

ABSTRACT

This dissertation discusses fiscal decentralization and service delivery with particular attention to Lusaka City Council (LCC), one of the local authorities in Zambia.

Zambia's local government system encompasses an ideology of fiscal decentralization. In addition, the Local Government Act of 1991 provides for the funding of local councils by central government, and councils have been empowered by the law since 1980 (Local Administration Act) to engage in whatever business ventures, without restrictions from central authorities. Consequently, it is thought and expected that councils should have enough money to finance their projects and programs adequately. However, in spite of the existence of measures aimed at fostering decentralization in general and fiscal decentralization in particular, councils countrywide do not have sufficient financial resources to facilitate the effective performance of their functions, a situation which results into dismal service delivery and underdeveloped localities. This was the research problem.

The general objective of the study was to assess the effectiveness of fiscal decentralization on service delivery by LCC. Specific objectives were: to determine the extent to which LCC collects revenue in relation to the services to be provided; to establish the extent to which LCC possesses autonomy over council expenditure; to examine the extent to which financial administration in LCC is transparent and accountable; to determine the adequacy of central government grants to LCC; to examine the usefulness of the legal and institutional frameworks regarding fiscal decentralization; and to find out the satisfaction levels of the local residents with regard to the services received from LCC.

The study was both descriptive and explanatory in terms of its design. Both primary and secondary data were collected. Interviews, focus group discussions and questionnaires were used to collect both qualitative and quantitative data. Purposive sampling was used to select individuals who hold key positions regarding council operations, while simple random sampling was used to select local residents from all the seven constituencies in Lusaka City. Data were analyzed using both Excel (quantitative data) and the Manual or Narrative Method (qualitative data).

The study found out that LCC collects less revenue than the cost of services to be provided; Central government transfers to LCC are inadequate; and the majority (86 percent) of the people of Lusaka City are either unsatisfied or very unsatisfied with the services received from the council. The researcher recommends that LCC should ensure that all the properties/buildings developed and developing within the city are captured on the council Valuation Roll by up-dating it regularly, and central government should permit local authorities to use Road Tax and VAT to broaden their revenue base.

TO MY BELOVED MOTHER, *MRS LUCY NALAVWE KASALE MUTUNGWA*,
WHOM I OWE EVERYTHING IN MY POSSESSION

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TABLE OF CONTENTS

CONTENT	PAGE
LIST OF FIGURES.....	x
LIST OF TABLES.....	xi
LIST OF ABBREVIATIONS AND ACRONYMS.....	xii
CHAPTER ONE: INTRODUCTION.....	1
Background.....	1
An Overview of Local Government and the Development of Local Authority Administration in Zambia since 1964 when the country gained Independence.....	2
Statement of the Problem.....	8
Purpose of the Study.....	9
Hypothesis.....	9
Rationale of the Study.....	9
Conceptual Framework.....	10
Literature Review.....	23
Methodology.....	58
References.....	60
CHAPTER TWO: A SOCIO-ECONOMIC PROFILE OF LUSAKA CITY AND OVERVIEW OF LUSAKA CITY COUNCIL.....	64
A Socio-economic Profile of Lusaka City.....	64
Overview of Lusaka City Council.....	69
Conclusion.....	70
References.....	71

CHAPTER THREE: LOCAL AUTHORITY FINANCING AND ITS MANAGEMENT.....	72
Introduction.....	72
Local Revenue Sources and Collection	72
Central Government Transfers.....	78
Financial Administration.....	82
Expenditure Responsibilities.....	84
Conclusion.....	89
References.....	90
CHAPTERFOUR: SERVICE DELIVERY.....	91
Introduction.....	91
Major services provided by LCC.....	91
Problems Faced by LCC in the Delivery of Services.....	100
Satisfaction Levels of the Local People.....	102
Conclusion.....	105
References.....	106
CHAPTER FIVE: CONCLUSION.....	107
References.....	113
Appendices.....	114
Appendix A: 2010 Questionnaire - Council Appointed Officials.....	114
Appendix B: 2010 Questionnaire - Local Councilors.....	116
Appendix C: 2010 Questionnaire - Central Government Officials.....	118
Appendix D: 2010 Questionnaire - Local People.....	121

Appendix E: Functions of a Council.....	124
Appendix F: 2010 Photos from Lusaka City.....	128
Bibliography.....	136

LIST OF FIGURES

FIGURE 3.1: Views of council appointed officials with regard to the willingness of the people of Lusaka to pay rates, levies and other taxes to LCC.....	74
FIGURE 3.2: Local people's views on whether or not LCC rates, levies and other taxes are affordable.....	77
FIGURE 3.3: Local people's views on whether or not LCC spends its finances in an appropriate way.....	88
FIGURE 4.1: Satisfaction levels of the local people with regard to services received from LCC.....	103

LIST OF TABLES

TABLE 2.1: Lengths of Main Road Network in Lusaka District.....	68
TABLE 3.1: Central Government Grants to LCC in 2007, 2008 and 2009.....	79
TABLE 4.1: Problems faced by LCC in the provision of services.....	100

LIST OF ABBREVIATIONS AND ACRONYMS

ABB	- Activity Based Budgeting
AWP	- Aerial Work Platform
CBD	- Central Business District
CBE	- Community Based Enterprise
CDF	- Constituency Development Fund
CSO	- Central Statistical Office
DDCC	- District Development Coordinating Committee
DLGO	- District Local Government Officer
DMMU	- Disaster Management and Mitigation Unit
DSA	- District Situation Analysis
GDP	- Gross Domestic Product
GRZ	- Government of the Republic of Zambia
JICA	- Japan International Cooperation Agency
LCC	- Lusaka City Council
LDHM	- Lusaka District Health Management Board
LGAZ	- Local Government Association of Zambia
LWSC	- Lusaka Water and Sewerage Company
MLGH	- Ministry of Local Government and Housing
MMD	- Movement for Multiparty Democracy
MP	- Member of Parliament
NCC	- National Council for Construction
NDP	- National Decentralization Policy
NGO	- Non-Governmental Organization
NRFA	- National Road Fund Agency

NRDC - National Resource Development College
PF - Patriotic Front
PLGO - Provincial Local Government Officer
PUSH - Program Urban Serf Help
RDA - Road Development Agency
RDC - Resident Development Committee
RTSA - Road Transport and Safety Agency
TAZARA - Tanzania Zambia Railway Authority
UNDP - United Nations Development Program
UNIP - United National Independence Party
UNZA - University of Zambia
URT - United Republic of Tanzania
UTH - University Teaching Hospital
VAT - Value Added Tax
WDC - Ward Development Committee
WDF - Ward Development Fund
ZAMTEL - Zambia Telecommunications Company
ZANACO - Zambia National Commercial Bank
ZDC - Zone Development Committee
ZESCO - Zambia Electricity Supply Corporation
ZULAWU - Zambia United Local Authorities Workers Union

