to learn and draw best practices from each other
- (xi) Need to motivate council staff and avoid overstaffing local authorities

**Table 4.1: Number and type of CDF projects per Town Council**

Town Council	school infrastruct ure	housing infrastruct ure	health infrastru cture	mother's/ shelter infrastruct ure	market & bus station infrastructure	irrigation /water schemes infrastruc ture	Drilling boreholes	spray race	dam infrastruc ture	police post infrastruc ture	Road Works infrastruc ture	procurement of equipment/spo rts attire etc	empowerment	storage shed infrastructure	HIV programmes	Cost of projects (ZMK)
Kalomo	12	11		2	1	2	2	3	1							1,600,000.00
Mpongwe	3	1					2									1,100,000.00
mulobezi	5		2							1		1			1	1,600,000.00
Mushindamo	3	3					3					4	2			635,500.00
Chikankata											4					1,192,356.40
Sioma	10		1									1	1			1,161,935.90
Nakonde	8			1						1						1,600,000.00
Milenge	4	1	2		1	2					5			2		1,600,000.00
Siavonga	3	1	1													1,260,000.00
Total	48	17	6	3	2	4	7	3	1	2	9	6	3	2	1	11,749,792.30

**Table 4.2: Measures to enhancing Local Revenue Generation**

<b>Respondents</b>	<b>Measures to Enhance Local Revenue Generation</b>
Respondent No. 1	<ul style="list-style-type: none"> <li>• formation of a task force of council staff dedicated to revenue collection</li> <li>• zoning the district to augment property tax</li> <li>• ensure timely distribution of bills</li> </ul>
Respondent No.2	<ul style="list-style-type: none"> <li>• Introducing cashless payment systems</li> <li>• Cleaning up and integrating databases</li> <li>• Carrying out valuation role</li> </ul>
Respondent No. 3	<ul style="list-style-type: none"> <li>• Introducing computerised systems</li> <li>• Establishing partnerships in commercial ventures</li> </ul>
Respondents No. 4	<ul style="list-style-type: none"> <li>• NA</li> </ul>
Respondent No 5	<ul style="list-style-type: none"> <li>• Establishing more council check points</li> <li>• Creating plots</li> <li>• Building council lodge</li> </ul>
Respondent No. 6	<ul style="list-style-type: none"> <li>• NA</li> </ul>
Respondent No. 7	<ul style="list-style-type: none"> <li>• Engaging workers on commission basis on collecting parking levies</li> <li>• Establishing more council check points</li> </ul>
Respondent No. 8	<ul style="list-style-type: none"> <li>• Community sensitisation on the need to pay levies</li> </ul>
Respondent No. 9	<ul style="list-style-type: none"> <li>• NA</li> </ul>
Respondent No. 10	<ul style="list-style-type: none"> <li>• NA</li> </ul>

#### **4.3.6 Challenges faced in utilisation of central government grants**

This part of the interviews was meant to establish challenges in utilisation of central government grants. The interviewees were asked to bring out the challenges in utilisation of grants and the data was recoded and analysed qualitatively. The main reasons attributed to grants' failure to successfully address local authorities' interests included:

- (i) Delayed disbursements of grants by central government;
- (ii) Lack of readily available finances within central government;
- (iii) Grant amounts are too low and insufficient;
- (iv) Grants do not have specific funding dates;
- (v) Grants are not sent directly to the local authorities;
- (vi) Grants are unable to meet service provision requirements;
- (vii) Guidelines were designed to encourage involvement of Area Members of Parliament and Area Councillors in the utilisation of grants;
- (viii) Government does not give local authorities grants in lieu of rates

#### **4.4 Questionnaire Survey Results**

The questionnaire survey was carried out over a period of two weeks from 6<sup>th</sup> to 20<sup>th</sup> May 2019. A total of 120 questionnaires were distributed via online as a link to all 120 respondents' WhatsApp accounts. The questionnaire was created using free online software by *kobotoolbox* and initially distributed to six (6) purposively selected local government experienced personnel as a test-questionnaire. Their comments were then imported to refine the questionnaire after which it was redeployed to the 120 purposively selected respondents. Out of 120 respondents 103 responded creating a survey response rate of above 85%.

##### **4.4.1 Characteristics of Questionnaire Respondents**

The respondents were drawn from local authorities and included mayors, council principal officers and council directors.

##### **4.4.2 Questionnaire Design**

The questionnaire was designed with six parts. Part one was aimed at collecting data on personal information while part two was establishing put in place to ensure that local authorities deliberately engaged themselves in commercially viable investment ventures. Part three was designed to establish the impacts of grants or central government fiscal transfers on local authorities' capacity and ability to generate local own revenues. Part four intended to measure the local authorities' ability to generate internal revenue while Part Five and Six were aimed at establishing the inadequacies, constraints and possible improvements to the implementation of decentralisation and enhancing fiscal autonomy of local authorities.

The measurement used to collect data was ordinal. The questionnaire had statements regarding central government grants and local authority revenue generation of which respondents were assigned numerical values to the ordinal scale with 1 = Strongly Disagree, 2 = Disagree, 3 = Unsure, 4 = Agree, 5 = Strongly Agree except in Part five where 1 = None, 2 = Minor, 3 = Moderate, 4 = Major and 5 = Severe. The formula used for calculating the mean score based on weighted averages is shown as Equation 4-1.

$$\text{Mean score} = \sum_{j=1}^5 \frac{I_j R_j}{\sum R_j} \dots\dots\dots \text{Equation 4-1}$$

Where:  $I_j$  is the importance weight (1, 2, 3, 4 or 5) assigned to option  $j$ ;  $R_j$  is the number of respondents who provided responses to option  $j$ . The mean score values were further interpreted to reflect the responding rating to aid conversion of continuous data into discrete categories. The discrete categories were classified as follows:

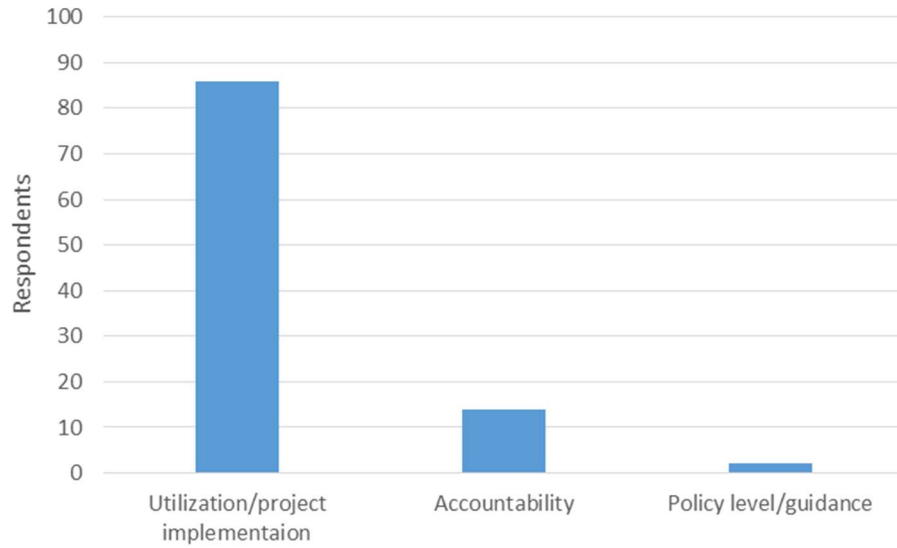
- i.  $4.500 < \text{mean score} \leq 5.000$  strongly agree with the statement
- ii.  $3.500 < \text{mean score} \leq 4.500$  agree with the statement
- iii.  $2.500 < \text{mean score} \leq 3.500$  unsure about the statement
- iv.  $1.500 < \text{mean score} \leq 2.500$  disagree with the statement
- v.  $0.00 < \text{mean score} \leq 1.500$  strongly disagree with the statement

#### 4.4.3 Questionnaire administration

The data from the self-administered questionnaire was collected using an online based survey. The questionnaire was accompanied by a covering statement, identifying the type of research and the researcher's name, explaining the purpose of the study and informing the participants that their personal information shall never be disclosed and that the study was for academic purposes only.

#### 4.4.4 Involvement in Administration of Grants

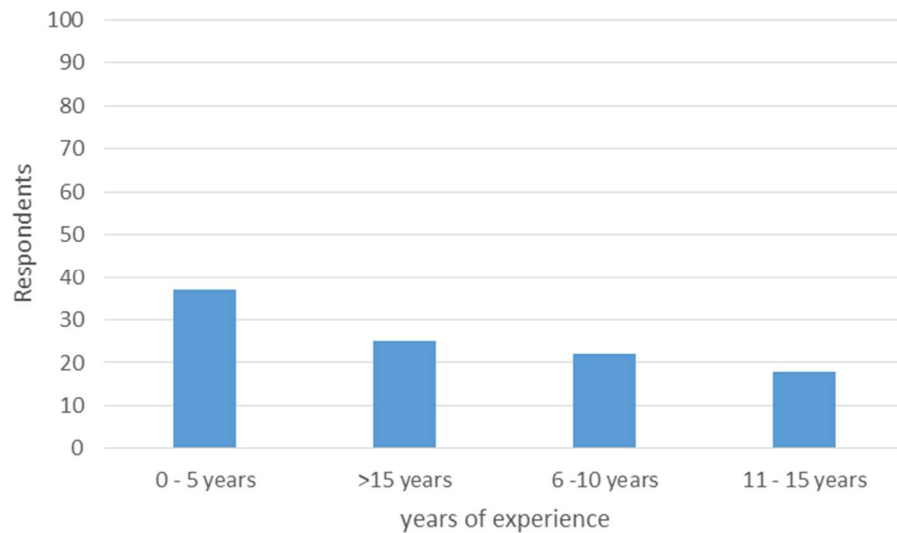
This section of the findings presents information on how the respondents, based on their experience in local government administration, were involvement the administration of grants. The local authorities are the basic recipients of intergovernmental transfers in Zambia. The highest percentage of the respondents at sixty nine percent (68.8%) were involved in the utilisation and or project implementation aspects of the grants. Eleven percent (11.2%) of the respondents were involved in the accountability of the grants while only two percent (2%) were involved in the policy formulation and guidance on the utilisation and disbursement of grants (Figure 4.3).



**Fig. 4.3:** Involvement in Administration of Grants

#### 4.4.5 Years of experience in Local Government Administration of Grants

The respondents with 0-5 years' experience constituted the highest at thirty percent (29.6%) followed by those more than 15 years' experience at twenty percent (20%) respectively. Figure 4.4 presents a summary of information regarding participants' years of experience.



**Figure 4.4:** Respondents' experience in administration of grants

#### **4.4.6 Analysis on Local Authority Investment and Central Government Grants**

A total of 19 statements were developed from preliminary interviews and literature review for further enquiry. A total of 103 respondents (Chapter 3 section 3.6) were asked to rate statements concerning local authority investment and effect of central government grants on a Likert scale of 1 to 5. The questions were arranged in two parts (part 2 and part 3) of the questionnaire.

##### *4.4.6.1 Descriptive Statistics of Inadequacies in Local Authority Investments*

The statements submitted by respondents were analysed with respect to the inadequacies in the commercial investments in local authorities while intending to establish any measures put in place to ensure local authorities deliberately ventured into commercial investment. The preliminary stages in the analysis used descriptive statistics as shown in Table 4.3.

All statements in part 2 of the questionnaire were (Table 4.3) were further analysed in order to identify those which were important. The cut off point for the mean score was set at 3.5 (section 4.4.2). Out of the nine (9) statements, five (5) were found to have a mean score greater than 3.5.

The statements whose mean scores were greater than 3.5 were further tested for significance using the standard t-test. It was established all 5 statements were statistically significant at  $p < 0.05$  (Table 4.4).

***Table 4.3: Descriptive statistics of inadequacies in local authority investments***

Statement	N	Mean	Std. Deviation	Variance	Skewness	Kurtosis		Mean Score > 3.5	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error	
2.7 There is involvement of political entities (Councilors, Members of Parliament etc.) in deciding the type as well as location of projects undertaken by a Local Authority	102	4.186	0.887	0.787	-1.593	0.239	3.094	0.474	yes
2.3 Most local authorities in Zambia cannot carry out any investment programmes without having to rely on grants	103	3.874	1.1938	1.425	-1.162	0.238	0.398	0.472	yes
2.6 Grant projects undertaken by the Councils are in the nature of social service programmes as opposed to commercial investment programmes	103	3.854	1.115	1.243	-1.004	0.238	0.19	0.472	yes
2.1 There is undue political interference in the implementation of projects at local authority level which hinder Council’s ability to invest sensibly/commercially	103	3.825	1.0611	1.126	-1.048	0.238	0.726	0.472	yes



2.5 Local authorities' grant aided projects lack cost benefit analysis and have no cost recovery requirements	103	3.466	1.2031	1.447	-0.521	0.238	-0.896	0.472	yes
2.2 Local authorities in Zambia do not develop business plans and lack capacity to attract Public Private Partnerships (PPP) Investments	103	3.175	1.2713	1.616	-0.16	0.238	-1.208	0.472	No
2.4 There are no guidelines to ensure that councils engage in commercial investments that guarantee cost recovery	100	3.14	1.3182	1.738	-0.155	0.241	-1.199	0.478	No
2.8 Local authorities lack the innovation and capacity to embark on own financed projects due to dependency on government financed projects	102	2.931	1.3443	1.807	0.152	0.239	-1.367	0.474	No
2.9 Councils have no liberty to decide own projects	103	2.495	1.2593	1.586	0.582	0.238	-0.954	0.472	No

**Table 4.4: Standard t-test results for inadequacies in local authority investments**

Statement	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Mean	95% Confidence Interval of the Difference	
						Lower	Upper
There is undue political interference in the implementation of projects at local authority level which hinder Council's ability to invest sensibly/commercially	36.585	102	0.00	3.83	0.10	3.62	4.033
Most local authorities in Zambia cannot carry out any investment programmes without having to rely on grants	32.933	102	0.00	3.87	0.12	3.64	4.107
Local authorities' grant aided projects lack cost benefit analysis and have no cost recovery requirements	29.239	102	0.00	3.47	0.12	3.23	3.701
Grant projects undertaken by the Councils are in the nature of social service programmes as opposed to commercial	35.082	102	0.00	3.85	0.11	3.64	4.072

investment programmes							
There is involvement of political entities (Councilors, Members of Parliament etc.) in deciding the type as well as location of projects undertaken by a Local Authority	47.666	101	0.00	4.19	0.09	4.01	4.360

*\*statistically significant at  $p < 0.05$*

#### 4.4.6.2 Inferential Statistics and one-way ANOVA Analysis

The statement of interest in the analysis was statement number 2.7 with the highest mean of 4.2. It was also noted that this statement was closely related to yet another statement with a high mean as well of 3.8 (Table 4.3). This observation prompted the research to further probe the correlation between the two statements and the results were assessed using one-way analysis of variance (ANOVA) and inferential statistics as shown in Tables 4.5, 4.6 and 4.7. It was observed that undue political interference had a significant effect on local authority implementation of projects and hindered the local authority ability to invest in commercial ventures;  $p$  ( $0.036 < 0.05$ ) (Table 4.5) and ( $M=3.82$ ,  $SD=1.07$ ) (Table 4.6),  $F(1,97)=2.69$ ,  $p = 0.036$  (Table 4.7).

**Table 4.5: Univariate analysis and One-way ANOVA test on statements 2.1 and 2.7**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	11.461	4	2.865	2.689	0.036
Within Groups	103.362	97	1.066		
Total	114.824	101			

**Table 4.6: First set descriptive statistics for univariate analysis on Dependent Variable: Statement 2.1**

2.7 There is involvement of political entities (Councillors, Members of Parliament etc.) in deciding the type as well as location of projects undertaken by a Local Authority	Mean	Std. Deviation	N
1	2	1.4142	2
2	3.667	1.2111	6
3	3.5	0.7071	2
4	3.698	0.932	53
5	4.128	1.1281	39
Total	3.824	1.0662	102

**Table 4.7: Inferential Statistical tests of between statement-effects (2.7 and 2.1)**

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	11.461 <sup>a</sup>	4	2.865	2.689	0.036
Intercept	238.414	1	238.414	223.739	0
@2.7Thereisinvolve mentofpoliticalentiti esC ouncillorsMembersof	11.461	4	2.865	2.689	0.036
Error	103.362	97	1.066		
Total	1606	102			
Corrected Total	114.824	101			

a. R Squared = .100 (Adjusted R Squared = .063)

#### 4.4.6.3 Descriptive Statistics of effects of central government grants

Statements attributed to effects or drawbacks of central government grants to local authorities were analysed. Descriptive statistics were used in the preliminary stages of analysis (Table 4.9) and the statements (six statements out of ten) whose mean scores were greater than 3.5 were further tested for significance using the standard t-test (Table 4.8). It was established that all six (6) statements were statistically significant at  $p < 0.05$ . The statistical test results are presented in Table 4.8.

***Table 4.8: Standard t-test results for effects of central government grants***

Statement	t	df	Sig. (2- tailed)	Mean Difference	Std. Error Mean	95% Confidence Interval of the Difference	
						Lower	Upper
Local authorities feel a sense of entitlement towards grants because grants (to councils) are supported by the constitution (legal framework)	50.295	101	0.00	4.2843	0.0852	4.115	4.453
Grants contribute to local authority dependency on central government because they constitute a predictable source of income	28.825	101	0.00	3.5980	0.1248	3.350	3.846
There is need for local authorities to generate own revenues because grants are never sufficient	73.261	102	0.00	4.6311	0.0632	4.506	4.756
Most local authorities in Zambia cannot sustain their operations without having to rely on grants	43.758	102	0.00	4.2233	0.0965	4.032	4.415
Local authorities are unable to generate own revenues because central government has taken up most revenue	41.269	101	0.00	4.0588	0.0983	3.864	4.254

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streams and replaced them  
with grants

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Local Authorities have not yet come up with strategies to respond to government's declining financial resource envelop	32.962	101	0.00	3.5196	0.1068	3.308	3.731
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*\*statistically significant at  $p < 0.05$*

***Table 4.9: Descriptive statistics of effects of central government grants***

Statement	N	Mean	Std. Deviation	Variance	Skewness	Kurtosis		Mean Score > 3.5	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error	
3.4 There is need for local authorities to generate own revenues because grants are never sufficient	103	4.631	.6415	.412	-2.210	.238	6.098	.472	Yes
3.1 Local authorities feel a sense of entitlement towards grants because grants (to councils) are supported by the constitution (legal framework)	102	4.284	.8603	.740	-1.730	.239	3.855	.474	Yes
3.5 Most local authorities in Zambia cannot sustain their operations without having to rely on grants	103	4.223	.9795	.959	-1.422	.238	1.664	.472	Yes
3.7 Local authorities are unable to generate own revenues because central government has taken up most revenue streams and replaced them with grants	102	4.059	.9933	.987	-.985	.239	.281	.474	Yes
3.2 Grants contribute to local authority dependency on central government because they constitute a predictable source of income	102	3.598	1.2607	1.589	-.800	.239	-.432	.474	Yes

3.10 Local Authorities have not yet come up with strategies to respond to government's declining financial resource envelop	102	3.520	1.0784	1.163	-.631	.239	-.463	.474	Yes
3.8 Government is using grants as a way to centralise authority and decision making	102	3.284	1.2054	1.453	-.153	.239	-1.094	.474	No
3.9 Grants are more successfully addressing central government interests than council interests	102	2.873	1.1404	1.300	.296	.239	-1.089	.474	No
3.3 Grants contribute to local authority reluctance to generate own revenue	103	2.437	1.2341	1.523	.451	.238	-1.095	.472	No
3.6 The reason central government gives grants to local authorities is because of perceptions issues and lack of confidence in Local Authorities	103	1.922	.9361	.876	1.035	.238	.717	.472	No



#### 4.4.6.4 Inferential Statistics and one-way ANOVA Analysis

The statement of interest under this analysis was statement number 3.5 with a mean of 4.2 and this statement was closely related to statement number 3.2 with a mean of 3.6 (Table 4.9). This observation encouraged the research to investigation the correlation between the two statements and the results were assessed using one-way ANOVA and inferential statistics as shown in Tables 4.10, 4.11 and 4.12. It was observed that grants contribute significantly to local authority dependency on national government such that local authorities are so reliant on grants to an extent that local authorities cannot sustain their operations without grants;  $p(0.008 < 0.05)$  (Table 4.10) and ( $M=4.23$ ,  $SD=0.98$ ) (Table 4.11),  $F(1,97) = 3.66$ ,  $p = 0.008$  (Table 4.12).

**Table 4.10: Univariate analysis and One-way ANOVA test on statements 3.2 and 3.5**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	12.752	4	3.188	3.660	.008
Within Groups	84.503	97	.871		
Total	97.255	101			

**Table 4.11: First set descriptive statistics for univariate analysis on Dependent Variable: Statement 3.5**

3.2 Grants contribute to local authority dependency on central government because they constitute a predictable source of income	Mean	Std. Deviation	N
1	4.100	1.3703	10
2	3.538	1.1983	13
3	4.500	.7071	10
4	4.114	.8948	44
5	4.680	.6904	25
Total	4.216	.9813	102

**Table 4.12: Inferential Statistical tests of between statement-effects (3.2 and 3.5)**

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	12.752 <sup>a</sup>	4	3.188	3.660	.008
Intercept	1290.011	1	1290.011	1480.796	.000
@3.2Grantscontributet olocalauthoritydepend encyoncentralgovern men	12.752	4	3.188	3.660	.008
Error	84.503	97	.871		
Total	1910.000	102			
Corrected Total	97.255	101			
a. R Squared = .131 (Adjusted R Squared = .095)					

#### 4.4.7 Analysis on internal revenue generation

The statements submitted by respondents were analysed with respect to local authority ability and need to generate own local revenue. The preliminary stages in the analysis used descriptive statistics as shown in Table 4.13. All statements in part 4 of the questionnaire were (Table 4.13) were further analysed in order to identify those which were above or equal to the mean score of 3.5 (section 4.4.2). Out of fourteen (14) statements in part 4, ten (10) were found to have a mean score greater than 3.5 and these were further tested for significance using the standard t-test. It was established that all 10 statements were statistically significant at  $p < 0.05$  (Table 4.14).

##### 4.4.7.1 Inferential Statistics and one-way ANOVA Analysis (Univariate Analysis of Variance)

The statement of interest for this analysis was statement number 4.1 with a mean of 4.01 and this statement was carefully associated to statement number 4.12 with a mean of 3.6 (Table 4.13). This observation encouraged the research to investigation the correlation between the two statements and the results were assessed using one-way ANOVA and inferential statistics as shown in Tables 4.15, 4.16 and 4.17. It was observed that national government's regulations significantly restrict local authorities to collect internal revenues by decreasing the revenue bases for local authorities;  $p(0.032 < 0.05)$  (Table 4.15) and ( $M=4.01$ ,  $SD=1.05$ ) (Table 4.16),  $F(1,98)=2.75$ ,  $p = 0.032$  (Table 4.17).

***Table 4.13: Descriptive statistics of the ability and need to generate internal revenue***

Statement	N	Mean	Std.	Variance	Skewness	Kurtosis		Mean Score > 3.5	
		Deviation							
		Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
4.8 Automation of processes and utilisation of electronic payments will enhance transparency in revenue collection in councils	103	4.48	0.78	0.60	-2.21	0.24	6.86	0.47	Yes
4.6 Central government needs to retain revenue streams to local authorities to enhance revenue generation at Council level	103	4.44	0.86	0.74	-1.83	0.24	3.39	0.47	Yes
4.9 Integrating stand-alone processes and cleaning up databases through valuation role can help generate adequate internal revenue for local authorities	103	4.22	0.83	0.68	-1.29	0.24	2.74	0.47	Yes
4.7 Replacing cashbooks with Point-of-sale (POS) machines can enhance revenue generation in Councils	103	4.15	1.01	1.03	-1.28	0.24	1.31	0.47	Yes
4.4 Generating adequate internal revenue can help break the continuation of the dependency and dominance relationship with central Government	103	4.11	0.91	0.82	-1.42	0.24	2.34	0.47	Yes

4.10 Political interference hinder internal revenue generation	103	4.10	0.99	0.97	-1.26	0.24	1.25	0.47	Yes
4.1 There is a small revenue base therefore councils lack alternative revenue sources	103	4.01	1.05	1.11	-1.05	0.24	0.14	0.47	Yes
4.3 Public-Private-Partnerships (PPPs) are a sure way of intensifying internal revenue generation	103	3.95	0.89	0.79	-1.18	0.24	2.15	0.47	Yes
4.11 Local authority's huge labour force and high turnover costs use up all internal generated revenue	103	3.80	1.11	1.22	-0.92	0.24	0.06	0.47	Yes
4.12 Regulations restrict Councils to collect revenue/fees	103	3.59	1.10	1.20	-0.49	0.24	-0.82	0.47	Yes
4.2 Local authorities prefer generating own revenue to grants	103	3.24	1.19	1.42	-0.17	0.24	-1.14	0.47	No
4.5 Council staff lack the motivation necessary to enhance generation of internal revenues	103	3.11	1.22	1.49	-0.01	0.24	-1.29	0.47	No
4.14 Councils lack innovation with respect to internal revenue generation	103	2.64	1.19	1.41	0.27	0.24	-1.20	0.47	No
4.13 Councils have mismanaged their revenue bases	103	2.47	1.16	1.35	0.39	0.24	-0.86	0.47	No

**Table 4.14: Standard t-test results for effects of central government grants**

Statement	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Mean	95% Confidence Interval of the Difference	
						Lower	Upper
There is a small revenue base therefore councils lack alternative revenue sources	38.664	102	0.00	4.0097	0.1037	3.804	4.215
Public-Private-Partnerships (PPPs) are a sure way of intensifying internal revenue generation	45.070	102	0.00	3.9515	0.0877	3.778	4.125
Generating adequate internal revenue can help break the continuation of the dependency and dominance relationship with central Government	45.976	102	0.00	4.1068	0.0893	3.930	4.284
Central government needs to retain revenue streams to local authorities to enhance revenue generation at Council level	52.394	102	0.00	4.4369	0.0847	4.269	4.605
Replacing cashbooks with Point-of-sale (POS) machines can enhance revenue generation in Councils	41.505	102	0.00	4.1456	0.0999	3.948	4.344

Automation of processes and utilisation of electronic payments will enhance transparency in revenue collection in councils	58.409	102	0.00	4.4757	0.0766	4.324	4.628
Integrating stand-alone processes and cleaning up databases through valuation role can help generate adequate internal revenue for local authorities	51.790	102	0.00	4.2233	0.0815	4.062	4.385
Political interference hinder internal revenue generation	42.200	102	0.00	4.0971	0.0971	3.905	4.290
Local authority's huge labour force and high turnover costs use up all internal generated revenue	34.841	102	0.00	3.7961	0.1090	3.580	4.012
Regulations restrict Councils to collect revenue/fees	33.216	102	0.00	3.5922	0.1081	3.378	3.807

*\*statistically significant at  $p < 0.05$*

**Table 4.15: Univariate analysis and One-way ANOVA test on statements 4.1 and 4.12**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	11.399	4	2.850	2.749	.032
Within Groups	101.591	98	1.037		
Total	112.990	102			

**Table 4.16: First set descriptive statistics for univariate analysis on Dependent Variable: Statement 4.1**

4.12 Regulations restrict Councils to collect revenue/fees	Mean	Std. Deviation	N
1	3.000	2.8284	2
2	3.682	1.1291	22
3	4.462	.6602	13
4	3.889	1.0050	45
5	4.429	.9258	21
Total	4.010	1.0525	103

**Table 4.17: Inferential Statistical tests of between statement-effects (4.1 and 4.12)**

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	11.399 <sup>a</sup>	4	2.85	2.75	0.03
Intercept	547.115	1	547.12	527.78	0.00
@4.12RegulationsrestrictCouncil stocollectrevenuefees	11.399	4	2.85	2.75	0.03
Error	101.591	98	1.04		
Total	1769.000	103			
Corrected Total	112.990	102			

a. R Squared = .101 (Adjusted R Squared = .064)

#### **4.4.8 Descriptive statistics for ensuring sustained local authority autonomy**

The results from these parts (part 5 and part6) of the questionnaire were analysed with respect to the constraints faced in implementing decentralization and means to enhance fiscal autonomy. The preliminary stages of analysis used descriptive statistics and results are presented in Tables 4.18 and Table 4.22.

##### *4.4.8.1 Descriptive statistics of the constraints in implementing decentralisation*

The statements whose mean scores were greater than 3.5 were further tested for significance using the standard t-test. It was established that seven (7) statements out of the fourteen (14) were statistically significant at  $p < 0.05$ . The statistical test results are presented in Table 4.19.

#### *4.4.8.2 Multivariate Analysis of Variance (MANOVA) of the constraints in implementing decentralisation (General Linear Model)*

A MANOVA was performed on dependent variables (statements 5.6, 5.4, 5.13, 5.2, 5.14 and 5.12) as a function of statement 5.5 (**The government has failed to implement decentralisation structure**). All multivariate tests (Pillai's Trace, Wilks Lambda, Hotelling's Trace and Roy's Largest Root) rejected the null hypothesis ( $p < 0.001$ ) (Table 4.20). This means that all MANOVA tests have proven that there is a statistical significance between the fixed variable and the dependent variables.



***Table 4.18: Descriptive statistics of the constraints in implementing decentralisation***

Statement	N	Mean	Std.	Variance	Skewness	Kurtosis		Mean Score > 3.5	
		Statistic	Deviation	Statistic	Statistic	Statistic	Std. Error		Std. Error
5.6 Failure to relinquish some revenue streams to local authorities	103	4.30	0.81	0.66	-1.50	0.24	3.54	0.47	Yes
5.4 Continued delay to release decentralised function by central government	103	4.02	0.86	0.74	-0.78	0.24	0.65	0.47	Yes
5.5 Failure to implement the decentralisation structure by government	103	3.95	0.82	0.67	-0.56	0.24	-0.02	0.47	Yes
5.13 Lack of standardised system as well as monitoring mechanism	103	3.69	1.03	1.06	-0.72	0.24	0.18	0.47	Yes
5.2 Lack of political will from central government	102	3.52	1.17	1.36	-0.54	0.24	-0.48	0.47	Yes
5.14 Failure to increase revenue collection in local authorities	103	3.49	1.04	1.08	-0.44	0.24	-0.31	0.47	Yes
5.12 Government’s unclear policy guidance on decentralisation	103	3.46	1.20	1.45	-0.46	0.24	-0.67	0.47	Yes

5.3 Lack of sensitization among stakeholders	103	3.45	1.00	0.99	-0.58	0.24	-0.16	0.47	No
5.9 Lack of autonomy in local authorities	102	3.32	1.10	1.21	-0.31	0.24	-0.60	0.47	No
5.8 Lack of adequate financial resources and skill set from central government	101	3.23	1.00	1.00	-0.17	0.24	-0.48	0.48	No
5.11 Failure to exhibit staff retention in local authorities	103	3.13	1.23	1.52	-0.28	0.24	-0.88	0.47	No
5.10 Failure to demonstrate ability to prudently account for resources in local authority	102	2.69	1.10	1.21	0.29	0.24	-0.59	0.47	No
5.1 Lack of implementation of circulars by local authorities	102	2.58	1.01	1.02	0.28	0.24	-0.21	0.47	No
5.7 Lack of capacity in local authorities to take up extra functions	103	2.33	1.14	1.30	0.65	0.24	-0.36	0.47	No

**Table 4.19: Standard t-test results for constraints in implementing decentralisation**

Statement	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Mean	95% Confidence Interval of the Difference	
						Lower	Upper
Lack of political will from central government	30.470	101	0.00	3.5196	0.1155	3.290	3.749
Continued delay to release decentralised function by central government	47.270	102	0.00	4.0194	0.0850	3.851	4.188
Failure to implement the decentralisation structure by government	48.845	102	0.00	3.9515	0.0809	3.791	4.112
Failure to relinquish some revenue streams to local authorities	53.590	102	0.00	4.3010	0.0803	4.142	4.460
Government's unclear policy guidance on decentralisation	29.165	102	0.00	3.4563	0.1185	3.221	3.691
Lack of standardised system as well as monitoring mechanism	36.378	102	0.00	3.6893	0.1014	3.488	3.890
Failure to increase revenue collection in local authorities	34.105	102	0.00	3.4854	0.1022	3.283	3.688

*\*statistically significant at  $p < 0.05$*

**Table 4.20: Multivariate analysis for constraints in implementing decentralisation**

Multivariate Tests <sup>a</sup>						
Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.977	645.836 <sup>b</sup>	6.000	93.000	.000
	Wilks' Lambda	.023	645.836 <sup>b</sup>	6.000	93.000	.000
	Hotelling's Trace	41.667	645.836 <sup>b</sup>	6.000	93.000	.000
	Roy's Largest Root	41.667	645.836 <sup>b</sup>	6.000	93.000	.000
@5.5Failuretoimplementthedecentralisationstructurebygovernment	Pillai's Trace	.636	4.259	18.000	285.000	.000
	Wilks' Lambda	.416	5.319	18.000	263.529	.000
	Hotelling's Trace	1.278	6.510	18.000	275.000	.000
	Roy's Largest Root	1.173	18.579 <sup>c</sup>	6.000	95.000	.000
a. Design: Intercept + @5.5Failuretoimplementthedecentralisationstructurebygovernment						
b. Exact statistic						
c. The statistic is an upper bound on F that yields a lower bound on the significance level.						

### Univariate Tests (Table 4.21)

Table 4.21 provides us with univariate Tests of Between-Subjects Effects. These test the null hypothesis that there are no population mean differences of Statement 5.5 (S5.5) on each dependent variable considered separately. When performing the MANOVA, the research presumably wished to analyze a linear combination of response variables and also test each response variable univariately as follows (Table 4.21);

- i. When statement 5.2 (S5.2) is considered as the sole dependent variable, we have evidence of mean differences on statement 5.5 ( $p = 0.000$ ).
- ii. When statement 5.4 (S5.4) is analyzed as the only dependent variable, we have evidence of mean differences on statement 5.5 ( $p = 0.000$ ), etc.

**Table 4.21: Tests of Between-Subjects Effects for Constraints in Implementing Decentralisation**

Source		Type III Sum of Squares	df	Mean Square	F	Sig.
@5.5Failure to implement the decentralisation structure by government	5.2 Lack of political will from central government	21.084	3	7.028	5.918	0.00
	5.4 Continued delay to release decentralised function by central government	33.669	3	11.223	26.007	0.00
	5.6 Failure to relinquish some revenue streams to local authorities	16.556	3	5.519	10.599	0.00
	5.12 Government's unclear policy guidance on decentralisation	15.214	3	5.071	3.817	0.01
	5.13 Lack of standardised system as well as monitoring mechanism	4.744	3	1.581	1.501	0.22
	5.14 Failure to increase revenue collection in local authorities	2.003	3	.668	.645	0.59
a. R Squared = .153 (Adjusted R Squared = .127)						
b. R Squared = .443 (Adjusted R Squared = .426)						
c. R Squared = .245 (Adjusted R Squared = .222)						
d. R Squared = .105 (Adjusted R Squared = .077)						
e. R Squared = .044 (Adjusted R Squared = .015)						
f. R Squared = .019 (Adjusted R Squared = -.011)						

#### 4.4.8.3 Descriptive statistics of enhancing fiscal autonomy in local authorities

The results from this part of the questionnaire were analysed with respect to respondents' experiences on the attempts to encourage, establish and enhance fiscal autonomy of local authorities. The initial stages of the analysis used descriptive statistics and the results are presented in Table 4.22.

The statements whose mean scores were greater than 3.5 on enhancing fiscal autonomy of local authorities were further tested for significance using the standard t-test. It was established that eleven (11) statements were statistically significant at  $p < 0.05$ . The statistical test results are presented in Table 4.23.

#### 4.4.8.4 Multivariate Analysis of Variance on means of enhancing fiscal autonomy in local authorities (General Linear Model)

A MANOVA was performed on dependent variables (All statements in part 6 of the questionnaire) as a function of statement 3.4 (S3.4) (**There is need for local authorities to generate own revenues because grants are not sufficient**). All multivariate tests (Pillai's Trace, Wilks Lambda, Hotelling's Trace and Roy's Largest Root) rejected the null hypothesis ( $p < 0.001$ ) (Table 4.24). This means that all MANOVA tests have proven that there is a statistical significance between the fixed variable and the dependent variables.

### Univariate Tests (Table 4.25)

Table 4.25 provides us with univariate Tests of Between-Subjects Effects. These test the null hypothesis that there are no population mean differences of S3.4 on each dependent variable considered separately. When performing the MANOVA, the research presumably wished to analyse a linear combination of response variables and also test each response variable univariately for example (Table 4.21);

- i. When statement 6.2 (S6.2) is considered as the sole dependent variable, we have evidence of mean differences on statement 3.4 (S3.4) ( $p = 0.18$ ).
- ii. When statement 6.4 (S6.4) is analysed as the only dependent variable, we have evidence of mean differences on statement 3.4 (S3.4) ( $p = 0.24$ ), etc.

***Table 4.22: Descriptive statistics on means of enhancing fiscal autonomy in local authorities***

Statement	N	Mean	Std.	Variance	Skewness	Kurtosis		Mean Score > 3.5	
		Deviation		Statistic	Statistic	Std. Error	Std. Error		
6.7 Local government service commission to ensure a qualified and motivated staff at all times	103	4.57	0.62	0.38	-2.17	0.24	9.25	0.47	Yes
6.4 Local authorities to implement electronic revenue collection measures and adopt participatory budgeting approaches	103	4.46	0.64	0.41	-0.99	0.24	1.01	0.47	Yes
6.6 Develop mechanisms to allow local authorities to learn from each other on best practices within 3 years	102	4.37	0.60	0.35	-0.35	0.24	-0.66	0.47	Yes
6.5 Develop flexible systems that enhance public-private-partnerships of local authorities and review valuation roles	103	4.37	0.59	0.35	-0.62	0.24	1.08	0.47	Yes
6.10 Facilitate formation of ward development committees to defend community interests	102	4.35	0.75	0.57	-1.97	0.24	6.67	0.47	Yes

6.8 Transfer staff holding devolved functions to local authorities with their corresponding revenue streams within 5 years	102	4.34	0.70	0.49	-0.94	0.24	1.03	0.47	Yes
6.2 Government to have a strategic plan on how to retain and build capacity of local authority staff	103	4.32	0.79	0.63	-1.84	0.24	5.26	0.47	Yes
6.3 Government to identify local authorities with capacity to attain autonomy and put them on a deliberate programme for 5 years	103	4.13	0.91	0.84	-1.59	0.24	3.09	0.47	Yes
6.1 Reviewing the existing revenue streams to include other key sectors in each district to expand revenue bases	103	4.07	0.84	0.71	-1.13	0.24	1.71	0.47	Yes
6.11 Government to review its grant policy so as to prioritise funding only local authorities that are truly in need and can demonstrate financial vulnerabilities	103	3.94	1.10	1.21	-1.19	0.24	0.82	0.47	Yes
6.9 Delimitate bigger wards into smaller ones to facilitate close administration and champion legislative reforms	103	3.89	1.05	1.10	-1.19	0.24	1.16	0.47	Yes



**Table 4.23: Standard t-test results on means for enhancing fiscal autonomy**

Statement	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Mean	95% Confidence Interval of the Difference	
						Lower	Upper
Reviewing the existing revenue streams to include other key sectors in each district to expand revenue bases	48.96	102	0.00	4.07	0.08	3.90	4.23
Government to have a strategic plan on how to retain and build capacity of local authority staff	55.17	102	0.00	4.32	0.08	4.17	4.48
Government to identify local authorities with capacity to attain autonomy and put them on a deliberate programme for 5 years	45.78	102	0.00	4.13	0.09	3.95	4.31
Local authorities to implement electronic revenue collection measures and adopt participatory budgeting approaches	70.86	102	0.00	4.46	0.06	4.33	4.58
Develop flexible systems that enhance public-private-partnerships of local authorities and review valuation roles	74.66	102	0.00	4.37	0.06	4.25	4.49

Develop mechanisms to allow local authorities to learn from each other on best practices within 3 years	74.13	101	0.00	4.37	0.06	4.26	4.49
Local government service commission to ensure a qualified and motivated staff at all times	74.86	102	0.00	4.57	0.06	4.45	4.69
Transfer staff holding devolved functions to local authorities with their corresponding revenue streams within 5 years	62.98	101	0.00	4.34	0.07	4.21	4.48
Delimitate bigger wards into smaller ones to facilitate close administration and champion legislative reforms	37.74	102	0.00	3.89	0.10	3.69	4.10
Facilitate formation of ward development committees to defend community interests	58.37	101	0.00	4.35	0.07	4.21	4.50
Government to review its grant policy so as to prioritise funding only local authorities that are truly in need and can demonstrate financial vulnerabilities	36.33	102	0.00	3.94	0.11	3.73	4.16

*\*statistically significant at  $p < 0.05$*

**Table 4.24: Multivariate Analysis on Enhancing Fiscal Autonomy in Local Authorities**

Multivariate Tests <sup>a</sup>						
Effect		Value	F	Hypothesis d	Error df	Sig.
Intercept	Pillai's Trace	.978	354.704 <sup>b</sup>	11.000	87.000	0.00
	Wilks' Lambda	.022	354.704 <sup>b</sup>	11.000	87.000	0.00
	Hotelling's Trace	44.848	354.704 <sup>b</sup>	11.000	87.000	0.00
	Roy's Largest Root	44.848	354.704 <sup>b</sup>	11.000	87.000	0.00
@3.4Thereisneedforlocalauthoritiestogenerateownrevenuesbecausegr	Pillai's Trace	.396	1.978	22.000	176.000	0.01
	Wilks' Lambda	.621	2.126 <sup>b</sup>	22.000	174.000	0.00
	Hotelling's Trace	.582	2.273	22.000	172.000	0.00
	Roy's Largest Root	.528	4.223 <sup>c</sup>	11.000	88.000	0.00
a. Design: Intercept + @3.4Thereisneedforlocalauthoritiestogenerateownrevenuesbecausegr						
b. Exact statistic						
c. The statistic is an upper bound on F that yields a lower bound on the significance level.						

#### 4.4.8.5 Multivariate Analysis of Variance on Regulations that Restrict Collection of Local Revenue (General Linear Model)

A MANOVA was performed on dependent variables (Statements = S4.1, S4.3, S4.4, S4.6, S4.10 and S4.11) as a function of statement 4.12 (S4.12) (**There is regulations that restrict the ability of local authorities to collect adequate own revenue**). All multivariate tests (Pillai's Trace, Wilks Lambda, Hotelling's Trace and Roy's Largest Root) rejected the null hypothesis ( $p < 0.001$ ) (Table 4.26). This means that all MANOVA tests have proven that there is a statistical significance between the fixed variable and the dependent variables.

**Table 4.25: Tests of Between-Subjects Effects on Enhancing Fiscal Autonomy in Local Authorities**

Tests of Between-Subjects Effects						
Source		Type III Sum of Squares	df	Mean Square	F	Sig.
@3.4Thereisneedforlocala uthoritiestogenerateownrev enuesbecausegr	6.1 Reviewing the existing revenue streams to include other key sectors in each district to expand revenue bases	1.446	2.0 0	0.72	1.03	0.36
	6.2 Government to have a strategic plan on how to retain and build capacity of local authority staff	2.192	2.0 0	1.10	1.75	0.18
	6.3 Government to identify local authorities with capacity to attain autonomy and put them on a deliberate programme for 5 years	3.003	2.0 0	1.50	1.82	0.17
	6.4 Local authorities to implement electronic revenue collection measures and adopt participatory budgeting approaches	1.180	2.0 0	0.59	1.45	0.24
	6.5 Develop flexible systems that enhance public-private-partnerships of local authorities and review valuation roles	1.144	2.0 0	0.57	1.64	0.20
	6.6 Develop mechanisms to allow local authorities to learn from each other on best practices within 3 years	1.458	2.0 0	0.73	2.09	0.13
	6.7 Local government service commission to ensure a qualified and motivated staff at all times	9.070	2.0 0	4.54	14.94	0.00
	6.8 Transfer staff holding devolved functions to local authorities with their corresponding revenue streams within 5 years	2.603	2.0 0	1.30	2.77	0.07

	6.9 Delimitate bigger wards into smaller ones to facilitate close administration and champion legislative reforms	1.000	2.0 0	0.50	0.48	0.62
	6.10 Facilitate formation of ward development committees to defend community interests	2.003	2.0 0	1.00	1.77	0.18
	6.11 Government to review its grant policy so as to prioritise funding only local authorities that are truly in need and can demonstrate financial vulnerabilities	3.148	2.0 0	1.57	1.48	0.23
a. R Squared = .021 (Adjusted R Squared = .001)		g. R Squared = .236 (Adjusted R Squared = .220)				
b. R Squared = .035 (Adjusted R Squared = .015)		h. R Squared = .054 (Adjusted R Squared = .035)				
c. R Squared = .036 (Adjusted R Squared = .016)		i. R Squared = .010 (Adjusted R Squared = -.011)				
d. R Squared = .029 (Adjusted R Squared = .009)		j. R Squared = .035 (Adjusted R Squared = .015)				
e. R Squared = .033 (Adjusted R Squared = .013)		g. R Squared = .236 (Adjusted R Squared = .220)				
f. R Squared = .041 (Adjusted R Squared = .022)		k. R Squared = .030 (Adjusted R Squared = .010)				

### Univariate Tests (Table 4.27)

Table 4.27 provides us with univariate Tests of Between-Subjects Effects. These test the null hypothesis that there are no population mean differences of S4.12 on each dependent variable considered separately. When performing the MANOVA, the research presumably wished to analyse a linear combination of response variables and also test each response variable univariately for example (Table 4.27);

- i. When statement 4.1 (S4.1) is considered as the sole dependent variable, we have evidence of mean differences on statement 4.12 (S4.12) ( $p = 0.03$ ).
- ii. When statement 4.4 (S4.4) is analysed as the only dependent variable, we have evidence of mean differences on statement 4.12 (S4.12) ( $p = 0.26$ ), etc.

**Table 4.26: MANOVA on Regulation Restricting Local Authorities to Collect Own Revenue**

Multivariate Tests <sup>a</sup>						
Effect		Value	F	Hypothesis c	Error df	Sig.
Intercept	Pillai's Trace	.958	351.541 <sup>b</sup>	6.000	93.000	0.00
	Wilks' Lambda	.042	351.541 <sup>b</sup>	6.000	93.000	0.00
	Hotelling's Trace	22.680	351.541 <sup>b</sup>	6.000	93.000	0.00
	Roy's Largest Root	22.680	351.541 <sup>b</sup>	6.000	93.000	0.00
@4.12Regi	Pillai's Trace	.451	2.032	24.000	384.000	0.00
	Wilks' Lambda	.604	2.112	24.000	325.648	0.00
	Hotelling's Trace	.569	2.170	24.000	366.000	0.00
	Roy's Largest Root	.360	5.753 <sup>c</sup>	6.000	96.000	0.00
a. Design: Intercept + @4.12RegulationsrestrictCouncilstocollectrevenuefees						
b. Exact statistic						
c. The statistic is an upper bound on F that yields a lower bound on the significance level.						

#### 4.4.8.6 MANOVA on Grants Contribution on Central Government Dependency of Local Authorities (General Linear Model)

A MANOVA was performed on dependent variables (Statements = S3.1, S3.4, S3.5, S3.7 and S3.10) as a function of statement 3.2 (S3.2) (**Grants contribute to local authority dependency on central government**). All multivariate tests (Pillai's Trace, Wilks

Lambda, Hotelling's Trace and Roy's Largest Root) rejected the null hypothesis ( $p < 0.001$ ) (Table 4.28). This means that all MANOVA tests have proven that there is a statistical significance between the fixed variable and the dependent variables.

**Table 4.27: Tests of Between-Subjects Effects on Regulations Restricting Collection of Revenues**

Source		Type III Sum of Squares	df	Mean Square	F	Sig.
@4.12 Regulations restrict Councils to collect revenue fees	4.1 There is a small revenue base therefore councils lack alternative revenue sources	11.399	4	2.850	2.749	0.03
	4.3 Public-Private-Partnerships (PPPs) are a sure way of intensifying internal revenue generation	1.746	4	.437	.541	0.71
	4.4 Generating adequate internal revenue can help break the continuation of the dependency and dominance relationship with central Government	4.359	4	1.090	1.344	0.26
	4.6 Central government needs to retain revenue streams to local authorities to enhance revenue generation at Council level	4.709	4	1.177	1.633	0.17
	4.10 Political interference hinder internal revenue generation	7.334	4	1.833	1.960	0.11
	4.11 Local authority's huge labour force and high turnover costs use up all internal generated revenue	19.368	4	4.842	4.504	0.00
a. R Squared = .101 (Adjusted R Squared = .064)      e. R Squared = .074 (Adjusted R Squared = .036)						
b. R Squared = .022 (Adjusted R Squared = -.018)      f. R Squared = .155 (Adjusted R Squared = .121)						
c. R Squared = .052 (Adjusted R Squared = .013)      d. R Squared = .062 (Adjusted R Squared = .024)						



### Univariate Tests (Table 4.29)

Table 4.29 provides us with univariate Tests of Between-Subjects Effects. These test the null hypothesis that there are no population mean differences of S3.2 on each dependent variable considered separately. When performing the MANOVA, the research presumably wished to analyse a linear combination of response variables and also test each response variable univariately for example (Table 4.29);

- i. When statement 3.1 (S3.1) is considered as the sole dependent variable, we have evidence of mean differences on statement 3.2 (S3.2) ( $p = 0.03$ ).
- ii. When statement 3.10 (S3.10) is analysed as the only dependent variable, we have evidence of mean differences on statement 3.2 (S3.2) ( $p = 0.67$ ), etc.

**Table 4.28: MANOVA on Grants Contribution on Central Government Dependency**

Multivariate Tests <sup>a</sup>						
Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.988	1512.135 <sup>b</sup>	5.000	90.000	0.00
	Wilks' Lambda	.012	1512.135 <sup>b</sup>	5.000	90.000	0.00
	Hotelling's Trace	84.007	1512.135 <sup>b</sup>	5.000	90.000	0.00
	Roy's Largest Root	84.007	1512.135 <sup>b</sup>	5.000	90.000	0.00
@3.2Grantscontribution to local authority dependency on central government	Pillai's Trace	.389	2.004	20.000	372.000	0.01
	Wilks' Lambda	.652	2.061	20.000	299.446	0.01
	Hotelling's Trace	.473	2.095	20.000	354.000	0.00
	Roy's Largest Root	.307	5.708 <sup>c</sup>	5.000	93.000	0.00
a. Design: Intercept + @3.2Grantscontribution to local authority dependency on central government						
b. Exact statistic						
c. The statistic is an upper bound on F that yields a lower bound on the significance level.						

**Table 4.29: Tests of Between-Subjects Effects on Grants Contribution on Central Government Dependency**

Source		Type III Sum of Squares	df	Mean Square	F	Sig.
@3.2Grantscontributetolocalauthorityd ependencyoncentralgovernmen	3.1 Local authorities feel a sense of entitlement towards grants because grants (to councils) are supported by the constitution (legal framework)	7.847	4	1.962	2.767	0.03
	3.4 There is need for local authorities to generate own revenues because grants are never sufficient	3.128	4	0.782	1.920	0.11
	3.5 Most local authorities in Zambia cannot sustain their operations without having to rely on grants	15.188	4	3.797	4.636	0.00
	3.7 Local authorities are unable to generate own revenues because central government has taken up most revenue streams and replaced them with grants	8.120	4	2.030	2.105	0.09
	3.10 Local Authorities have not yet come up with strategies to respond to government's declining financial resource envelop	2.882	4	0.720	0.595	0.67
a. R Squared = .105 (Adjusted R Squared = .067)    d. R Squared = .082 (Adjusted R Squared = .043)						
b. R Squared = .076 (Adjusted R Squared = .036)    e. R Squared = .025 (Adjusted R Squared = -.017)						
c. R Squared = .165 (Adjusted R Squared = .129)						

*4.4.8.7 MANOVA on Grants Contribution on local authorities' failure to develop strategies for responding to governments declining financial resource envelope (General Linear Model)*

A MANOVA was performed on dependent variables (Statements = S3.4, S3.5 and S3.7) as a function of statement 3.10 (S3.10) (**local authorities have failed to develop strategies to respond to government's declining financial resource envelope**). All multivariate tests (Pillai's Trace, Wilks Lambda, Hotelling's Trace and Roy's Largest Root) rejected the null hypothesis ( $p < 0.001$ ) (Table 4.30). This means that all MANOVA tests have proven that there is a statistical significance between the fixed variable and the dependent variables.

**Univariate Tests (Table 4.31)**

Table 4.31 provides us with univariate Tests of Between-Subjects Effects. These test the null hypothesis that there are no population mean differences of S3.10 on each dependent variable considered separately. When performing the MANOVA, the research presumably wished to analyse a linear combination of response variables and also test each response variable univariately for example (Table 4.31);

- iii. When statement 3.4 (S3.4) is considered as the sole dependent variable, we have evidence of mean differences on statement 3.10 (S3.10) ( $p = 0.15$ ).
- iv. When statement 3.7 (S3.7) is analysed as the only dependent variable, we have evidence of mean differences on statement 3.10 (S3.10) ( $p = 0.02$ ), etc.

**Table 4.30: MANOVA on Grants Contribution on local authorities' failure to develop strategies for responding to governments declining financial resource envelope**

Multivariate Tests <sup>a</sup>						
Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.978	1375.067 <sup>b</sup>	3.000	94.000	0.00
	Wilks' Lambda	.022	1375.067 <sup>b</sup>	3.000	94.000	0.00
	Hotelling's Trace	43.885	1375.067 <sup>b</sup>	3.000	94.000	0.00
	Roy's Largest Root	43.885	1375.067 <sup>b</sup>	3.000	94.000	0.00
@3.10Local Authorities have not yet come up with strategies to respond to go	Pillai's Trace	.327	2.940	12.000	288.000	0.00
	Wilks' Lambda	.701	2.985	12.000	248.992	0.00
	Hotelling's Trace	.388	2.993	12.000	278.000	0.00
	Roy's Largest Root	.235	5.631 <sup>c</sup>	4.000	96.000	0.00
a. Design: Intercept + @3.10Local Authorities have not yet come up with strategies to respond to go						
b. Exact statistic						
c. The statistic is an upper bound on F that yields a lower bound on the significance level.						

**Table 4.31: Tests of Between-Subjects Effects on local authorities' failure to develop strategies for responding to governments declining financial resource envelope**

Source		Type III Sum of Squares	df	Mean Square	F	Sig.
@3.10 Local Authorities have not yet come up with strategies to respond to go	3.4 There is need for local authorities to generate own revenues because grants are never sufficient	2.798	4	.699	1.726	0.15
	3.5 Most local authorities in Zambia cannot sustain their operations without having to rely on grants	15.921	4	3.980	4.970	0.00
	3.7 Local authorities are unable to generate own revenues because central government has taken up most revenue streams and replaced them with grants	11.533	4	2.883	3.174	0.02
a. R Squared = .067 (Adjusted R Squared = .028) b. R Squared = .172 (Adjusted R Squared = .137) c. R Squared = .117 (Adjusted R Squared = .080)						

4.4.8.8 MANOVA on Grants Contribution on local authorities' investment programmes  
(General Linear Model)

A MANOVA was performed on dependent variables (Statements = S2.1, S2.6, S3.5 and S2.7) as a function of statement 2.3 (S2.3) (**local authorities in Zambia cannot carry out any investment programmes without having to rely on grants**). We interpret the multivariate tests for statement 2.3 (Table 4.32) as follows:

- i. Pillai's Trace = 0.235; since "Sig." is greater than 0.05, we fail to reject the null hypothesis.
- ii. Wilks' Lambda = 0.777; since "Sig." is greater than 0.05, we fail to reject the null hypothesis.
- iii. Hotelling's Trace = 0.273; since "Sig." is greater than 0.05, we fail to reject the null hypothesis.
- iv. Roy's Largest Root = 0.204; since "Sig." is less than 0.05, we reject the null hypothesis.

**Table 4.31: MANOVA on local authorities' ability to invest in programmes using internally generated revenues**

Multivariate Tests <sup>a</sup>						
Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.931	316.839 <sup>b</sup>	4.000	94.000	0.00
	Wilks' Lambda	.069	316.839 <sup>b</sup>	4.000	94.000	0.00
	Hotelling's Trace	13.483	316.839 <sup>b</sup>	4.000	94.000	0.00
	Roy's Largest Root	13.483	316.839 <sup>b</sup>	4.000	94.000	0.00
@2.3MostlocalauthoritiesinZambiacannotcarryoutanyinvestmentprogr	Pillai's Trace	.235	1.510	16.000	388.000	0.09
	Wilks' Lambda	.777	1.550	16.000	287.812	0.08
	Hotelling's Trace	.273	1.576	16.000	370.000	0.07
	Roy's Largest Root	.204	4.954 <sup>c</sup>	4.000	97.000	0.00
a. Design: Intercept + @2.3MostlocalauthoritiesinZambiacannotcarryoutanyinvestmentprogr						
b. Exact statistic						
c. The statistic is an upper bound on F that yields a lower bound on the significance level.						

### Univariate Tests (Table 4.32)

Table 4.32 provides us with univariate Tests of Between-Subjects Effects. These test the null hypothesis that there are no population mean differences of S2.3 on each dependent variable considered separately. The research analysed a linear combination of response variables and also test each response variable univariately for example (Table4.32);

- i. When statement 3.4 (S3.4) is considered as the sole dependent variable, we have evidence of mean differences on statement 3.10 (S3.10) ( $p = 0.15$ ).
- ii. When statement 3.7 (S3.7) is analysed as the only dependent variable, we have evidence of mean differences on statement 3.10(S3.10) ( $p = 0.02$ ), etc.

Hence, we can see that for two (2) out of the four (4) response variables, we were able to reject the null hypothesis of equality of population means on those variables. It is very important to notice that even though we obtained a statistically significant multivariate effect in just one test of our MANOVA, it did not imply that all four univariate tests would come out to be not statistically significant (notice that only two of the four univariate tests are statistically significant). Likewise, even had we obtained four statistically significant univariate tests, it would not have automatically implied a statistically significant multivariate effect. This idea that multivariate significance does not automatically imply univariate significance (and vice versa) is generally known as Rao's Paradox (Rencher & Christensen, 2012).

### 4.5 Summary

In this chapter, the results obtained from relevant project documents, semi-structured interviews and questionnaire survey were presented. The analysis of the data elaborated some of the ways in which grants from central government to local authorities significantly affect their existence. Issues to do with grants, local authority investment, internal revenue generation, constraints in implementing decentralisation and means of enhancing autonomy of local authorities in Zambia were analysed. The next chapter presents a discussion on the results.

**Table 4.32: Tests of Between-Subjects Effects on local authorities' ability to invest in programmes using internally generated revenues**

Source		Type III Sum of Squares	d f	Mean Square	F	Sig.
@2.3Most local authorities in Zambia cannot carry out any investment programme	2.1 There is undue political interference in the implementation of projects at local authority level which hinder Council's ability to invest sensibly/commercially	11.300	4	2.825	2.647	0.04
	2.6 Grant projects undertaken by the Councils are in the nature of social service programmes as opposed to commercial investment programmes	2.366	4	.592	0.461	0.76
	2.7 There is involvement of political entities (Councillors, Members of Parliament etc.) in deciding the type as well as location of projects undertaken by a Local Authority	0.821	4	.205	0.253	0.91
	3.5 Most local authorities in Zambia cannot sustain their operations without having to rely on grants	12.270	4	3.067	3.478	0.01
a. R Squared = .098 (Adjusted R Squared = .061)						
b. R Squared = .019 (Adjusted R Squared = -.022)						
c. R Squared = .010 (Adjusted R Squared = -.030)						
d. R Squared = .125 (Adjusted R Squared = .089)						

## CHAPTER 5: DISCUSSION OF RESULTS

### 5.1 Introduction

The previous chapter presented the results and analysis of reviewed relevant project documents, interviews and questionnaire surveys. In this Chapter, a discussion of the findings is presented.

### 5.2 Legal and Regulatory Framework

Regulation and legal framework empowers, guides, limits and affects local authorities. There are a number of laws that administrate the local government tier in Zambia. The research found that these laws have come short of creating an enabling environment for local authorities to become autonomous because they have created barriers to collection of internally generated revenues that are crucial for their growth and sustainability. The study findings are that there are national government regulations that are in place to hinder the collection of internal revenues in local authorities (*refer to Section 4.4.8.5; Table 4.26 and Table 4.27*). These regulations have caused local authorities to have reduced revenue bases and further impede council's innovation to develop alternative revenue sources despite clause 152 (2) of the Constitution stating that “the national Government and the provincial administration shall not interfere with or compromise a local authority's ability or right to perform its functions”.

Besides the council's huge labour force and very high turnovers use up the little revenues the councils are able to generate internally (Table 4.27 at  $p < 0.001$ ). Therefore, there is an urgent need to formulate deliberate policies and programmes that will empower local authorities without cunningly distorting their statutory position. For instance in Australia local governments were for a long time contemptuously dealt with up until respective state governments established regulations to ensure that in each jurisdiction, local government oversight, administration and involvement were a responsibility of the states, thereby formally guaranteeing that the constitutional and statutory position of local governments was fully integrated into the state systems as a subordinate party (Kiss, 2001). Fatile and Ejalonibu (2015) in their quest for quality service delivery in Nigeria identified, among others, lack of considerable degree of local authority autonomy as one of the biggest



challenges facing Nigeria's implementation of decentralization and making quality local service delivery difficult to realize.

### **5.3 Local Authority Dependency on Central Government Grants**

Based on the results reviewed in this study, it has been established that local authorities are dependent on central government and that grants contribute a great deal to this dependency and dominance relationship (*refer to Table 4.28 and Table 4.29*). This was mainly because local authorities felt a sense of entitlement towards grants as they are support by the constitution of Zambia and other regulatory frameworks at  $p=0.03$  (*Table 4.29*). As a result local authorities in Zambia are unable to sustain their operations without having to rely on central government grants (*Table 4.29 at  $p<0.001$* ) even when funding delayed. In Malawi it was found that aid always had unintended consequences such as creation of over-dependent institutions that were not based on sound technical knowledge and adapted to local conditions (Andrews, 2013). For instance, it is difficulty to pursue local autonomy or decentralisation policies in eSwatini (*formerly Swaziland*) without taking into account the cultural dimension (Mkhonta, 2007). In Tanzania, local government authorities that were faced with delays in the disbursement of funds from the central government introduced informal coping strategies to deal with the situation (Frumence, Nyamhanga, Mwangu and Hurtig, 2014). Expenditure autonomy is mostly undermined through the reliance of local authorities on central government transfers (Ashraf et al, 2016).

As much as this research found evidence of drawbacks of grants; grants have been a critical success and survival factor to a number of local authorities especially the rural ones. In Sierra Leone, for instance, fiscal transfers from central to local government guaranteed a minimum level of services delivery (Fanthorpe, Laval and Sesay, 2011). This entails, therefore, that local authority decentralisation and autonomy does not mean completely eliminating central government transfers but reforming the grant system to address acknowledged drawbacks. That would advantage local authorities as they would tap into both grants and locally generated revenues and increase their ability to invest in commercial programme.

There had been many attempts to address challenges in local government in Zambia but what most solution seekers had failed to concept was that at the crux of this dilemma was central government grants. Central government grants have made it difficult for local authorities to take risks and implement locally meaningful projects without first ensuring total support from central government (*Table 4.3*) which is the main source of funding for any significant investment project. Cox (2010) found that not only did grants reduce the ability of local government to respond compliantly to local requirements, but also constrained the ambition of local authorities. Central government must note that local authorities require a different type of assistance. To develop efficient and effective local authorities there is need undertake processes of negotiation, conflict, experimentation and iteration rather than fine print of standardised regulations and policies (Andrews, 2013).

#### **5.4 Local Authority Investment Programmes**

The results show that most local authority investment projects are in the nature of social service programmes (as per requirement of grants) as opposed to commercial investment programmes (*Table 4.3 and Table 4.4 at  $p < 0.001$* ). Since most projects done by local authorities are grant aided and in the nature of social service delivery they, therefore, lack a cost benefit analysis as well as the ultimate need for cost recovery (*Table 4.4*). The fact that councils are unable to perform any investment projects on their own coupled with the central government dwindling financial resource levels puts local authorities in a dilemma or difficult circumstance from which there is no escape because of mutually conflicting or dependent conditions. This position has even been worsened by local authorities' management failure to develop strategies to timely respond to the governments declining financial resource envelope (*Table 4.8 at  $p < 0.001$* ) constituting a multitude of problems for local authorities as was the case with India. In a study by Aijaz (2007) based on data collected from six urban centres situated in three northern/north-western states (namely Haryana, Rajasthan and Uttaranchal) found that most local authority problems were directly related to various municipal management failures and finance practices.

Moreover, the involvement of political entities such as Area Members of Parliament and Area Councillors (as per CDF requirement of the CDC composition) in deciding the type as well as location of projects undertaken by the council (*Table 4.4 at  $p < 0.001$* ) has for a

long time hindered councils ability to invest into commercial ventures (*also Table 4.4 at  $p<0.001$* ). Zambia's political setup has deliberately emphasised concentration of local authority grant resources to politically more visible social projects under the semblance of community development even when evidently such are zero cost recovery services at the cost of full decentralisation. A great example is Malaysia where political factors thwarted progress on decentralisation and gains made on achieving local autonomy by reverting to re-centralisation (Phang & Goh, 2013).

Commercial ventures would have, by now, readied the local authorities for an eventuality when central government would not have adequate funds and a need for local authorities to generate adequate own revenues abruptly arose due to insufficient grants (*Table 4.9; (S3.4 at  $p<0.001$ )*). Muriisa (2008) discussed local autonomy as an approach to service delivery in Uganda and found that its implementation, like in Zambia, had faced challenges of financing, personnel capacity at the local level and ineffective monitoring of service delivery. Whereas in South Africa, research by Maloba (2015) found a continuous display of political interference, usually in the name of stakeholder consultations, impeded local authority autonomy by encouraging encroachment, mismanagement in the administration of local authorities and hindering proper accountability. Correspondingly, a study by Abidin et al (2015) on the importance of ethics and accountability in enhancing service delivery in local authorities in Malaysia highlighted local authority vulnerabilities caused by of political interference in that respect. National government itself played into this catch-22 situation when they took up most local authority revenue streams and replaced them with grants (*Table 4.9; S3.7 at  $p<0.001$* ). Parliamentarians are aware that to stay in power, they need to retain public support and that means accessing state resources such as CDF. In Zambia, politics is not ideology or policy based but ones capacity to deliver services. This shapes contradictory focus between the local authority and the politicians as they (politicians) aim to maintain their election advantage at the expense of the collective strategy and local authority interest thereby affecting decision making for local service delivery (O'Neil & Cammack, 2014).

### 5.5 Generating Internal Revenue for Local Authorities

Chuangchit (2015) studied fiscal sustainability in Thai local authorities and concluded that Thai local government needed to diversify their revenue sources to ensure adequate funding for public service delivery. Similarly, this study established that there is need for local authorities in Zambia to generate their own revenue because grants are not sufficient to address all local authorities' interests (*Table 4.8 and Table 4.9 at  $p < 0.001$* ). However, local authorities are unable to generate own revenues since the national government has taken up most revenue streams in the districts. In the same manner, there are central government regulations as well as undue political interference (*Table 4.9 at  $p < 0.001$* ) that restrict local authorities to collect a number of fees. Cox (2010) argued that some local government regulations were not meant to help local authorities exercise greater financial freedom rather were designed to constrain the local autonomy and perpetuate the effect of making councils more dependent on central grants. Such regulations limited local revenues to a few unpopular taxes or fees that are problematic and expensive to collect, inequitable in impact and economically distorting (Devas, 2005). Local authorities are cognisant that generating adequate own revenues can help break the continuation of the dependency and dominance relationship with central government (*Table 4.8 and Table 4.9*) but in reality central government is also aware and time and again intervenes by adding layers of unnecessary bureaucracy (Cox, 2010).

Then again, generating own revenues is not possible due to small revenue bases in most local authorities as well as lack of alternative revenue sources (*Table 4.10*). As a result, there is need for central government to retain local authorities' revenue streams to enhance local revenue generation and ultimately enhance local authority fiscal autonomy. On the other hand central government should make available additional financial instruments to local authorities to enhance autonomy and redress the inadequacies of grants (Cox, 2010). It is correspondingly essential for central government to come with deliberate strategies that will enhance revenue generation among local authorities. Chaungchit's (2015) comparative survey sought to identify the salient attribute of different country's (among them Canada, France, Japan, South Korea, and the United States) local fiscal policies and demonstrated how other local governing bodies could adopt best strategies such as the Japanese and Korean Local Government Models to improve their overall fiscal health. He

developed a conceptual framework based on a combined set of models which showed that too little local revenue generation was permanently accompanied by too much central influence.

### **5.6 Constraints in Implementing Decentralisation**

Decentralisation is seen as the summit of local authority autonomy. For years decentralisation has not been implemented and most recently government has been attempting to speed up the process of decentralisation. In most countries, like Zambia, the design of decentralization reforms restricts local government autonomy by regulating public expenditure and public service provision (Ashraf, Bandiera and Blum, 2016). The result of full decentralisation would lead to considerable decrease of state control and regulation thereby releasing benefits of decentralized own-source revenues to local authorities. The research found that the major constraints in implementing decentralisation included (Table 4.18);

- i. Continued delay to release decentralised functions by central government
- ii. Lack of political will from central government
- iii. Failure to implement the agreed decentralised structure by central government
- iv. Failure to relinquish some revenue streams to local authorities
- v. Governments unclear policy guidance on decentralisation
- vi. Lack of a standardised system as well as a monitoring mechanism
- vii. Failure to generate adequate own revenue by local authorities

In Zimbabwe, a study conducted by Zhou and Chilunjika (2014) agreed with the findings of this research by indicating that it was difficult for local authorities to create a robust self-financing base due to compromises by interlocking factors that included;

- i. Continued central government grip,
- ii. limited revenue base,
- iii. failure to devise long range revenue optimising strategies,
- iv. political interference, and
- v. institutionalised culture of rent seeking

This explains that to achieve local authority autonomy through decentralisation require more efforts from the national government, in terms of enacting policies that will create an enabling environment for full decentralisation to happen. This study has shown the need for the Zambian government to learn from developed countries that grants alone and direct delivery and distribution of goods and services would not achieve what the local government tier require to become effective and efficient local service providers. It benefits all stakeholders, the state included, when local authorities perform effectively and efficiently. Saito (1999) researched Uganda's districts of Kampala, Mukono, Rakai, and Tororo and established significant possibilities in decentralising local authorities, which could be harnessed by all essential stakeholders including the state and the people. Accordingly, local authority autonomy ought to be viewed as a win-win consequence rather than a win-lose one. Another good example is Brazil where local government decides its own public policy on expenditure and supply of local public goods. Arvate (2013) investigated the relationship between electoral competition and local government responsiveness in Brazil and established that the effective number of candidates (electoral competition) increased the supply of public goods. If decentralisation is done with mutual consideration it should assign appropriate responsibilities to central government and local authorities so that it does not lead to the disappearance of central government or the dominance of local authorities.

The results of this study suggest the irrefutable need to review the implementation of decentralisation and promptly address all the impeding factors to decentralisation in order to empower and reposition local authorities in the governance system. This study shows that empowering and developing capacities of local authorities' require endless political will (*Table 4.18 and Table 4.19*) more than disbursements of grants on the part of national government. The challenges Zambia was facing with respect to local authority autonomy were not unique. Likewise, the study established that government's unclear policy guidance with respect to decentralisation (*Table 4.18*) was one major contributor to failure to implement decentralisation in Zambia. In Malawi, unclear policy guidance led to unreconciled and contradictory policy reforms (Cammack and Kanyongolo 2010). This policy incoherence is a reflection of collective failure at the level of central government and undermines the ability to work together and achieve full decentralisation (O'Neil &

Cammack, 2014). In Kenya, policy incoherence led to a proliferation of actors, scrambling for resources and a bias of resource allocation (Rampa, 2011). Mutebi (2005) points out that due to too much central government influence over the local authorities and lack of funds the Thai local authorities had to transfer some of their responsibilities back to the central government.

### **5.7 Enhancing Fiscal Autonomy in Local Authorities**

Efforts to enhance local authority autonomy in Rwanda began through the decentralisation process in 2000 and since then Rwanda has made important progress such that local authorities claim unprecedented range of competences and resources (Chemouni, 2013). Whereas in Zambia, this research found that fiscal autonomy of local authorities were very restricted with respect to local revenue resource and utilisation. Revenues are limited due to regulations as well as excessive political interventions. Expenditure is inflexible because the grants from the central government are by guidelines earmarked for specific functions.

The allocation of expenditures between priority sectors shows substantial differences between the case councils (*Table 4.1*). In particular, Table 4.1 shows a heavy allocation of expenditure to the education sector compared to other sectors. The survey results coupled with the contract documentation reviewed showed that there is need for reviewing the existing revenue streams to include other key sectors in each district in order to achieve the main objectives of empowering and enhancing local authority autonomy through decentralisation (*Table 4.22*). Specifically, the following measures have been identified as enhancement factors:

- i. Reviewing the existing revenue streams to include other key sectors in each district to expand revenue bases
- ii. Government to have a strategic plan on how to retain and build capacity of local authority staff
- iii. Government to identify local authorities with capacity to attain autonomy and put them on a deliberate programme for 5 years
- iv. Local authorities to implement electronic revenue collection measures and adopt participatory budgeting approaches
- v. Develop flexible systems that enhance public-private-partnerships of local authorities and review valuation roles

- vi. Develop mechanisms to allow local authorities to learn from each other on best practices within 3 years
- vii. Local government service commission to ensure a qualified and motivated staff at all times
- viii. Transfer staff holding devolved functions to local authorities with their corresponding revenue streams within 5 years
- ix. Delimitate bigger wards into smaller ones to facilitate close administration and champion legislative reforms
- x. Facilitate formation of ward development committees to defend community interests
- xi. Government to review its grant policy so as to prioritise funding only local authorities that are truly in need and can demonstrate financial vulnerabilities

The study found that a detailed and comprehensive strategic and economic plan with clear outputs within a particular time frame and framework would be one of the best practices for the establishing local authority autonomy. Cox (2010) established that with a constrained fiscal autonomy of local government there would always be a limited sense of direct responsibility. It has been established in this study that it would be difficult to enhance fiscal autonomy of local authorities without the necessary political will and facilitations by the national government to properly equip them for the extra demands that full decentralisation entails. In South Africa, a study by Siddle and Koelble (2016) demonstrated how the demands of an overly-ambitious decentralisation experiment could retard developmental agenda by placing too many demands on local authorities that were ill-equipped.

Additionally, this research found that local authorities' ability to enhance internal revenue generation can support decentralisation which might be too costly for the national government to finance alone through grants and national resource envelope. Research on the state of decentralisation in Cameroun by Comas Cheka (2007) found that the process to achieving local autonomy was hampered by financial constraints on local authorities besides limited capacities of the actors and beneficiaries of devolved powers. Evidently, as in the case of Cameroun, advocating decentralisation or local autonomy while regulating revenue sources for local authorities creates a paradoxical situation from which local authorities cannot escape because of contradictory rules.



The study identified five major drawbacks of central government grants. The first one relates to insufficiency of local government grants thereby driving the need for local authorities to generate local own-revenues (Martynenko, 2019). The need for own-revenue generation was also highlighted by Sari, Muzaki, Faridah, & Prawiranegara (2019) in their study on local own revenue, decentralization and local financial independence. Their findings agreed that generating own revenues positively influenced local fiscal autonomy or financial independence. The other issues relates to insufficiency of government grants. As the demand for grants continues to rise their disbursement is becoming less and less reliable and they (grants) less sufficient. The second drawback found was that grants contributed to local authority dependency on central government because they constituted a predictable source of income. Ultimately this institutes a problem on local government as they (grants) are provided in return for compliance with certain predefined and sometimes undefined conditions (Alibhai et al, 2020). However, the study also found that local authorities feel a sense of entitlement towards grants because grants (to councils) are supported by the constitution (legal framework).

The study also established the third drawback of central government grants in that local authorities were unable to generate own revenues because central government has taken up most revenue streams and replaced them with grants. This was mainly because it was felt that grants were more sustainable than generating own revenue at the time. However, findings by Meriem, Elhassan & Benatia (2018) from their study on the effects of central government transfers on local own-revenue in Morocco indicate that increasing government grants was bad for the local authorities because it upset their drive to generate own revenues. They also concluded that this effect was more significant in the poorest of the regions. The fourth drawback is as a result of filching the local authorities' revenues streams that has resulted in the Zambia's local authorities being unable to sustain their operations without having to rely on grants. This further hinders local authorities ability to generate own revenue in the absence of viable revenue streams. Just like in Zambia, Akbar et al (2019) while assessing local tax contribution to local own revenues in Indonesia found that the contribution from local taxes was very low (below 26% of the total revenues). Their research also found that the efforts by the local authorities to increase local taxes for revenue generation were heavily rejected by the target community.

The fifth drawback established that in the era of sustained government debt and diminishing state fiscal resources; local authorities have not yet come up with strategies to leverage and viably respond to government's declining financial resource envelop. Amarullah (2018) studied the relation between fiscal decentralization and economic growth and established similar lack of foresight associated to economic growth by local authorities that correlated to lack of fiscal decentralization and local autonomy. Przybyła, Kachniarz & Ramsey (2020) investigated the investment activity of cities in the context of their administrative status in Poland and established indeed that the investment potential of a locality is to a greater extent determined by putting in place appropriate policies rather than increasing state grants that stifle innovation in local revenue generation. This setup leaves local authorities unprepared for self-survival in an event there are fiscal distresses that may affect the state.

The study found that there is need to review existing revenue streams to include other key sectors to expand revenue base for local authorities. This conform with the findings of Mrutu & Mganga (2016) who established that the expectation is that fiscal autonomy can be attained though an increase in local revenue generation. In addition, Ofiarski (2016) advocated for reforms that will provide local authorities with adequate sources of own-revenues to enable their fiscal autonomy. However, there is need to establish the level of control that local authorities have over their tax revenues and stipulate their ability to introduce taxes and generate revenues without help from the state (Alibegović, Hodzic & Bečić, 2018). Nonetheless, it is almost with guarantee that local authority autonomy occasions many other revenue-maximizing practices at local level. In that respect, this research found that government needed to identify local authorities with capacity to attain autonomy and put them on a deliberate transition programme.

## **5.8 Summary**

This Chapter presented a discussion of the key findings of the study. The discussion of the findings were in relation to what other scholars have established on the subject of local government autonomy.

## **CHAPTER 6: DESIGNING LOCAL GOVERNMENT FRAMEWORK**

### **6.1 Introduction**

In the previous chapter, the results obtained through literature review, interviews and questionnaire surveys were discussed. It was found that local authority autonomy was critical for effective and efficient delivery of services to the people. One of the objectives of this study was to design a framework that seeks to address the challenges associated with attainment of local authority autonomy. The purpose of the framework was to support local authorities so that they participate in the implementation of development as per the needs of the people at the local level in this country. The aim of the study was to come up with the framework that could be used to achieve the following;

- i. decentralisation as an initiative for supporting public participation, government responsiveness, legitimacy, and local authority autonomy;
- ii. effective and efficient provision of local government services;
- iii. intergovernmental fiscal architecture as regards the allocation of centrally disbursed grants and other finances as well as local authority variable ability to collect own revenues from tax bases assigned to them;

The study established that the local authority in Zambia are primarily financed through a system of intergovernmental transfers or grants, do not have adequate revenue base to guarantee fiscal autonomy and, are bogged down by limitless political involvements and regulations. In order to ensure that autonomy of local government is guaranteed, the model was developed as in Figure 6.1. In this chapter, a local government autonomy framework was developed using the research findings in chapter four and the framework reviews (attached in the appendices). These reviews were a crucial component to the process of validating the framework and are also discussed in this chapter.

### **6.2 Composition of Stakeholders in the Framework**

Figure 6.1 illustrates the relationship that should exist for achieve local authority autonomy. This framework describes the relationships which aim to develop appropriate intergovernmental fiscal architecture whose objective, inter alia, is to provide clarity on

the degree of horizontal inequity across local authorities. The key stakeholders that are involved in this proposed framework are as follows: the Central Government (and Ministry of Local government), Local Authorities, Commissions, District Committees, Constitutional Court and the People at the local level.

### **6.3 Key Points Regarding the Framework**

The following were important points to note regarding the framework:

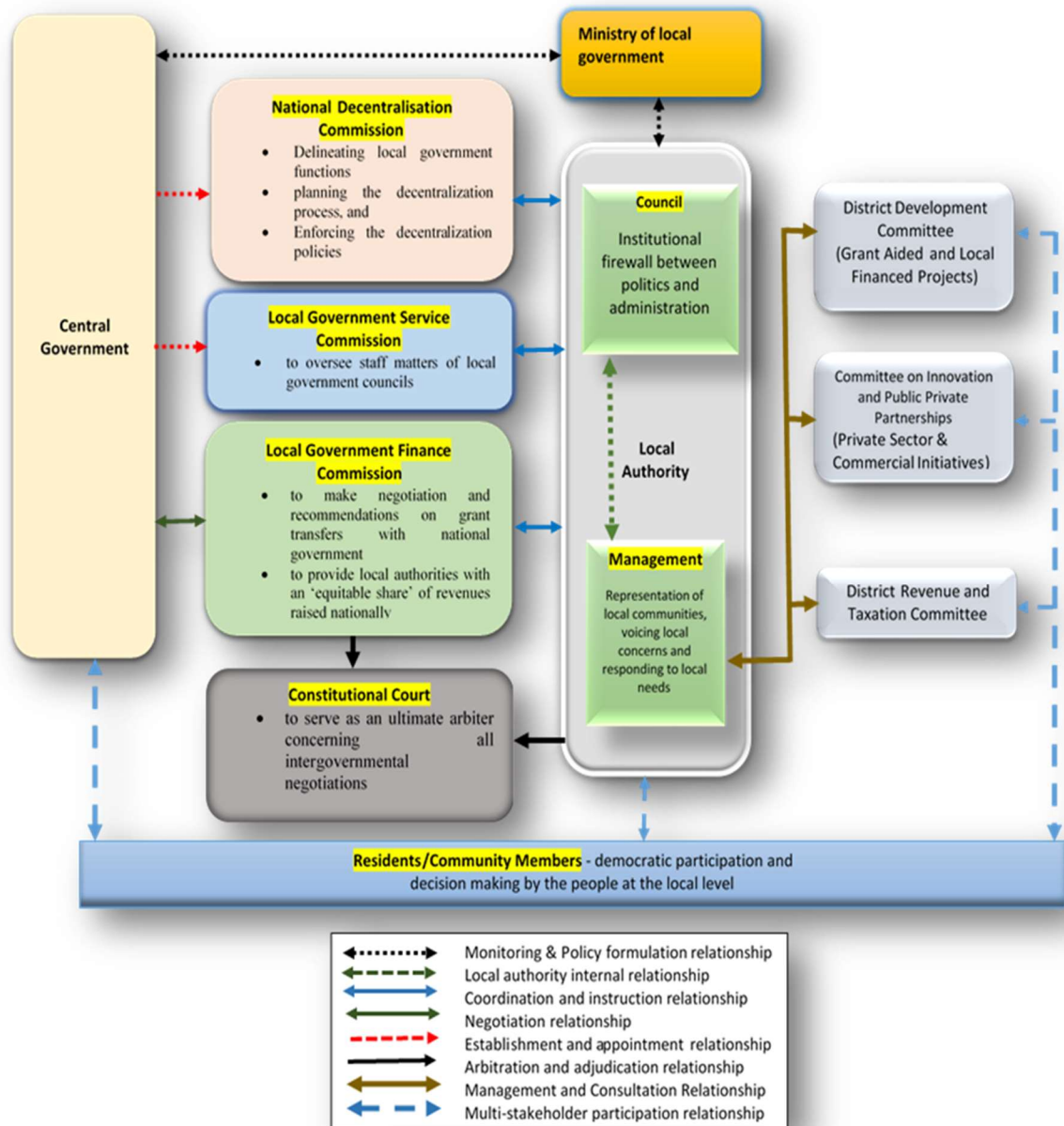
- i. central government successfully limit its authority;
- ii. central government retains significant authority over setting policies and standards in the local government administrative areas;
- iii. primary existence of strong political will and confidence between local and central government officials that facilitate decentralisation and generate strong incentives for local authority performance;
- iv. central government consciously endeavour to sustainably implement and enforce local authority discretion and accountability;
- v. local autonomy as an incentive to respond to local level needs;
- vi. allocation of autonomy to LAs to design and implement local policies and
- vii. central government remains committed to devolving power to local authorities

### **6.4 Stages and Roles of the Stakeholders in the Framework**

#### **6.4.1 Central Government**

The framework requires the central government transfers essential public service responsibilities to local governments. The central government's role will include helping poor councils through intergovernmental grants and transfers. The central government will need to seriously fulfilling its constitutional responsibility to facilitate the transfer of administrative responsibilities to the local authorities. Central government will have a duty to ensure that the rhetorical commitment to democratic decentralization is characterised by the presence of unity of purpose and proper coordination among central government ministries.

Central government will need to develop deliberate legal framework to prevent against recentralisation of power and functions by respective line Ministries. Such a legal framework will need to address unclear and contradictory policies that structures and operationalises decentralisation.



**Figure 6.1:** Framework for local government autonomy

This will ensure that new local government systems are introduced, and functions and resources are devolved with clear direction. Central government will have a duty to ensure these systems are functioning in such a way as not to be used by the powerful to maintain their advantage at the expense of the collective by creating incentives for people to positively work together in socially, economically and politically productive ways at the local level.

The central government will need to support local authorities with policy guidance, financial and technical assistance. Central government will make certain that line ministries will have direct links with local authorities only regarding professional and operational issues involved in service delivery.

#### **6.4.2 The Ministry of Local Government (MLG)**

The MLG is charged with the task of ensuring that the transfer of responsibilities is complete and smooth. The framework require that MLH facilitate and enforce accounting and auditing standards for all local authorities. The MLG will act as a link between central government and the councils and oversee any other policy and issues affecting all local authorities. The Ministry will ensure that the central government does not transfer non-essential responsibilities and overwhelm the local authorities with mostly unfunded responsibilities. This will also ensure that important functions do not remain within the influence of central government. MLG will ensure policy enforcement, inspectorate, and establishment of standards, training, curriculum development and international representation of local authorities.

#### **6.4.3 Local authorities (LAs)**

Local authorities must learn to become financially self-dependent by using local revenues to finance local infrastructural investments and delivery of public services. The decentralization process will need to give the councils the legal power to make decisions on local government administration and local development. As decentralization progresses, local authorities will need to have authority for planning, resource mobilisation, and financial management of locally generated revenue and central government transfers, and delivery of essential and local services.

#### **6.4.4 District Revenue and Taxation Committees (DRTCs)**

These committees will advise the local authorities and recommend on how to effectively raise local revenues. These committees will ensure to effectively and efficiently raise local revenue for local government by analyzing and advising the local authorities concerning finances raised from local sources, such as property rates, ground rent, fees and licenses, commercial undertakings and service charges. These committees will also make recommendations concerning revenue that central government collects on behalf of a respective local authority, such as toll fees, gambling and casino fees, fuel/road levies, motor vehicle registration fees and industrial registration fees, which will be meant to distribute through agreements arising from negotiations between central government and the Local Government Finance Commission.

#### **6.4.5 Local Government Finance Commission (LGFC)**

The distribution of grants will be done by the LGFC in accordance central government negotiations and consequent formula approved by parliament. The LGFC will ensure that all intergovernmental grants are not a result of political initiative. Currently CDF is a fund appropriated by parliament annually for all its members, which is formally managed by Area Members of Parliament. In practice, MPs treat the CDF as their own monies, and ignore oversight by local councils. This commission will provide unlimited oversight of financial decisions in local authorities.

#### **6.4.6 District Development Committee (DDC)**

The DDC shall ensure that projects on which the grants and local revenue are spent are those identified in area development plans in order to fulfil a district development vision. Overall, the DDC will ensure that all district programmes are in line with the government's objective of strengthening local government and its capacity to meet local needs. The DDC will also make sure that all district projects undergo a more transparent and accountable processes. Monitoring of the projects will formerly be undertaken by the DDC. The committee will also provide local checks on the actions of the district executives on implementation of projects. The DDC will enhance participatory development planning process by ensuring that citizen connect with local authority

processes. The DDCs will be used by local executives to provide information and consult the local public on a formal basis.

#### **6.4.7 Committee on Innovation and Public-Private-Partnerships**

These committees will aim at improving local authorities' corporate identity. The committee will foster a culture of public value innovation focus on the importance of design thinking and collaborative problem-solving with communities and the private sector. The committee will foster development of new ideas create and implement new processes, products, services and methods of delivery which result in positive social and economic outcomes for the people at the local level. The committee will be at the centre of new development ideas by partnering beyond government and introducing new strategies which impact directly on the nature of decision-making in the local authority. The committees will ensure local authority involvement the development of new government products which have a commercial or private value as well as a public value.

These committees will make sure that councils are associated with sustainable local development agendas as well as use and adaptation of relevant technologies in the execution of various business agenda. They will ensure that local authorities are involved in the production of new services which have public commercial value by solving community problems with other sectors and knowledge bases. The committee will also enhance ways of achieving local authority economic entrepreneurship to support new market opportunities and social entrepreneurship to ensure community resources are deployed effectively to meet equity challenges.

#### **6.4.8 National Decentralisation Commission**

The NDC will ensure that decentralization does not result in functional fragmentation, unclear mandates, overlapping jurisdictions and responsibilities, and unduly complex processes. The Commission will guarantee that the extent of decentralisation does not differ significantly between sectors by ensuring that central government does not retain control of pivotal functions. The Commission will ensure proper coordination between government agencies, and between government and local authorities does exist. The Commission will address such challenges as policy incoherence, collective action failures, dual administration, complex reporting structures, disjointed planning and the failure of



communities to take part in local decision-making. The Commission will be empowered to provide the necessary coherence and drive to the implementation process and incentivise sector ministries to devolve functions more rapidly.

#### **6.4.9 Local Government Service Commission**

The commission shall ensure the provision of training to local government staff. This will either be organized through capacity building grants allocated to local authorities or through standardized countrywide training provisions. The commission will continue to employ appropriately experienced staff on behalf of local authorities in order to fill capacity gaps. However, this programme should be designed to aim at enhancing local authority ability to target its services to local demand conditions.

#### **6.4.10 Constitutional Court**

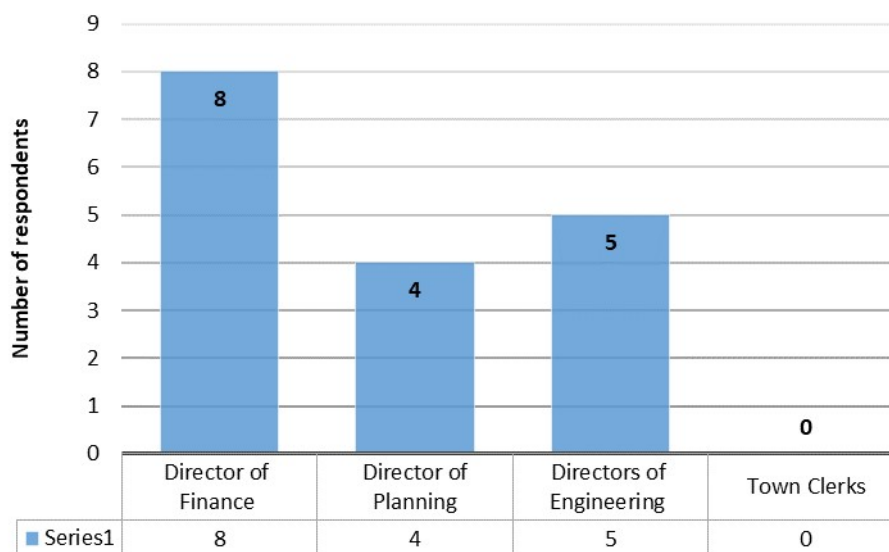
As council's shift towards a self-financing future the policy incoherence of central government will begin to impede progress. Hence, the local authorities will need the constitutional court to act as its arbiter in clarifying roles of central government. The constitutional court being the arbiter for local authorities will ensure that Government as a policy-maker thinks again about the impact of continuous interference in policy and local authority operations. In bid to prioritise powers to local authorities to plan in a sustainable way and ending reliance on intergovernmental grants there must be legal institutions and frameworks in place that will protect the standing of local authorities. The framework emphasizes the principle of cooperation requiring central government and local authorities to exhaust all the efforts to resolve any disputes through intergovernmental negotiation through the local government finance commission. This may also include exhausting any other remedies before approaching a court to resolve a dispute. Nevertheless, the framework proposes the Constitutional Court to serve as an ultimate arbiter. There can be no doubt that the new Constitutional Court will provide a new legal framework which not only explains the legal nature of local authorities but also give statutory protection. Thereto, will significantly advance the requirements and objectives of the Constitution.

## 6.5 Validation of the Framework

The proposed local government framework was validated using experts in the local government sector. The validation process was mainly focused on the practicality and functionality of the framework. The sample for validation was drawn from the target group where the surveys for the questionnaire was drawn. A total of 20 local government finance experts were purposively targeted for the validation exercise. Responses were received from 17 respondents. The respondents were availed with the explanation on how the framework would for them to conduct their assessment.

### 6.5.1 Composition of Respondents

Figure 6.2 presents the composition of the respondents who were involved in the validation process. From the results, it shows that the framework was validated by reasonable representation of experts in the local government administration.



**Figure 6 2:** Professionals that were involved in framework validation

### 6.5.2 Usefulness of the Framework

Respondents were asked whether the proposed framework could be used to empower local authorities, ensure full decentralisation and guarantee fiscal autonomy. Twelve (12) respondents agreed that the framework could be used to empower local authorities. Five respondents disagreed; only one (1) respondent disagreed stating that the current

framework is adequate to ensure local authority autonomy; Four (4) respondents disagreed stating that the central government would not agree to a situation where local authorities became completely independent of its oversight. Results can generally be deduced that the framework can be used to address a quantum of local authority challenges and guarantee some extent of local authority autonomy provided there is unlimited political will.

### **6.5.3 Functionality of the Framework**

Respondents were asked whether the proposed framework was user friendly and can function properly according to the objectives of achieving a local government that is autonomous and an effective deliverer of public services without having to rely on central government grants. Fourteen (14) out of the Seventeen (17) respondents agreed. Three (3) disagreed and stated that all local authorities would need to be made planning authorities to achieve autonomy. Based on the results from the survey, it can be concluded that the framework would function properly and would be user friendly.

### **6.6 Proposed improvements to the framework**

The respondents identified the following key points that should be considered for the functionality of the framework:

- i. The Ministry of Local Government to expedite the designation of all local authorities as planning authorities in order to, among other things, control unplanned development in their respective jurisdictions;
- ii. Explore the possibility of creating provincial revolving accounts to which each local authority in the province shall contribute an equal amount of funds to be used for the acquisition of capital equipment for their use;
- iii. Government to operationalize the new Intergovernmental Fiscal Architecture whose objective, inter alia, is to provide clarity on the degree of horizontal inequity across local authorities as regards the allocation of centrally disbursed grants and other finances as well as their own variable ability to collect own revenues from tax bases assigned to them;
- iv. Local authorities to be innovative in exploring potential local revenue sources by continuously scanning their environments;

- v. A working relationship be established with the Ministry of National Development Planning with a view to developing modalities for local authorities, in the implementation of the 7th National Development Plan and in the localisation of Sustainable Development Goals (SDGs);
- vi. Encourage local authorities to introduce SMART technologies as a measure to improve their management systems and eventually contribute to improving the quality of life for the communities they serve;
- vii. Sensitize local authorities on the contents of the African Charter on the Values and Principles of Decentralisation and Local Development which among other things, aims to promote, protect and act as a catalyst for decentralisation local governance and local development;
- viii. Support local authorities to start making decisions that contribute to the localization and achievement of Sustainable Development Goals (SDGs) considering that all the 17 SDGs have targets directly related to the responsibilities of local government;
- ix. Government to identify specific roles for local government in the implementation of the New Urban Agenda which is a key instrument for sustainable development;
- x. The Local Government Service Commission to ensure that they consult constituent member local authorities on staff matters such as transfers and disciplinary matters, further that the recruitment of new employees be demand driven; Constituent member councils be encouraged to develop time-bound strategic plans which should be treated as living documents that bring about priority setting and change management in their operations;
- xi. Constituent member councils be encouraged to enter into mutual partnerships with financial institutions such as Commercial Banks in order to access financial facilities for public services;
- xii. As the decentralisation process takes root government to ensure that local authorities' financial resources are commensurate with their tasks and responsibilities and that any transfer or delegation of tasks or responsibilities by government should be accompanied by corresponding and adequate financial resources, which ought to be guaranteed in the Republican Constitution;

- xiii. government to ensure that a proportion of the financial resources for local government derive from Local taxes;
- xiv. The Local Government Service Commission to develop a human resource policy for local government aimed at providing adequate training opportunities, remuneration and career prospects in order to enable local authorities attain high quality performance in the provision of services to the citizens;
- xv. local authorities should be allowed to determine, as far as possible, their own internal management systems by adapting them to local needs and ensuring effective management; and in this regard the proposal to introduce results based management in local government be given utmost support;
- xvi. Ensure the removal of provisions that work against councils in levying rates;
- xvii. That member councils develop appropriate Local Economic Development strategies for wealth and employment creation;
- xviii. That government takes steps to harmonise the dualism of roles and responsibilities between the District Commissioner's office and the council.

## **6.7 Summary**

In this chapter, the proposed local government framework was developed that can be used to address drawbacks in the current local government administration, encourage and fast track decentralization and guarantee local authority autonomy. The framework was validated by 17 experts in the local government sector that were involved in the implementation of both grant and locally financed projects. It was deduced that the proposed framework could be used to enhance decentralization and improve local authority autonomy.

## **CHAPTER 7: CONCLUSIONS**

### **7.1 Introduction**

The previous chapter developed and discussed the local government autonomy framework in detail by providing the explanations and interpretation of how the framework can be used. The framework was validated by 17 experts in the local government sector. This chapter provides the study conclusions the objectives of the study which included;

- i. identifying measures LAs are putting in place to improve raising and collection of internally generated revenues;
- ii. explaining the failure of LAs to make any meaningful investments using internally generated revenues;
- iii. developing a framework that will ensure sustained fiscal autonomy

### **7.2 Methods for Raising and Collecting Internally Generated Revenues**

The study identified measures local authorities were using to enhance raising and collection of internally generated revenues. Some of the most notable and practical methods included; zoning the district to augment property tax; introducing cashless payment systems; and carrying out valuation role updates. The study also concluded that that there is need for local authorities in Zambia to generate their own revenue because grants are not sufficient to address all local authorities' interests. It was also established that local authorities are cognisant of that facts that generating adequate own revenues can help break the continuation of the dependency and dominance relationship with central government. Unfortunately, local authorities are unable to generate own revenues since the national government has taken up most revenue streams in the districts and put in place regulations that restrict generation and collection of own revenues. As a result, there is need for central government to retain local authorities' revenue streams to enhance local revenue generation and ultimately enhance local authority fiscal autonomy.

### **7.3 Failure to Implementing Commercial Investment Programmes by Local Authorities**

This research showed that most local-authority-investment-projects are in the nature of social service programmes as opposed to commercial investment programmes. This is so as per requirements of grants which constitute a large proportion of local authority revenues. Since most projects done by local authorities are grant aided and in the nature of social service delivery they, therefore, lack a cost benefit analysis as well as the ultimate need for cost recovery. The research established that the failure to make meaning commercial investments at the local level has been coupled by local authorities' management failure to develop strategies to timely respond to the governments declining financial resource envelope.

In addition, the research found that the involvement of political entities such as Area Members of Parliament and Area Councillors in deciding the type as well as location of projects undertaken by the councils has hindered their (Local Authorities) ability to invest into commercial ventures. The research also concluded that Zambia's political setup deliberately emphasizes concentration of local authority grant resources to politically more visible social projects under the semblance of community development. The study found evidence of contradictory focus between local authorities and local politicians who aimed to maintain their election advantage concerning investment programmes at the expense of collective strategy and local authority interests.

### **7.4 Developing a Framework for Sustainable Local Authority Fiscal Autonomy**

The research established that Decentralisation was viewed as the pinnacle of local authority autonomy in Zambia. The study concluded that the result of full decentralisation would lead to considerable decrease of state control and regulation thereby releasing benefits of decentralized own-source revenues to local authorities. The research also found that the major constraints in implementing decentralisation included;

- i. Continued delay to release decentralised functions by central government
- ii. Lack of political will from central government
- iii. Failure to implement the agreed decentralised structure by central government
- iv. Failure to relinquish some revenue streams to local authorities

- v. Governments unclear policy guidance on decentralisation
- vi. Lack of a standardised system as well as a monitoring mechanism
- vii. Failure to generate adequate own revenue by local authorities

The results of this study suggest the irrefutable need to review the implementation of decentralisation and promptly address all the impeding factors to decentralisation in order to empower and reposition local authorities in the governance system. This study shows that empowering and developing capacities of local authorities' require endless political will more than disbursements of grants on the part of national government. Research results showed that there is need for reviewing the existing revenue streams to include other key sectors in each district in order to achieve the main objectives of empowering and enhancing local authority autonomy through decentralisation. Specifically, the study identified the following measures have as factors to enhance local authority autonomy in Zambia:

- i. Reviewing the existing revenue streams to include other key sectors in each district to expand revenue bases
- ii. Government to have a strategic plan on how to retain and build capacity of local authority staff
- iii. Government to identify local authorities with capacity to attain autonomy and put them on a deliberate programme for 5 years
- iv. Local authorities to implement electronic revenue collection measures and adopt participatory budgeting approaches
- v. Develop flexible systems that enhance public-private-partnerships of local authorities and review valuation roles
- vi. Develop mechanisms to allow local authorities to learn from each other on best practices within 3 years
- vii. Local government service commission to ensure a qualified and motivated staff at all times
- viii. Transfer staff holding devolved functions to local authorities with their corresponding revenue streams within 5 years
- ix. Delimitate bigger wards into smaller ones to facilitate close administration and champion legislative reforms
- x. Facilitate formation of ward development committees to defend community interests
- xi. Government to review its grant policy so as to prioritise funding only local authorities that are truly in need and can demonstrate financial vulnerabilities.



The result also developed a proposed a local government framework that could be used to address drawbacks in the current local government administration system, encourage and fast track decentralization and guarantee local authority autonomy.

The local government grant system in Zambia significantly contribute to lack of revenue-maximizing practices at the local level. Such that, local government has become a victim of central government fiscal distress propagated by the dwindling state financial resources. Hence, these grants are insufficient and always delayed to guarantee capital expenditure in the districts. Devolved functions from various state Ministries have not contributed significantly to local government budgets since they have not yet fully complied with provisions of decentralization. The state must ensure local fiscal autonomy by assigning various revenue sources to local government to generate own revenues and finance local expenditure. It is abundantly clear that local authorities in Zambia are not generating sufficient local revenues to guarantee their budget performance and restrain their overdependence on external grants.

In this study, the proposed local government framework was developed that can be used to address drawbacks in the current local government administration, encourage and fast track decentralization and guarantee local authority autonomy. It was deduced that the proposed framework could be used to enhance decentralization and improve local authority autonomy. This framework is dominated by four major features namely; i) scale of local government revenue base, ii) importance of local own revenues, iii) conformity in the institutional framework, iv) the drawbacks of transfers, and v) importance of local participation.

## **7.5 Recommendation**

The research was limited to identifying the measures local authorities were putting in place to enhance revenue raising and collection. However, there is need to describe and analyse these measures with respect to their adequacy, buoyancy, simplicity or feasibility, convenience and efficiency such that the cost of collecting them is insignificant in relation to collected amounts.

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## APPENDICES

### Appendix 1: Interview Guide

1. What position do you hold in your organisation (local authority or government)?  
.....  
.....
2. How are you involved in the administration of grants?  
.....  
.....
3. Has your LA authority undertaken any investment programmes using grants? (*If yes*). Is there evidence of any cost recovery?  
.....  
.....
4. Has your LA authority undertaken any investment programmes using own resources? (*If yes*). Is there evidence of any cost recovery?  
.....  
.....
5. (*If yes*) How are these investment programmes decided on?  
.....  
.....
6. Does your local authority feel a sense of entitlement towards CG grants?  
.....  
.....  
If yes.  
Why? .....  
..
7. How regularly are grants readily made available from central government?  
.....  
.....  
If not regularly.  
Why? .....
8. Do CG grants make your local authority financially viable? (*In your own understanding*)  
.....  
.....
9. Do you see the need for your LA to generate own resources?  
.....  
.....
10. What do you prefer between your local authority generating adequate own revenues or waiting on CG grants?  
.....  
.....

11. How is your organisation responding to central government dwindling resource envelope?  
.....  
.....
12. How is the usage of the grants determined?  
.....  
.....
13. What is the extent of involvement of political entities (Councilors, Members of Parliament etc.) in deciding the type as well as location of developmental activities a Local Authority undertakes?  
.....  
.....
14. Is central government involved in LA spending? (*If yes.*) How?  
.....  
.....
15. What are the systems (in place) for the reporting and checking on the usage of the grants?  
.....  
.....  
.....
16. Is there evidence of cost recovery as well as management systems that have been put in place?  
.....  
.....  
.....
17. Why do you think central government gives grants to local authorities? (*In your own understanding*)  
.....  
.....  
.....
18. Are central government grants adequate as the primary source of revenue for your LA?  
.....  
.....
19. Can your local authority sustain its operations using own-revenue without having to rely on central government grants?  
.....  
.....
20. If not, kindly state ways in which central government grants are failing to address local authority interests?  
.....  
.....  
.....  
.....



21. If yes, kindly state ways in which central government grants are successfully address local authority interests?

.....  
.....  
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.....

22. What changes would you suggest that would adequately address the inadequacies to the current revenue generating system of your local authority?

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.....  
.....

23. What other measures are you aware of which exist within your local authority that are aimed at generating adequate own revenues?

.....  
.....  
.....

24. Are these measures being implemented properly fulfilling their purpose?

.....  
.....

25. Do you think CG could be using grant system as a way of centralizing authority and decision making?

.....  
.....

26. Are grants encouraging a culture of centrally planned economy? (*in your own understanding*)

.....  
.....

(If no) How is a culture of centrally planned economy encouraged in Zambia?

.....  
.....

27. What can your local authority do to break with the continuation of a culture of centrally planned economy?

.....  
.....  
.....  
.....

28. What can local authorities do to break the dependence and dominance relationship with CG?

.....  
.....

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.....

29. What strategy(ies) can your LA implement to ensure full decentralization?

.....  
.....

.....  
.....

30. What strategy(ies) can your CG implement to ensure full decentralization?

.....  
.....

## Appendix 2: Questionnaire



**The University of Zambia  
Graduate School of Business**

### Questionnaire

**RESEARCH TITLE:**  
FRAMEWORK FOR ADDRESSING DRAWBACKS OF CENTRAL GOVERNMENT  
FISCAL TRANSFERS IN ZAMBIA

Researcher: Moffat Tembo (+260977648863/0966648863)

**Dear respondent,**

This questionnaire is designed to develop a framework for addressing the drawbacks of central government fiscal transfers in Zambia. You have been identified as one of the valuable stakeholder in the Zambian Local Governance system to provide valuable input to this study. I wish to request for some information provided by you through answering some questions outlined below. Kindly note that the information you provide will help in understanding of Zambia's Local Government Grant System.

Please be assured that the information obtained from this research will be purely used for academic purposes. I request you to respond to the questions frankly and honestly. Please be rest assured that your response will be kept *Strictly Confidential*.

After the collection and analysis of data from all the questionnaires, interested parties of this study will be given feedback to the findings on request.

Thank you very much for your time and cooperation. I greatly appreciate your help in furthering the endeavours of this research.

Cordially,

**Moffat Tembo**

## **PART 1. PERSONAL INFORMATION**

Please respond to the following questions by ticking appropriately.

Please note the answers should be based on your experience in local government administration and all information provided shall be treated in the strictest of confidence.

1.1. How are you involved in the administration of grants?

- A. utilization/project implementaion
- B. allocation /disbursement
- C. policy level/guidance
- D. Accountability

1.2. How long have you been working in local government administration/local authority?

- A. 0 - 5 years
- B. 6 -10 years
- C. 11 - 15 years
- D. >15 years

## **PART 2. LOCAL AUTHORITY INVESTMENT**

This part of the questionnaire intends to establish the measures in putting place to ensure commerciality of local authority investments.

*On a scale of 1 = strongly disagree, 2 = Disagree, 3 = Unsure, 4 = Agree, 5 = strongly agree, how would you rate the following statements on local authority investment programmes.*

	Statement	1	2	3	4	5
2.1	There is undue political interference in the implementation of projects at local authority level which hinder Council's ability to invest sensibly/commercially					
2.2	Local authorities in Zambia do not develop business plans and lack capacity to attract Public Private Partnerships (PPP) Investments					
2.3	Most local authorities in Zambia cannot carry out any investment programmes without having to rely on grants					
2.4	There are no guidelines to ensure that councils engage in commercial investments that guarantee cost recovery					
2.5	Local authorities' grant aided projects lack cost benefit analysis and have no cost recovery requirements					
2.6	Grant projects undertaken by the Councils are in the nature of social service programmes as opposed to commercial investment programmes					
2.7	There is involvement of political entities (Councillors, Members of Parliament etc.) in deciding the type as well as location of projects undertaken by a Local Authority					
2.8	Local authorities lack the innovation and capacity to embark on own financed projects due to dependency on government financed projects					
2.9	Councils have no liberty to decide own projects					

## **PART 3. CENTRAL GOVERNMENT GRANTS**

This part of the questionnaire intends to establish the impacts of grants on local authority abilities.

*On a scale of 1 = strongly disagree, 2 = Disagree, 3 = Unsure, 4 = Agree, 5 = strongly agree, how would you rate the following statements on central government grants.*

Statement	1	2	3	4	5
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3.1	Local authorities feel a sense of entitlement towards grants because grants (to councils) are supported by the constitution (legal framework)					
3.2	Grants contribute to local authority dependency on central government because they constitute a predictable source of income					
3.3	Grants contribute to local authority reluctance to generate own revenue					
3.4	There is need for local authorities to generate own revenues because grants are never sufficient					
3.5	Most local authorities in Zambia cannot sustain their operations without having to rely on grants					
3.6	The reason central government gives grants to local authorities is because of perceptions issues and lack of confidence in Local Authorities					
3.7	Local authorities are unable to generate own revenues because central government has taken up most revenue streams and replaced them with grants					
3.8	Government is using grants as a way to centralise authority and decision making					
3.9	Grants are more successfully addressing central government interests than council interests					
3.10	Local Authorities have not yet come up with strategies to respond to government's declining financial resource envelop					

#### **PART 4. INTERNAL REVENUE GENERATION**

This part of the questionnaire intends to measure the ability of local authorities to generate internal revenues.

*On a scale of 1 = strongly disagree, 2 = Disagree, 3 = Unsure, 4 = Agree, 5 = strongly agree, how would you rate the following statements on the generation of own revenue by Councils in Zambia*

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
4.1	There is a small revenue base therefore councils lack alternative revenue sources					
4.2	Local authorities prefer generating own revenue to grants					
4.3	Public-Private-Partnerships (PPPs) are a sure way of intensifying internal revenue generation					
4.4	Generating adequate internal revenue can help break the continuation of the dependency and dominance relationship with central Government					
4.5	Council staff lack the motivation necessary to enhance generation of internal revenues					
4.6	Central government needs to retain revenue streams to local authorities to enhance revenue generation at Council level					
4.7	Replacing cashbooks with Point-of-sale (POS) machines can enhance revenue generation in Councils					
4.8	Automation of processes and utilisation of electronic payments will enhance transparency in revenue collection in councils					
4.9	Integrating stand-alone processes and cleaning up databases through valuation role can help generate adequate internal revenue for local authorities					
4.10	Political interference hinder internal revenue generation					
4.11	Local authority's huge labour force and high turnover costs use up all internal generated revenue					
4.12	Regulations restrict Councils to collect revenue/fees					

4.13	Councils have mismanaged their revenue bases					
4.14	Councils lack innovation with respect to internal revenue generation					

## **PART 5 : CONSTRAINTS IN IMPLEMENTING DECENTRALISATION**

This part of the questionnaire intends to establish the constraints in the implementation of full decentralisation in Zambia's governance system.

*On a scale of 1 = none, 2 = Minor, 3 = Moderate, 4 = Major, 5 = Severe, how would you rank the following statements*

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
5.1	Lack of implementation of circulars by local authorities					
5.2	Lack of political will from central government					
5.3	Lack of sensitization among stakeholders					
5.4	Continued delay to release decentralised function by central government					
5.5	Failure to implement the decentralisation structure by government					
5.6	Failure to relinquish some revenue streams to local authorities					
5.7	Lack of capacity in local authorities to take up extra functions					
5.8	Lack of adequate financial resources and skill set from central government					
5.9	Lack of autonomy in local authorities					
5.10	Failure to demonstrate ability to prudently account for resources in local authority					
5.11	Failure to exhibit staff retention in local authorities					
5.12	Government's unclear policy guidance on decentralisation					
5.13	Lack of standardised system as well as monitoring mechanism					
5.14	Failure to increase revenue collection in local authorities					

## **PART 6 : ENHANCING FISCAL AUTONOMY**

This part of the questionnaire is intended to establish improvements to the local government administration to encourage sustained fiscal autonomy of local authorities.

*On a scale of 1 = strongly disagree, 2 = Disagree, 3 = Unsure, 4 = Agree, 5 = strongly agree, how would you rate the following statements on the attempts to attain sustained fiscal autonomy.*

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
6.1	Reviewing the existing revenue streams to include other key sectors in each district to expand revenue bases					
6.2	Government to have a strategic plan on how to retain and build capacity of local authority staff					
6.3	Government to identify local authorities with capacity to attain autonomy and put them on a deliberate programme for 5 years					
6.4	Local authorities to implement electronic revenue collection measures and adopt participatory budgeting approaches					
6.5	Develop flexible systems that enhance public-private-partnerships of local authorities and review valuation roles					
6.6	Develop mechanisms to allow local authorities to learn from each other on best practices within 3 years					
6.7	Local government service commission to ensure a qualified and motivated staff at all times					
6.8	Transfer staff holding devolved functions to local authorities with their corresponding revenue streams within 5 years					
6.9	Delimitate bigger wards into smaller ones to facilitate close administration and champion legislative reforms					
6.10	Facilitate formation of ward development committees to defend community interests					

6.11	Government to review its grant policy so as to prioritise funding only local authorities that are truly in need and can demonstrate financial vulnerabilities					
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End of questionnaire

### Appendix 3: Validation Questionnaire



The University of Zambia  
Graduate School of Business

3<sup>rd</sup> June 2019

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.....  
.....

Dear Sir/Madam,

#### **Validation of the proposed local government framework for sustainable fiscal autonomy**

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I am a student currently studying for a Master of Business Administration-General at the University of Zambia in the School of Graduate Business. This is a follow up to my earlier questionnaire which was forwarded to you. The purpose of writing to you is to seek for your assistance in the validation of the proposed framework for enhancing and sustaining the fiscal autonomy in local authorities in Zambia. The framework proposes the use of commissions, committees and the constitution court in speed up decentralisation as prerequisite for local attaining local autonomy.

The validation will assess the functionality and usefulness of the proposed framework. The information collected will be used purely for academic purposes and will be held in the strictest confidence possible. I will be more than grateful if you could kindly study the proposed model and answer the accompanying questions.

Yours faithfully,

**Moffat Tembo**

Contact Nos.: (+260966648863)



## QUESTIONNAIRE

### FRAMEWORK FOR ADDRESSING DRAWBACKS OF CENTRAL GOVERNMENT FISCAL TRANSFERS IN ZAMBIA

This questionnaire is intended to validate the functionality of the proposed local government framework for sustainable fiscal autonomy in Zambia. Please study the proposed model and answer the accompanying questions by ticking in the boxes or writing in the spaces provided.

1. Which of the following best describes your position?

Director of Engineering	Director of Planning	Director of Finance	Town Clerk	If Other specify

2. Do you think the proposed model can be used for empowering the local authorities to become financially independent?

If 'No', state the

Yes	No

reason (s) why?

.....  
 .....  
 .....

3. Do you think the proposed model can be used to improve implementation of decentralisation in Zambia?

Yes	No

If 'No', state the

reason(s) why?

.....  
 .....  
 .....

4. State any improvements that can be incorporated in the model to address drawbacks of central government transfers and ensure local government fiscal autonomy.

.....  
 .....  
 .....  
 .....

5. Do you think the proposed model is user friendly with respect to Zambia's political context?

Yes	No

If 'No', state

the reason(s) why?

.....  
.....  
.....  
.....

6. State any other comments with regard to the proposed model.

.....  
.....  
.....  
.....

**Name:** ..... **Signature:** ..... **Position:** .....

