

**THE EFFECTS OF A UNITARY STATE ON LOCAL AUTHORITY
REVENUE MOBILIZATION IN ZAMBIA: A STUDY OF LUSAKA, CHONGWE
AND KAFUE LOCAL COUNCIL'S**

BY

RICHARD SILILO

**A Dissertation submitted in partial fulfillment of the requirements for the degree of
Master of Public Administration (MPA).**

THE UNIVERSITY OF ZAMBIA

2021

DECLARATION

I, RICHARD SILILO, hereby declare that the work presented in this dissertation is the result of my research work and that it has not previously been submitted for a degree, diploma or other qualification at this or another University.

Sign:

Date:

COPYRIGHT

@ 2020 by Richard Sililo, All rights reserved. No part of this dissertation may be reproduced or stored in any form or by any means without prior permission in writing from the author or the University of Zambia.

APPROVAL

This dissertation of RICHARD SILILO is approved as fulfilling the partial requirement for the award of Master of Public Administration Degree by the University of Zambia.

Examiner

1.....Signature.....Date.....

Examiner

2.....Signature.....Date.....

Examiner

3.....Signature.....Date.....

Chairperson,

Board of

Examiners.....Signature.....Date.....

Supervisor

.....Signature.....Date.....

ABSTRACT

Most countries worldwide, including Zambia, have adopted a unitary system of government. In such countries, the central government exercises greater control over local authorities' operation, including revenue mobilization.

The overall objective of this study was to investigate the effects of a unitary state on local authority revenue mobilization in Zambia. The specific objectives were; to examine the adequacy of the various sources of revenue for local authorities; to investigate the extent at which central government use the legal and institutional framework to control local authority revenue mobilization; to investigate the effects of the central government control on local authority revenue mobilization; to make policy recommendations that would ensure that central government policies improve local authority's revenue mobilization.

This was an exploratory research and was a one-time case study. This research was confined to Lusaka City council, Chongwe municipal council and Kafue town council. Qualitative approach was used in this research. Primary and Secondary sources of data was used in this research. The sample size of this study comprised 18 key informants; 4 from each council, 3 from the Ministry of Local Government, 2 from the Ministry of Finance and one Official from the Decentralization Secretariat. The two key informants were purposively selected. It made use of semi-structured interviews to collect qualitative data, which were analysed using content analysis and thematic analysis.

In regard to the first specific objective on the adequacy of various sources of local authority's revenue, the findings reveal that the sources of revenue for local authorities are in two categories; these are traditional and non-traditional sources of revenue. Both traditional and non-traditional sources of revenue for local authorities are inadequate to facilitate service provision in local authorities. In regard to the Second specific objective on the extent at which central government use the legal and institutional framework to control local authority revenue mobilization, the findings reveal that central government has to a larger extent, used the legal and the institution framework to control local authorities' revenue Mobilization. In line with the third specific objective on the effects

of Central Government Controls on local authority revenue mobilization, the findings reveal that central government controls have had positive and negative effects. The findings reveal that central government has played an important role into preventing local authorities from venturing in public-private partnerships that provide more profit to the private company at the expense of local authority's revenue base. Central government has also helped local authorities find ways on how to make residents tax compliant. The findings also reveal that central government controls have helped local authorities venture into operations that have helped them generate more revenue.

The findings further reveal that central government controls have hindered effective revenue mobilization in local authorities, as conditions attached to local grants have prevented local authorities from investing so as to generate more revenue. Delays in approving proposed levies and rates by the Minister of Local Government have prevented local authorities from generating the required revenue on time. The findings further reveal that the Minister of Local Government at times takes long in approving partnerships that would award local authorities more revenue. The findings have also shown that directives from central government to reduce user fees have resulted in reduction of local authority's revenue.

To ensure effective revenue mobilization, government should consider revising the Acts of parliament so as to allow local authorities urgent decisions regarding revenue mobilization without seeking central government approval. Furthermore, the Ministry of local government and local authorities should work together in reducing political interference on matters related to local authority's revenue mobilization.

Keywords: *unitary state, local authority revenue mobilization, central government controls, effects*

DEDICATION

To my Uncle, Charles Albert Mwanza, and Aunty, Janet Chitondola Mwanza.

ACKNOWLEDGEMENTS

This project would not have been possible without the support of many people. I hereby wish to thank the following for their support rendered to me in my studies:

My supervisor, Dr Weston Mafuleka, for his time, patience and commitment in providing the relevant guidance that I needed in my studies and for this dissertation to take shape. My Post-Graduate Coordinator, Dr Clever Madimutsa, for his tireless effort and commitment in providing relevant Guidance that I needed in my studies.

My Current Superiors, at the department of Political and Administrative studies at the University of Zambia, Mr Penzi Shikabi and Mr Kingsly Namangala, for their intellectual guidance. My gratitude also goes to all members of the Department of Political and Administrative Studies at the University of Zambia for the support they gave me when I needed it.

My family Members, especially my uncle (Charles Albert Mwanza), My Aunty (Janet Chitondola Mwanza), i am grateful to them. I am also grateful to management at the Ministry of Local Government, Ministry of Finance, Lusaka City council, Chongwe Municipal Council and Kafue town council .To these and others, not mentioned, who in one way or another contributed to the success of this research, I am very thankful.

Table of Contents

DECLARATION	i
COPYRIGHT	ii
APPROVAL	iii
ABSTRACT	iv
DEDICATION	vi
ACKNOWLEDGEMENTS	vii
LIST OF TABLES	xiii
LIST OF FIGURES	xiv
LIST OF APPENDICES	xv
ABBREVIATIONS	xvi
CHAPTER ONE	1
BACKGROUND	1
1.1 introduction	1
1.2 Statement of the Problem.....	6
1.3 Research Objectives.....	7
1.3.1 General Objective	7
1.3.2 Specific Objectives	7
1.4 General question	8
1.4.1 Specific questions	8
1.5 Significance of the Research.....	8
1.6 Conceptual Framework.....	9
1.6.1 Definition of key concepts	9
1.6.2 Conceptual framework guiding the research.....	10
1.7. Structure of the Dissertation	13
CHAPTER TWO	15
LITERATURE REVIEW	15
2.1. Introduction.....	15
2.2 Literature on Local government finance.....	15

2.2.1 Literature on Zambia.....	15
2.2.2 Literature on other African countries	18
2.2.3 Literature on developing countries outside Africa.....	20
2.2.4 Literature on developed countries.....	21
2.3 Literature on unitary states.....	23
2.3.1 Literature on Zambia.....	23
2.3.2 Literature on other African countries	23
2.3.3 Literature on developing countries outside Africa.....	24
2.3.4 Literature on developed countries.....	25
2.4 Summary	28
CHAPTER THREE	30
RESEARCH METHODOLOGY	30
3.1 Introduction.....	30
3.2 Type of Research	30
3.3 Scope of the Research.....	31
3.4 Research Approach	32
3.4 Research Design	33
3.6 Sources of Data	33
3.7 Sample Size	33
3.8 Sampling Methods	34
3.9 Data Collection Methods	34
3.10 Reliability of Data.....	35
3.11 Validity of Data.....	36
3.12 Data Analysis Techniques.....	36
3.15 Research Ethics	37
3.16 Limitations of the Research	37

CHAPTER FOUR	39
ADEQUACY OF VARIOUS SOURCES OF LOCAL AUTHORITIES REVENUE.....	39
4.1. Introduction.....	39
4.2 Sources of revenue for local authorities.....	39
4.2.1 Traditional sources of Revenue	40
4.2.1.1 Levies	40
4.2.1.3 Property rates	43
4.2.1.4 Personal levy.....	44
4.2.1.2 License	44
4.2.1.6 Public – Private Partnership.....	46
4.2.1.7 Donations	46
4.2.1.8 Borrowing	48
4.2.2 Non-Traditional sources of Revenue	48
4.2.2 .1 Equalization fund.....	49
4.2.2 .2 Constituency development fund.....	49
4.2.2 .3 Grants in lieu of rates.....	50
4.3 Extent to which Local authorities are able to mobilize revenue.....	51
4.4 Adequacy of local authorities mobilized Revenue.....	56
4.5 Challenges faced in mobilizing revenue for the local authorities	58
4.5,1 challenges faced by the local authorities in raising revenue using the most reliable and the least reliable source.....	58
4.5.2 Challenges faced by the local authorities in raising revenue rising revenue using other sources of revenue.....	62
4.6 Summary.....	69
 CHAPTER FIVE	 71
EXTENT AT WHICH THE LEGAL AND INSTITUTIONAL FRAMEWORK HAS BEEN USED TO GUIDE LOCAL AUTHORITIES REVENUE MOBILIZATION.....	71
5.1. Introduction	71
5.2 Legal framework that has been put in place to guide local authorities’ revenue mobilization.	71

5.3 Institutional framework that has been put in place to guide local authorities’ revenue mobilization.	76
5.4 Extent at which the Central Government has used the legal and institutional framework to guide local authorities’ revenue mobilization.	79
5.5 Summary	83
CHAPTER SIX	84
EFFECTS OF CENTRAL GOVERNMENT CONTROL ON LOCAL AUTHORITY REVENUE MOBILIZATION	84
6.1 Introduction	84
6.2 Effects of central government control on local authorities revenue mobilization.....	84
6.2 .1 Effects of central government controls on local authorities donations and borrowing	84
6.3.4 Effects of central government controls on local authority revenue generation through user fees.	89
6.3.5 Effects of central government controls on local authority revenue generation through user public-private partnership.....	91
6.2.6 Effects of central government controls on revenue generation through personal levy.	93
6.3.7 Effects of central government controls on local authority revenue generation through Levies.....	94
6.4 Summary	95
CHAPTER SEVEN	97
CONCLUSIONS AND RECOMMENDATIONS	97
7.1 Introduction.....	97
7.2 conclusions.....	97
7.3. Recommendations.....	99
7.3.1. Policy Recommendations.....	99
6.3.2. Areas for Future Research.....	101

REFERENCES..... 102

APPENDICES..... 111

 a)Interview guide for local authority personnel 111

 b) Interview guide for officials at the ministry of finance 115

 c) Interview for officials at the ministry of local government 120

LIST OF TABLES

Table 5.1: Budgeted and collect amount from property rates for 2019 Local authority budgets.....51

Table 5.2: Performance of Council Revenue Sources 2006.....53

Table 5.3: Budgeted and collect amount from permits.....55

Table 5.5: LGEF Budget Status..... 65

LIST OF FIGURES

Figure 1.1: The conceptual framework guiding the research.....10

Figure 5.1: Burnt Lusaka city market.....41

Figure 5.2: Demographic Map in Chongwe.....60

LIST OF APPENDICES

Appendix A: Interview guide for local authority personnel.....111

Appendix B: Interview guide for officials at the ministry of finance.....115

Appendix C: Interview guide for officials at the ministry of local government.....120

ABBREVIATIONS

CDCC	Constituency Development Coordinating Committee
CDF	Constituency Development Fund
CMC	Chongwe Municipal council
CSO	Central Statistical Office
DDCC	District Development Co-ordination Committee
IFA	Intergovernmental Fiscal Architecture
ILO	International labour organization
K	Zambian Kwacha
KTC	Kitwe Town Council
LCC	Lusaka City Council
LGEF	Local Government Equalization Fund
LWSC	Lusaka Water and Sewerage Company
MMD	Movement for Multi-party Democracy
MoF	Ministry of Finance
MoH	Ministry of Health
MoL	Ministry of Local Government
NDP	National Decentralization policy
NGO	Non-Governmental Organisation
NPM	New Public Management
PAYE	Pay as You Earn
PDCC	Provincial Development Co-ordination Committee

PPP	Public-Private partnership
PSRP	Public Service Reform Programme
S I	Statutory instrument
SAPs	Structural Adjustment Programme
SPSS	Statistical Package for Social Sciences
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children Emergency Fund
UNIP	United National Independence Party
USAID	United State Agency for International Development
USD	United States Dollar
WB	World Bank
WDC	Ward Development Committee
WHO	World Health Organization
ZANACO	Zambia National commercial Bank

CHAPTER ONE

BACKGROUND

1.1 introduction

Most states worldwide work under a unitary system of government. For example, 165 out of nearly 192 states that are members of the United Nations are unitary states (Sewa, 2017). A unitary state refers to a country that has one supreme authority which rules over all other delegations. Countries that have adopted a unitary system of government have two tiers: the central and the local government (Manikkalingam, 2000). In a unitary state, the central government has supreme authority over the local government. A great majority of all the world's nation-states have unitary systems of government, including, Bulgaria, France, Great Britain, the Netherlands, Japan, Poland, Romania, the Scandinavian countries, Spain and many of the Latin American and African countries (Heslop, 2011). World Bank (2019) estimates that about 75% to 85% of the countries in Africa are unitary states. These include South Africa, Algeria, Libya, Egypt, the Democratic Republic of the Congo, Morocco, Uganda, Botswana, Kenya and Zambia, among many others.

Zambia is a unitary state with two spheres of government, namely the national and local government. There is constitutional provision for local government and the main governing legislation in Zambia includes the Local Government Act 2019 and the Local Government Elections Act 1992. The Ministry of Local Government is responsible for overseeing all councils in Zambia. There are three types of councils in Zambia; these are City, Municipal and Town council. In general, city councils are located in those urban districts which have more population and diversification in economic activities, while the municipal councils cover the suburban regions. District councils are located in those relatively rural districts which have less population and rely heavily on agriculture, and hence have fewer local tax revenue resources. There are currently 117 councils (MLG, 2020).

The Zambia Local Government Amendment Act, 2019, contains many functions which a Council may discharge. These range from general administration, agriculture, community development, education, public health and public order. However, any function which a Council discharges must be within the purview of the main law. Anything done outside the main, in this case, the Local Government Acts, 2019 is ultra vires. Among the functions stipulated in the Act include establishing and maintaining roads, bridges, ferries, watercourses, street lighting and public transport, as well as provide fire fighting and environmental health services. The Act also states that councils should provide and maintain supplies of water; maintain drains, sewers and roads; and dispose of sewage and refuse. They also maintain cemeteries, crematoria and mortuaries, parks, zoos, gardens, pleasure grounds, camping grounds, caravan sites, art galleries, libraries, museums and film services.

In 1964 Zambia was the economic power house of the region due to its rich copper mines and their copper earnings. Despite this however, Zambia inherited from the colonial government a lot of social, political and economic ills. Zambia faced a huge challenge which eventually brought it to its knees in the Second Republic. However, it is important to note that some of the ills had nothing to do with Colonialism. The 1972 oil shocks reduced copper prices to a low record. In 1991 the Movement for Multi-party Democracy (MMD) under president Chiluba came into power and accepted the SAPs which Kaunda tried to resist. The highly indebted Zambia had to adhere to SAPs for more borrowing. The MMD government, however, faced a brighter side after the new era emerged called the “New Deal government” under Mwanawasa which enjoyed the HIPC completion point debt cancellation. Mwanawasa enjoyed a more lucrative government and embarked on poverty alleviating schemes. The MMD government closely worked with local authorities in providing quality services to the people. This saw Zambia’s economy begin to grow, prices of commodity prices dropping and general improvement in the livelihood of ordinary Zambians (Mtetsha, 2013).

The councils were able to provide these services because of the good economic conditions in the New Deal government and the various sources of local government

revenue, which were locally generated and grants from central government. Local income that the local authorities generate within their area of jurisdiction include ground rates, local taxes, user fees, licenses, levies, voluntary contributions, market and bus station fees, Partnerships with financial intermediaries such as the private companies (Chibiliti,2010). Because these locally raised revenues by local authority tend to be insufficient to enable the local authorities provide adequate and quality services to the people, the central government normally provides grants to them.

The main types of grants from central government are the equalization fund and the constituency development fund. The constituency development fund (CDF) was approved by parliament in 1995 to finance micro-community projects for poverty reduction. As part of their annual capital programmes, each area member of parliament is mandated to include CDF for community based projects in his/her area. The CDF committee is required to account for the funds in accordance with the law. However, there has been so much control of CDF by central government. In accordance with the local government Act Cap 281 of the Laws of Zambia and the Local Authorities Financial Regulations (Statutory Instrument No. 125 of 1992) auditing of constituency development fund is carried out regularly by the local government auditors of the ministry of local government and housing. The Minister signs CDF funds before they are dispersed and all local authority's monthly receipts and payments supported by the bank reconciliation statements for each account are submitted to the office of the provincial local government. This shows that the central government has so much control on how CDF is used (Ministry of Local Government, 2016).

The functions of the council have increased over the years and there has been regional imbalance in the country. This forced the government to amend the 1991 Act in 2014 and introduce the equalization fund. The Local Government Amendment Act, 2014 established the local government equalization fund. Each year parliament allocates approximately not less than 20 percent of the total amount to local authorities. The introduction of the Local Government Equalisation Fund brought a glimmer of hope to poor communities that felt socially excluded in terms of access to the national cake. The

Local Government Amendment Act 2014 states that the Equalization fund shall be vested in the Minister responsible for finance and it's administered by the Minister responsible for local government. The Act clearly states that the minister responsible for local government will determine the formula to use in disbursing funds to different local authorities, depending on the level of development in the area. The Local Government Amendment Act 2014 states that any balance in the Fund at the close of each financial Year has to be retained by the ministry of finance, including any deficiency realized in any year. The councils have little say towards key decisions in the utilization of the equalization fund.

The councils have also contributed to the poor utilization of the fund. The Auditor General Report 2018 revealed that the Lusaka City Council (LCC) misapplied over K3 million of the Local Government Equalization Fund by using it to procure motor vehicles for senior management. It also revealed that the local authority was as at 31st December 2017, owing Pay as You Earn (PAYE) and other contributions amounting to over K160 million which were deducted from employees, earnings but not remitted to the respective institutions. This is contained in the Report of the Auditor General on the accounts of Local Authorities for the financial years ended 31st December 2015, 2016 and 2017. During the period under review, the council received amounts totaling K47, 135, 414 as Equalization funds out of which at least K9, 427,083 was to be used on capital projects. However, K3, 108,965 was used to procure motor vehicles for senior management (GRZ, 2019).

Following failures to account for the use of the local government equalization fund, the Minister of Local Government, Vincent Mwale, in 2015 froze the disbursement of the equalization fund and advised the local authorities to be self-sustaining. This now forced the local authorities to be self-sustaining (ibid). This is not the first time central government is advising the local authorities to be self-sustaining. It is important to note that in 1984 government sounded a warning, directing local authorities to be self-sustaining. However, no firm and reliable guidance was given to local authorities on how to develop new finances (Mooba, 2002).

In order to make local authorities self-sustaining and prevent wastage of resources, the 2002 and 2016 local government amendment Acts empowered central government through the Ministry of Local Government to guide Local authorities on the management and utilization of constituency development fund and physical verification of completed projects in all 156 constituencies in Zambia. In accordance with the local government Act Chapter 281 of the Laws of Zambia, the ministry of local government is tasked to carry out regular audit inspections in local authorities (Local Government Act, 2002).

It is important to note that Zambia is a unitary state hence; the central government normally formulates national policies which local authorities are supposed to follow. The sources of income for local authorities in Zambia have since independence in 1964 been subjected to changes in government which comes with different political ideologies. Lolojih (2001) noted that certain government policies of transferring traditional sources of income from the council to central government normally have an effect on the local government revenue base. For instance, motor vehicle licenses were also another source of income where local authorities were getting commission. Local authorities relied on this source of revenue, but the change in policy and the establishment of the Road Transport and safety Agency affected the local government revenue (Chibiliti, 2010).

The 2019 Local Government Act to some extent gave the central government more powers over local authority's revenue mobilization. In accordance with Local Government Amendment Act 2019, if the minister of local government, upon receiving a report on a local authority, that a function of a local authority is being exercised improperly or Inefficiently, he/she can call for a meeting of the council to point out the irregularities and give the local authority the guidance. The 2019 local government Act does not allow local authorities to charge rates from many exceptional properties such as the religious building and educational premises. For instance, the Minister of Local Government has to approve any grant, borrowing of money for any purpose, making of by-laws and estimates on revenue and expenditure (GRZ, 2019).

It is important to note that Lusaka City Council has got a much broader revenue base than other councils in the country because of its location. The major sources of local government revenue for Lusaka City Council are property rates and general revenues that comprise personal levy, licences and bill boards. Other sources include parking fees, market levy, ground rent, the manufacturing and sale, schools and industrial uniforms, bus station levy and other miscellaneous sources. Unlike Municipal and Town councils, there are more markets and business owners and a large community base in Lusaka (Loljih, 2008).

Apart from having a narrower revenue base, Municipal and Town councils have difficulties collecting what belongs to them for various reasons. Resistance from Kafue district residents has been considered to be the major constraint associated with revenue collection. Residents argue that the Kafue district council is not performing as expected hence does not deserve to be paid (chibiliti, 2010). The politicisation of activities in markets and bus stations is also blamed for the poor revenue collection from these sources. Political party cadres, especially from the Patriotic Front (PF) are causing confusion in these areas by collecting some form of fees and yet it is the responsibility of the local authorities. These cadres collected fees from both bus drivers and marketers. This has led to councils collected less than what they budget. In 2015 for example, the Kafue district council estimated to collect amounts totalling K90, 4112, but only K83, 815,090 were received resulting in a variance of K6, 597,677 (GRZ,2019).

1.2 Statement of the Problem

Despite local authorities being key players in the promotion of democracy and development in the nation over the years, the local authorities have been failing to provide quality and effective services to the people. The failure to perform has been attributed to lack of adequate finances in local Authorities (USAID, 2018). In trying to improve service provision, local authorities have embarked on various methods of generating enough revenue. These include, taxation, licences, public-private partnership and at times local authorities borrow money from private companies. However, because

Zambia is a unitary state, local government is a creation of the central government. Local Authorities follow policies from central government and ask for approval from the central government on a number of issues. Local Authorities cannot change tax rates without approval by the minister of local government (Local Government Amendment Act, 2019). The Public Finance Management Act 2018 state that local authorities shall not borrow monies except with the written authority of the Secretary to the Treasury and the Minister of Local government. The Local Government Act 2019 states that local authorities shall not 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 of local government. This, therefore, raises the question: what effects arise from the situation where the central government is in full control of local authorities in the operation of revenue mobilization?

1.3 Research Objectives

1.3.1 General Objective

The general objective of the research is to investigate the effects of a unitary state on local authority revenue mobilization in Zambia.

1.3.2 Specific Objectives

The specific objectives of the research are as follows:

- 1.3.2.1 To examine the adequacy of the various sources of revenue for local authorities.
- 1.3.2.1 To investigate the extent at which central government use the legal and institutional framework to control local authority revenue mobilization.
- 1.3.2.2 To investigate the effects of the central government control on local authority revenue mobilization.
- 1.3.2.3 To make policy recommendations that would ensure that central government policies improve local authority's revenue mobilization.

1.4 General question

The general question of the research is: what effect does the unitary state have on local authority revenue mobilization?.

1.4.1 Specific questions

The specific questions of the research are as follows:

- 1.3.2.1 How adequate are the various sources of revenue for local authorities?
- 1.3.2.2 To what extent does central government use the legal and institutional framework to control local authority revenue mobilization?
- 1.3.2.3 What are the effects of the central government control on local authority revenue mobilization?
- 1.3.2.4 What policy recommendations would ensure that central government policies improve local authorities revenue mobilization?.

1.5 Significance of the Research

The significance of this research is that it will provide information on the effects of a unitary system of government on local authority revenue mobilization in Zambia. This is because finances play an important role in facilitating effective and quality service delivery. Local authorities, being a creation of the central government, have time and again received grants from central government. However, it is believed that these grants come with conditions (MLGH, 2016). The researcher decided to undertake this study because of the following reasons: The first being to provide information to concerned citizens, researchers and government officials on the adequacy of various sources of local government revenue. The second being to provide policy makers and local government officials with the evidence based information on the effects of the central government control on local authority revenue mobilization. This will enable government officials to formulate plans and laws that will improve local authorities' revenue. Lastly, this study will provide policy recommendations to policy makers to formulate policies that will improve local authorities' revenue mobilization.

1.6 Conceptual Framework

The presentation of the conceptual framework is in two parts. These are definition of key concepts and the conceptual framework guiding the research.

1.6.1 Definition of key concepts

The key concepts in this research are:

1. **Effects:**-this refers to the results or consequences caused by the unitary system of government on local government resource mobilization.
2. **Local authority:**-Refers to an organization that comprises elected and appointed officials responsible for the provision of all public services and facilities in a particular area. These public services include provision of school, hospitals, feeder roads, street lights etc.
3. **Unitary state:**-Refers to a political arrangement where executive, legislative and judicial powers are concentrated at the Centre. Under a unitary system of governance, political powers that are granted to a subordinate unit can always be retracted at the discretion of the central state.
4. **Revenue:** refers to the income the local authority receives in order to finance its operations.
5. **Local authority revenue mobilization:** - this refers to activities involved in generating finances in local authorities in order to enable them attain their objectives. It encompasses a wide range of activities such as receiving of grants, taxation, donations, voluntary contribution and user fees.
6. **Central government control:** the exercise of authority over local authority revenue mobilization by control government.
7. **Extent:** refers to the degree at central government have been using the legal and institutional framework to guide local authority revenue mobilization.

8. **Legal framework;** refers to a set of constitutional, legislative, regulatory and managerial rules that together guide local authority revenue Mobilization.
9. **Institutional framework;** refers to a set of institutions that have been put in place to guide local authority revenue mobilization.
10. **Adequacy :** the quality of being good enough to finance local authority service provision
11. **Central Government:** - Refers to the political authority that governs an entire nation. Basically, the central government has the power to make policies, laws and plans for the whole country.

1.6.2 Conceptual framework guiding the research

The conceptual framework guiding the research is presented in Figure 1.1

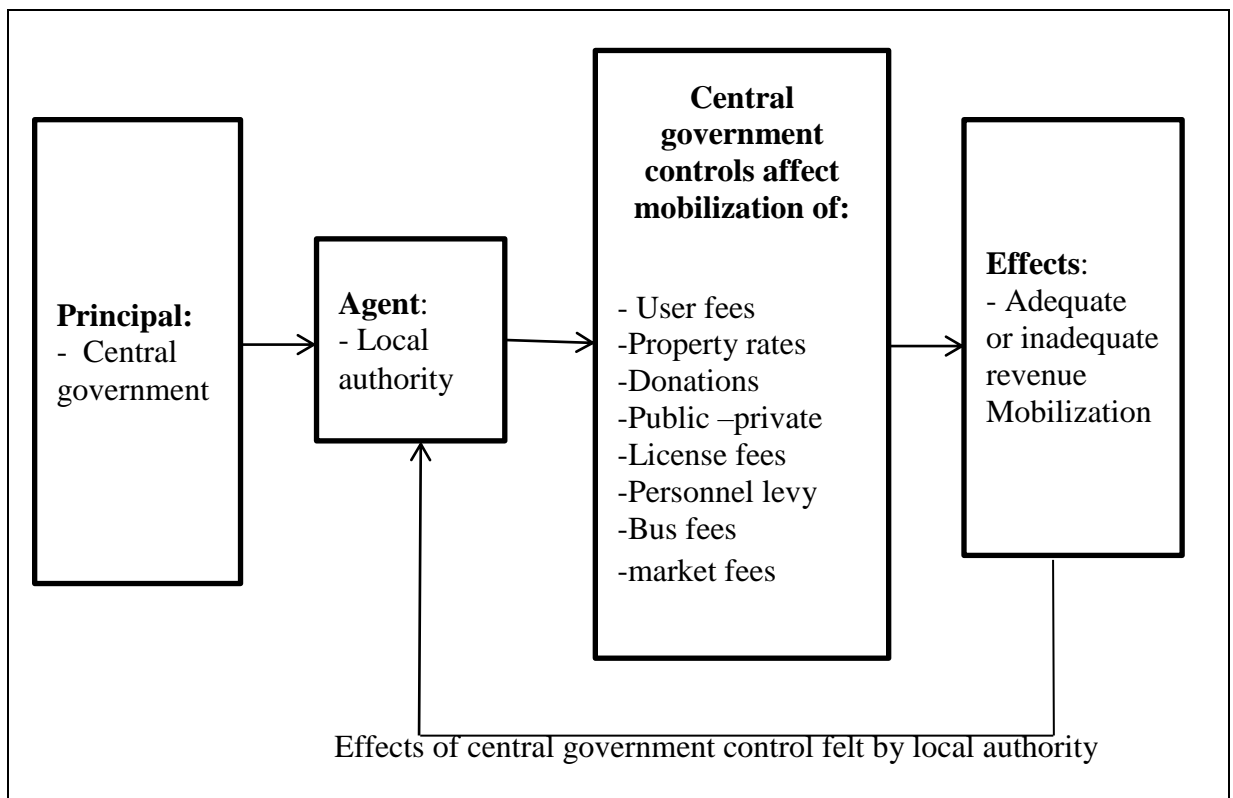


Figure 1.1: Conceptual framework

This conceptual framework is based on the assumptions of the agency theory. Agency theory is generally concerned with principal-agent relationships (Fama and Jensen, 1983; Jensen and Meckling, 1976). In such a relationship, one party (the principal) hires another party (the agent) to perform some task on his or her behalf that require some delegation of decision-making authority to the agent (Jensen and Meckling, 1976). Agency theory posits that this delegation of decision-making authority enables the agent to engage in self-serving behaviour. That is the agent will be inclined to perform activities that favour his or her own interest over those of the principal. Agency theorist stresses the need for control procedures that align the interest of principals and agents (Fama and Jensen, 1983). These control procedures take the forms of monitoring mechanisms and performance evaluation arrangements.

In this research, the Ministry of Local Government is the principal that engages the Local Authorities, as an agent, to mobilize local revenue and provide services to the people at the local level on its behalf (Chitembo, 2012). Subsection 1 of the local government (Amendment) Act, 2019 confers powers to the Minister of Local Government to establish for any district, a city council, municipal council or town council. The Zambian constitution and subsection 16 of the local government Amendment Act 2019, further gives authority to the Minister of local government (the principal) to confer additional functions on the local authority (agent). In order to perform these functions, the local authority mobilizes local revenue. In this case, Local authority revenue mobilization is viewed as activities involved in generating finances in local authorities in order to enable them attain their objectives. It encompasses a wide range of activities such as receiving of grants, taxation, donations, voluntary contribution, and user fees etc (Sekajingo, 2016).

Mitnick (1975) identifies two types of agents. The first is the fiduciary agent who acts diligently to achieve the goal of the principal without regard for any other goals that may affect their relationship with the principal. The choice of a fiduciary agent includes a collection of specifications which contain the highest returns for the principal. In this research, the local authority normally act diligently to achieve the directives of central

government, this is because local authorities are a creation of central government. Being agents of central governments, local authorities adhere or follow guidelines stipulated to them through Acts of parliaments and statutory instruments on how to provide local services and mobilize local revenue.

The second type of an agent is the self-interest agent. As the name suggests, this agent chooses a collection of specifications containing the highest returns to self-goals regardless of the principal's returns. However, self-interest local authorities in Zambia stand to be dissolved by central government as Ministers of Local government have been given such powers through the local government Act 2019.

Since both parties to the agency relationship are utility maximisers, the principal is faced with the task of resolving the agency problem, i.e. failure to provide quality services due to lack of resources. To solve this challenge, the central government regulates or guide local authority revenue mobilization. The argument here is that the agent may not put in the agreed effort to promote the interest of the principal. In this research, it is assumed that the ministry of local government has an agency problem to solve in the process of local authorities revenue mobilization, i.e. to ensure that the local authorities provide local services and mobilize revenue in a manner that satisfies the ministry of local government.

To deal with the two identified agency problems, Stevens (1993) identifies frequent monitoring and reporting as well as conducting institutional checks as some of the methods to adopt. He, however, highlights that these methods will be costly for the principal. According to Meckling and Jensen (1976), the principal can limit the agent's divergences from his interest by incurring monitoring costs designed to limit the aberrant activities of the agent. In some cases, principals can pay the agent to expend resources to guarantee that he will not take certain actions which would harm the principal or to ensure that the principal will be compensated if he does take such actions. In other cases, the principal can control the behaviour of the agent by giving him/her rewards for good behaviour and punishment for bad behaviour. In this research, it is assumed that the ministry of local government will formulate policies and laws that will

regulate local authority revenue mobilization. Not only that, it is also the interest of the ministry of local government (the principal) to relieve the pressure of finances on the part of local authorities (agent), hence, the ministry will give grants to local authorities. However, the ministry of local government which is the principal is assumed to add conditions to the grants given to local authorities (agents) to control local authorities' activities in the process of mobilizing local revenue.

1.7. Structure of the Dissertation

This dissertation has been divided into seven chapters. Chapter one is the Background which presents the introduction to the research, the statement of the problem, the general and specific objectives, the research questions, the significance of the research and the conceptual framework. Chapter one ends with a presentation of the structure of the dissertation. Chapter Two presents the literature that has been reviewed in this research, starting with literature on Local Government Finance and ending with literature on unitary system of government. Chapter three presents the methodology used in this research. Specifically, the chapter presents the type of research, the location of the research, the research approach, research design, sources of data, sample size, sampling methods, data collection methods, reliability of data, validity of data, data analysis techniques, ethics applied when conducting the research and the limitations of the research. Chapter Four finds out the legal and institutional framework that has been put in place to guide local authorities' revenue mobilization. This chapter first examines the adequacy of the various sources of revenue for local authorities. This chapter first looks at the various sources of revenue for local authorities. The chapter then proceeds to look at how much was expected to be collected and how much was in practice collected from the most and least reliable source of revenue in the three local authority's 2019 budget. Thereafter, the chapter looks at the adequacy of various sources of revenue. The chapter then looks at the challenges which the local authorities face in raising revenue. Chapter Five investigate the extent at which central government use the legal and institutional framework to control local authority revenue mobilization. The chapter first looks at the legal framework that has been put in place to guide local authority's revenue

mobilization. This Chapter then looks at the institutional framework that has been put in place to guide local authorities' revenue mobilization. It then proceeds to look at the extent at which the legal and institutional framework has been able to guide local authorities' revenue mobilization. Chapter Six investigates the effects of central government control on local authority revenue mobilization. The Focus here is on the effects which central government controls have on local authority's revenue mobilization. Chapter Seven has the conclusion and recommendations chapter. The appendices are provided at the end to show the data collection tools used.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter is aimed at reviewing literature on local government finance and the unitary system of government. The literature review begins by consulting literature on local government finance in Zambia, other African countries, developing countries outside the African continent and the developed world. This is followed by a review of literature on unitary system of government in Zambia, other African countries, developing countries outside the African continent and the developed world. Finally, a conclusion is presented

2.2 Literature on Local government finance

2.2.1 Literature on Zambia

Loljih (2008) conducted a study on *Local Government Administration and Service Delivery in the Third Republic: A Case Study of Lusaka City Council, Choma Municipal Council and Luwingu District Council*. The study aimed at finding out the quality of local government administration and service delivery. The study also aimed at finding out the causes of erratic and inadequate support from central government and difficulties local authorities face in collecting revenue. The results of the study revealed that resistance from the residents to pay and the failure by the council to up-date regularly the Valuation Roll constituted the major constraints associated with revenue collection. The study also revealed that most residents refused to pay because they believed councils were not performing to their expectations. The study further revealed that Lusaka City Council failed to raise adequate finances from local sources because of governments change of policy relating to the transfer of traditional sources of local income from councils to central government; the scrapping of the share of local shares tax; the 100 percent transfer of its water and sanitation assets to the Lusaka Water and Sewerage Company (LWSC); the politicization of activities in markets and bus stations; and the lack of explicit policy for financing local authorities, a situation which leaves central government without any obligation to ensure the regular disbursement of

adequate resources to local authorities. The study by Lolojih (2008) provides useful information on the causes of erratic and inadequate support from central government and difficulties local authorities face in collecting revenue. The shortfall of Lolojih (2008) study, however, is that it did not look at specific details of fiscal decentralization with reference to how LCC actually collects revenue and how much they get from each source.

Chilufya (2010) conducted a study on *Assessment of sources of revenue for local authorities in Zambia: A study of copper belt based local authorities*. The study aimed at investigating as to whether local authorities had put in place strategies that can broaden their sources of income. The study revealed that local authorities do have strategic plans to provide as a guide to where they are supposed to be in the next five years. The study also revealed that local authorities have not put in place adequate investment interventions to make their sources of revenue sustainable. The study further revealed that local authorities have not exploited their potential in order to make their income sustainable. The study even revealed that the inadequacies of modern technology such as computers and necessary software packages hindered efficient revenue mobilization. The study by Chilufya is important to this study in that it provides useful information on some of the strategic plans which local authorities design to broaden their sources of revenue. However, the shortfall of chilufya's (2010) study is that it did not provide information on to what degree the sources of income match with the existing capabilities and values.

In a book titled, *the local government system in Zambia*, Commonwealth Local Government Forum (2018) looks at Zambia's central government grants and the system of local government in Zambia. The book noted that the Zambian government every year transfers grants to local authorities for services, including water and sanitation, primary healthcare, fire protection, roads, municipal police, primary education and agricultural support. It noted that education and health were not yet devolved to local authorities because they are a responsibility of central government. However, they have been attempts to decentralize these services. The book also notes that the Ministry of

local government and housing in 2012 distributed grants to councils under the following headings: Restructuring Grant (ZMK25.2bn), Recurrent Grant (ZMK80.5bn), Capital Grant (ZMK125.5bn), and Grant in Lieu of Rates (ZMK25.5bn). It further notes that in 2010 the government implemented a formula-based grant system in regard to the Recurrent Grant. Plans are underway to extend this and to subject all grants to predetermined criteria so as to enhance accountability in the use of public funds at local level. The book also anticipates that a performance-based grant system will be in place to support the devolving sectors. This study provides relevant information on the use of central government grants in local authorities. It also provides relevant information on the type of grants central government gives to local authorities in Zambia. The limitation of the study is that it does not provide full information on the challenges faced by local authorities in accessing central government grants.

Mbewe (2019) conducted a study on *fiscal decentralization in Zambia's local councils with particular focus on Lusaka City Council (LCC)*. The study revealed that Lusaka City Council (LCC) collects less revenue in relation to the cost of increasing services within its jurisdiction. The study also revealed that deficiency in service delivery is further exacerbated by the fact that the local authority misapplies the little it has by spending almost 60 percent of its resources on non-service responsibilities such as, administrative/operational and other employee related costs and less than 40 percent on service provision. The study further revealed financial administration at LCC, is characterized by considerable levels of transparency and accountability. Rules and procedures are adhered to with regard to the administration of finances, with the council being answerable to various stakeholders about matters of financial nature. The study by Mbewe (2019) is important to this study in that it provides useful information on the extent at which Lusaka city council is autonomy from central government control. However, the findings of the study only targeted a city council and left out municipal and town councils.

Mushimbwa (2020) conducted a study on *examination of strategies of local revenue collection in local government authorities in Zambia: a case of Gwembe District*

Council. The study revealed that the current strategies are for Gwembe District councils are not yielding the expected results in local revenue collection. The study revealed that Local Government Authorities are struggling to collect as much revenue from own sources making them dependent on Central Government funding to meet their obligations. The study further revealed that the inability to mobilize sufficient local revenue by local authorities can be seen merely as a symptom of more deep-seated socioeconomic and institutional constraints. Mushimbwa's (2020) study is important to this study in that it reveals important information on the revenue collection strategies of Gwembe District councils. However, Mushimbwas (2020) study focused only on a District council and did not examine city and Municipal councils.

2.2.2 Literature on other African countries

Frumence (2012) conducted a study on *the dependency on central government funding of decentralized health system in Kongwa District, Tanzania*. The study aimed at finding out how dependency on central government funding in Tanzania affects health activities in Kongwa district council. The study adopted a qualitative approach and data was collected using semi-structured interviews and focus group discussions. Kongwa district in the central region of Tanzania was selected. Ten key informants who were involved in the management of health service delivery at the district level were interviewed and one focus group discussion was held, which consisted of members of the council health management team. The results revealed that late disbursement of funds interrupted the implementation of health activities in the district health system. The results also revealed that the delays in disbursement of grants to councils slowed the implementation of some activities, while a few activities were not implemented at all. From this study, it is learnt that the late disbursement of grants from central government to councils delay councils from delivering services. The study by Fremene (2012) however, does not look at strategies which councils need to embark on in order to cope up with the late disbursement of grants by central government.

Mhaka (2013) conducted a study on *meeting the funding gap in urban local authorities in Zimbabwe: case study of gweru city council*. The study aimed at exploring the alternative financing options and to gain an insight into administrative and legal systems that negate Gweru City Council's revenue mobilization strategies. The data was collected using document review and follow up interviews. The study revealed that the legal and administrative systems were major impediments in the quest for local authority to boost its revenue base. The study also revealed that the ever increasing population coupled with the financial crisis both on the global stage and at local level made it difficult for Zimbabwean local authorities to continue relying on traditional sources of finance for service delivery, sustainability and social development. The study called for the expansion of existing revenue sources and development of a policy framework which encouraged Public-Private Partnerships. The lesson drawn from this study is that legal and administrative systems can hinder effective revenue generation at local level. The weakness of the study is that it does not provide information on how local authorities can improve their revenues sources.

Kelly et al (2001) conducted a study on *improving revenue mobilization in Malawi*. The study aimed at finding strategies on how to improve local revenue mobilization in Malawi. The study revealed that although the basic decentralization policy framework was established, the major challenge facing Malawi is in its actual implementation. The findings of the study also revealed that Local revenue mobilization in Malawi was generally low, primarily due to weak administration. The findings of the study further revealed that local authorities in Malawi rely mostly on individual persuasion to mobilize revenues rather than utilizing the various enforcement mechanisms available through the Local Government Act. The lack of collection and enforcement can be attributed to several factors, one of which is the lack of apparent political will. From this study it is learned that weak administrative capacities and lack of political will have a negative effect on local authority revenue mobilization. This study by Kelly et al (2001) however, does not show the effect of central government control on local government revenue generation.

2.2.3 Literature on developing countries outside Africa

Vazquez (2014) conducted a study on *mobilizing financial resources for public service delivery and urban development in Islamabad*. The study aimed at providing an overview of both conventional and new sources of local government financing. The study revealed that in order to effectively address the challenge of mobilizing adequate financial resources, urban authorities in developing countries should consider using mechanisms such as municipal bonds, bank loans, municipal development funds, funds from institutional investors, corporate bonds, equity markets and public–private partnerships (PPP). The study also revealed that borrowing from capital markets was an alternative way to mobilize financial resources for municipalities. Yet in order to borrow, council needed to demonstrate that they were creditworthy. The study further revealed that for a viable and responsible fiscal future, councils in developing countries needed to make use of significant sources of tax revenues as well as non-tax revenues collected through user charges and fees. The study also revealed that councils own revenues needed to be complemented by intergovernmental transfers to address differences in expenditure needs of fiscal capacity across councils and also for councils to support the implementation of central government programmes. The study by Vazquez (2014) helps us to identify the various sources of local government revenue in developing countries. The study also provides useful information on how to effectively address the challenge of mobilizing adequate financial resources at local level in developing countries. Limitations of the Vazquez (2014) are that it does not show the criteria central government was following when redistributing resources to local authorities.

Musleh (2016) conducted a study on *Local government decentralization efforts for revenue mobilization in Bangladeshi*. The study revealed that there has been poor local revenue mobilization by local authorities in Bangladeshi due to lack of proper commitment towards decentralization of authority by central government. The study also revealed that revenue collection performance is not impressive mainly due to centralized tax structure, narrow tax bases and higher tiers access to rural local fiscal domain. The

study further revealed that all rural areas in Bangladesh are not identical. Variations are either in terms of social-economic and democratic settings or in terms of vulnerability owing to frequent natural calamity or harsh climatic conditions. These variations, challenges and opportunities have an impact on local revenue collection and resource mobilization. Musleh (2016) study teaches us that narrow tax bases negatively affect local revenue mobilization. The limitation of Musleh (2016) study is that it only reveals the negative effect of a narrow tax base on local revenue collection but it does clearly reveal the effects of centralized structures on local authority revenue mobilization.

2.2.4 Literature on developed countries

Shun (2016) conducted a study on *Central and Local Government Finance in Japan*. The study aimed at analyzing how Japan's municipalities restore their fiscal balance after a fiscal shock. The study revealed that there was a large vertical fiscal gap in Japan between the central and local governments. This gap necessitated the transfer of funds from central to local governments. The study revealed that fiscal adjustments in Japan's municipalities occurred mainly via changes in government investment. In contrast to the role of expenditure, the municipalities' own-source revenue played a limited role in balancing the local budget. The results of this study also revealed that 40% of the increase in own-source revenue was offset by a reduction in grants. The study further revealed that municipalities induced grants by expanding government expenditure. The study by Shun (2016) is relevant in that it provides information on how local authorities can restore their fiscal balance after a fiscal shock. However, the study does provide a lot of information on the causes of fiscal imbalance in local authorities.

Cox (2019) conducted a study on *the impact of the stronger Towns Funds of North and the Midlands in England*. The study aimed at finding out both positive and negative impacts of the stronger township funds in England local government. The study revealed that in England local government taxes account for just 1.7% of GDP. Local authorities raise and spend barely 5% of their own revenues. The study revealed that the strong Township Funds from central government brought about development in some of the most neglected places in England cities and township. The study also revealed that the

most fundamental challenge with the Strong Township Funds is that it fails to adopt a systemic understanding of the problem it is trying to address. Furthermore, the study revealed that the amounts of money involved are tiny comparison with the sums that have been cut from local councils and other public services budgets since 2010. The Stronger Town Fund represents the worst kind of public funding as it reeks off being little more than a political bung. The study by Cox (2019) is important in that it brings out information on the positive and negative impacts of grants from central government. However, the literature by Cox (2019) does not show the method used to redistribute the strong township fund among the different cities of local government in England.

Timothy (2013) conducted a study on *the impact of the equalization fund on Danish local government*. The study revealed that the Danish central government contributes about 45% to total local government revenue. The study also revealed that the central government heavily regulated the borrowing by local authorities in Denmark. The local authorities in Denmark were provided with loan bracket by central governments corresponding to the permitted investments in areas financed by user fees such as water, electricity and sewage. The study also revealed that Inter-government Transfer Agreements from national government are a minor source of revenue to sub-national governments in Denmark. These transfers comprised of approximately 22% of annual income for municipalities, 9% of annual income for counties. The study further revealed that the Danish equalization system promoted fair distribution of resources in the nation. The literature by Timothy (2013) is important in that it provides information on the impact of the equalization fund on local authorities. This information is important because it shows that the Danish equalization fund enables local authorities which are in less developed areas to meet their basic needs. However, the weakness of Timothy (2013) study is that it was carried out in Christianshavn district in Denmark which is a developed country with different social and economic characteristics from those of Zambia. The other weakness of Timothy (2013) study is that it only demonstrates how the equalization fund in Denmark promotes fair distribution of resources, it does not show the challenges which the Danish central government faces in redistributing resources using the equalization fund.

Lessons can also be drawn from literature on the unitary system of government. The literature is presented below.

2.3 Literature on unitary states

2.3.1 Literature on Zambia

Pelekamoyo (1977) conducted a study on *local autonomy and central control in Zambian urban authorities*. The study aimed at examining central control and local authorities' functions in Zambian urban local authorities. The data was collected using document review and follow up interviews. The study revealed that the Zambian local government system reflected the British local government system. The study also revealed the challenges which central government encounter when monitoring local authorities. One of the challenges which central government encounter when controlling local authorities is lack of resources. Pelekamoyo (1977) study further revealed that central control over local government revenue is one of the major factors that determine how well the local authorities perform their functions. The study called for central government control over local authority's staff recruitment in order to promote professionalism and enhance local government service delivery. The lesson drawn from this study is that central government control over local authority has got an effect over local government service delivery. The weakness of the study is that it does not provide information on the effects of central government control over local government revenue mobilization.

2.3.2 Literature on other African countries

In a thesis titled; *origins of the centralized unitary state with special reference to Botswana, Zimbabwe and Namibia*, Napier (1997) described and explained the origins of Centralized unitary constitutional forms adopted at independence. In his thesis, Napier explained the origins of the centralized unitary state in Africa in relation to the three countries Botswana, Zimbabwe and Namibia. Napiers thesis revealed different factors that made Botswana, Zimbabwe and Namibia adopt a unitary system of government instead of a federal system of government. These factors include amongst

others, early settlement patterns and conflicts, British colonial practices and precedents, the perceptions and ambitions of nationalist movements and elites, relationships with neighboring states, the climate of opinion, the requirements of nation-building and political stability. Napier's (1997) thesis revealed processes, successes and failures of the post-independence centralized constitutional unitary state. Not only that, Napier's study (1997) also revealed consequences or impacts of the post-independence centralized constitutional unitary state. Napier further compared and revealed the experiences of the three countries, setting out several inductive propositions determining under which conditions these states adopted centralized unitary constitutional forms in preference to decentralized ones. Napier's (1997) study is important to this study because it shows reasons that led Botswana, Namibia, and Zimbabwe to adopt a unitary system of government. The study by Napier is also important because it traces and shows the history of the unitary system of administration in Botswana, Namibia, and Zimbabwe. However, Napier's (1997) study does not show the effects the unitary system of government has on local government service delivery.

2.3.3 Literature on developing countries outside Africa

In a book titled, *A Unitary State, A Federal State or Two Separate States*, Manikkalingam (2003) looked at how a unitary system of government is not a political solution to the ethnic conflict in Sri Lanka between the majority Sinhalese and minority Tamils. In Sri Lanka, Sinhala liberals view the unitary state as a means of instituting political equality, while Sinhala nationalists view it as a means of Sinhala domination. In his book, Manikkalingam defined unitary states as "the set of political arrangements where all powers of the executive, legislative and judicial are concentrated at the center". Manikkalingam noted that the central government in a unitary state may permit the delegation of selected powers to a subordinate unit, but it will not permit the alienation of powers. He also noted that under a unitary system of governance, political powers that are granted to a subordinate unit can always be retracted at the discretion of the central state. He further noted that a federal arrangement such as that in the United States of America involves autonomous spheres of political action for the primary

political unit and the subunits. Manikkalingm (2003) study is important to this study because it shows the extent at which the central government tends to control local authorities in a unitary state. However, Manikkalingm (2003) study does not show the effects such control have on local authorities' revenue generation.

Alahverdizaeh (2015) conducted a study on the *relationship between the unitary state system and the national unity in Iran*. The study employed observations, interviews and questionnaires, as instruments of data collection with a sample 70 respondents. These included 45 researchers, 20 experts in the fields of political geography, political science, political sociology as well as 5 government officials .Descriptive-analytic method was used in the research. Alahverdizaeh (2015) study revealed that central governments in a unitary state tend to poses a lot of authority. The study also revealed that national unity and solidarity in a unitary system is reinforced when the country is nearly uniform from the cultural to human point of view of people. The study further revealed that excessive centralization in the unitary state system at times weakens the national unity. This is because local authorities tend to focus on communicating only with central government at the expense of horizontal communication with other local authorities at the local level. The study by Alahverdizaeh (2015) is also important to this study because it provides useful information on the relationship between national unity and unitary system of government. However, the study by Alahverdizaeh (2015) was conducted in a developed country. Hence, the results may not be generalized to a developing country like Zambia.

2.3.4 Literature on developed countries

Fisch (2018) conducted a study on *assessing the effectiveness of the environmental politics in a federal and Unitary State*. The study compared the Cases of Canada, the United States of America, and the People's Republic of China. The study aimed at examining the Chinese unitary state, in comparison to the federalist systems in Canada and the United States of America. To discern whether a unitary government can better manage issues plaguing the environment. The study revealed that the federal and the unitary system of government have got traits that vary significantly and these traits have

a great deal of impact on both the domestic effectiveness of environmental policy implementation, as well as a state's ability to balance international expectations with the national constitutional structure. The study revealed the central government in a unitary state poses so much power and authority. The central government delegates responsibility and gives direction to subnational units for local administration. The study also revealed that the central government in a federal state in United States of America does not possess so much powers and authority as compared to the unitary state in china. The national government in a federal state is not necessarily more powerful than those of its constituent states, and it generally cannot unilaterally assign itself new powers without undertaking a constitutional amendment process. Fisch study (2018) also revealed that out of 193 United Nations member states, 165 are managed as unitary states. China is the largest unitary state by area, gross domestic product, and population. The study further revealed that environmental degradation problems are easily solved in a federal state than in a unitary state because political power in federal state is wielded at the level at which pollution or environmental degradation occurs .Hence, regulatory measures are tailored to meet the needs of each jurisdiction. Fisch's (2018) study is important to this study because it brings out important information on the differences between the federal government and the unitary government. Another importance of fisch's (2018) study to his study is that it brings out important information on advantages and the disadvantages of both the unitary and the federal state. However, Fisch study does not reveal the effects of the unitary state on local authority revenue mobilization.

Hulst (2005) conducted a comparative study on *Regional Governance in Netherlands, France and England*. The aim of the study was to reveal the institutional arrangements for regional governance in the countries mentioned. The study revealed that regional government act as institutional framework for co-operation and joint decision-making in unitary states. The study revealed that regional governments do not reduce local government to mere agencies, since they are not the main institutions for the planning and provision of public services. Hulst (2005) study also revealed local government are

institutions where citizens can decide on issues that concern their daily environment and where they can experience the basics of democracy . The study further revealed that central government and the regional governments in a unitary state coordinates local government policies and are normally entrusted with sufficient administrative powers and financial resources to play a significant part in the local government administration. Hulst's (2005) study is important as it shows the importance of local government and the role which central and regional governments play in local government administration. However, the study fails to show the extent to which central and regional governments should exert control over local government administration.

Zarski (1983) conducted a study on the *establishment of the kingdom of Italy as a unitary state: A case study in regime formation in Italy*. The study aimed at finding out the effects of the established highly centralized unitary state in the newly created kingdom of Italy during 1848-1870. The study revealed that a unitary centralized system emerged during the process of regime formation. The study also revealed several factors that led Italy to adapt a unitary state instead of federal system. Among the factors that led Italy to adapt a unitary state was the desire by the central government to retain power and control over local government. The study further revealed that the period during 1848-1870 Italy decided to rule out any form of regional autonomy so as to encourage unity among its people. From the Zarski (1983) study, it is learnt that the unitary system of government encourage unite in the nation. Zarski (1983) study is also important to this study because it provides useful information on the factors that normally led countries to adopt Unitarism over federalism. The study by Zarski (1983) however, does not clearly bring the effects of the unitary state on local authorities' service delivery.

Furniss (1975) conducted a study on *decentralization in the unitary state in Northern Ireland*. The study aimed at finding out the effects of decentralization on local government service delivery. The study revealed the advantages and weaknesses of decentralization. The study revealed that decentralization reduced Ireland central government workload. The study also revealed that decentralization helped the central government impart skill in local government staff. Not only that, the transfer of

responsibilities and authority to local authority improved service delivery of local authorities. Decentralization also promotes citizen participation at the local level. Furniss (1975) study further revealed that decentralization of functions to local authorities in Ireland reduced central government authority and led to wastage of resources by local authorities. Furnis (1975) study further revealed that the Irish government decided to adopted unitary system of government so as to promote unity in Ireland. The study by Furniss is important to this study because it highlight the strength and weakness of decentralization. The study by Furniss is also important to this study because it provides useful information on the reasons why countries adopt a unitary system of government. The study by Furniss (1975) however, does not clearly show the effects of decentralization on local government revenue mobilization.

2.4 Summary

In summary, the reviewed literature provides important information on the various sources of local government revenue. The sources of local government revenue include grants from central government, taxation, voluntary contributions, borrowing, personal levy and through public utilities. The literature also identifies the various types of grants which different countries provide to their local authorities. These include the Danish Equalization Fund, the preparedness grant and the categorical grant in United States of America, strong township fund in England, Constituency development fund and the Equalization Fund in Zambia. In an attempt to generate revenue local authorities normally face a number of challenges .These include late disbursement of funds from central government and refusal by the people to pay tax. The legal and administrative systems, embezzlement and misuse of funds by officials in local authorities hinder effective revenue generation at local level. Weak administrative capacities and lack of political will have a negative effect on local authority revenue mobilization. The literature also provides information the reasons why countries adopt a unitary system of government over the federal system. It also provides information on the role's which central and regional governments play in local government administration. However; the major weaknesses of the literature are that it is not comprehensive regarding the effects

of the unitary system of government over local government revenue mobilization. This study will, therefore, fill up the identified gap. It will provide information on the effects of a unitary state on Zambian local authority's revenue mobilization.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used in this research. The chapter looks at the type of research, scope of the research, research approach, research design, sources of data, sample size, sampling methods, data collection methods, reliability of data, validity of data, data analysis techniques and the ethics to be applied when conducting the research. The chapter ends by presenting the limitations of the research.

3.2 Type of Research

The type of research was based on three angles. The first angle is based on the purpose of the research. In this regard, the study employed an explorative research design. Saunders et al. (2007) argues that an explorative research design is conducted when enough is not known about a phenomenon. The method was used as it gave the researcher an opportunity of exploring and finding out the effects of a unitary state on local authority revenue mobilization. This is because no research has been carried out on the effects of unitary states on local authority revenue mobilization since Zambia was declared a unitary state in 1964.

The second angle was the number of cases investigated. In this regard, the research was a case study of Lusaka city council, Chongwe municipal council and Kafue district council. A case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context. In addition, a case study allows a lot of detail to be collected that would not normally be obtained by other research designs. Additionally, a case study narrows down a very broad field of research into one easily reachable topic and is considered useful when not much is known about a particular phenomenon. Finally, a case study is less costly in terms of time and finances (Shuttleworth, 2008).

The third angle was the time-frame within which the research was conducted. This research was a one-time research. This type of research involves the assessing of a phenomenon at one point in time. This means that the observation is not made over an extended period of time (Barbie, 2007). This study used the one-time research because it conforms to the time-frame within which this research is expected to be completed for the purposes of obtaining a master's degree in public administration at the University of Zambia. The point in time that this research was conducted was between March 2019 and November 2020.

3.3 Scope of the Research

This research was confined to Lusaka City council, Chongwe municipal council and Kafue town council. Zambia has three types of councils; City, Municipal and town councils. Hence, the researcher chose three different types of councils so as to get accurate information on the topic, unlike choosing only one type of a council. Lusaka city council was chosen because it is in the capital city of Zambia and one of the fastest growing cities in Southern Africa. It is situated in Lusaka Province and houses the headquarters of all government Ministries and diplomatic missions accredited to Zambia. Lusaka is also the glittering capital which persuades people from the rural areas to migrate in search of jobs and dreams. This contributes to it being the highest populated district in Zambia and the population statistics of 2017 show a total of 2 426 898 people (Lusaka City Council, 2017). This entails that Lusaka city council has been collecting more revenue from the increasing population. The demand for public services from the increasing population has made Lusaka city council to venture into different methods of generating revenue.

Kafue district was chosen because it is among the fastest growing districts in Zambia (CSO, 2010). It is situated in Lusaka province, 44 kilometres from the capital city and it lies on the north bank of the Kafue River after which it is named. Kafue district is one of the most important economic hubs in Zambia. Economically, Kafue has seen a lot of businesses and manufacturing industries established in the recent past, including the many shopping malls that have sprung up in the district. Among the manufacturing

industries in Kafue include the Nitrogen Chemicals of Zambia, Lee Yeast Zambia, Alliance Ginnery Zambia and the UNIVERSAL Mining and Chemical Industries Limited (UMCIL). These industries have attracted a lot of people from other parts of Zambia to migrate to Kafue in search of jobs and dreams. This contributes to it being among the highest populated districts in Zambia and the population statistics of 2019 show a total of 47,554 people (CSO, 2019). This entails that Kafue district council collects part of its revenue from its increasing population. The other reason why Kafue district council was selected is due to the fact that it is among the fastest growing councils that have, over the years, received a good amount of grants from central government to enable it provide quality services to the people (GRZ, 2019).

Chongwe municipal council was chosen so as to get accurate information on the topic in a municipal council since Lusaka is a city council and Kafue is a district council. Chongwe municipal council has been chosen because it is also among the fastest growing Municipal councils in Zambia (CSO, 2010). It is situated 48 km from Lusaka, the capacity city of Zambia. It has an area of about 10500 square kilometres with a population of 6,057 (CSO, 2019). Chongwe was chosen because it collects reasonable revenue from its growing population. Chongwe has also been chosen because it's among the municipal councils that have, over the years, received grants from both the central government and international organizations. In 2018 Chongwe municipal council benefited from the € 2 million donated to 20 councils in Zambia by the European Union (Chimba, 2019).

3.4 Research Approach

The Qualitative approach was used in this research. It focuses on the collection of qualitative data and provides in-depth information and complex textual descriptions of how People experience a given research issue (Kothari, 2004). The reason for adopting qualitative approach method was to ensure that the researcher collects in-depth and detailed information about the study. This approach was also chosen because it is interactive and has a flexible structure that enabled the researcher to thoroughly collect complex and accurate information on the study (Durrheim and Blanche, 2002).

3.4 Research Design

This research adopted a non-experimental design. The use of this design meant that the researcher had little control over the conditions under which the research was conducted. The researcher interacted with the research participants in their natural settings. This implied that the researcher had control over the variables under investigation (Yamane, 1973). There was no baseline study (i.e. a pre-test) that was conducted on the effects of a unitary state on local authority revenue mobilization before independence. As such, it is difficult to effectively compare the situation before and after the declaration of Zambia as a unitary state.

3.6 Sources of Data

Primary and Secondary sources of data was used in this research. Primary data is data which is collected for the first time, and, therefore, happens to be original in character (Young, 1960). In this research, primary data was collected from the key informants, who are officials from the ministry of local government and the ministry of finance who are in charge of the management of local authority finances. Primary data was also collected from heads of department at Lusaka city council, Chongwe Municipal council and Kafue town council who are in charge of the management of local authority finances.

Secondary data, on the other hand, is data that has already been collected by someone else and which has already been processed (Kothari, 2004). This data was collected through desk research from documents that relate to the research topic. The secondary sources of data included published and unpublished documents such as books, research reports, journal articles, periodicals, newspapers, dissertations, theses and national documents, among others. These documents were accessed from libraries, individuals, organisations and the internet.

3.7 Sample Size

Sample size refers to the number of people from whom the researcher collects the required information from the study population (Yamane, 1973). A sample size of 18

was used in this research. The sample size only comprised key informants. From each council, 4 key informants were interviewed; these included the Director finance, Director Audit, finance committee chairperson, the town clerk for Lusaka city council or council chairperson for town councils. From the ministry of local government, 3 key officials were interviewed. The 3 key informants from the ministry of local government comprised the Director Finance, the Principle local government Auditor and the Permanent Secretary. The 2 officials from the ministry of finance comprised the director and the principle economist from the decentralization unit. 1 official from the decentralization secretariat. The sample size of 18 key informants is ideal and was arrived at through a pre-research visit at the Ministry of Local Government and the aforementioned local authorities. With the information gotten from the Ministry of Local Government, the researcher was able to choose only 18 key informants who had the necessary information regarding the effects of the unitary state on local authority revenue mobilization.

3.8 Sampling Methods

Sampling is a process of selecting a few from a bigger group to become the basis for estimating or predicting the prevalence of an unknown piece of information, situation or outcome regarding a bigger group (Kabir, 2016). This research employed a purposive sampling method which involved identifying individuals that can provide data being sought. It is a non-probability sampling and does not accord an equal chance of each of the individuals in the population to be included in the sample (Pauline, 1960). Therefore, purposive sampling accorded the researcher the freedom to include in the sample only respondents who were deemed necessary in bringing out the real issues sought on the effects of the unitary state on local authority revenue mobilization.

3.9 Data Collection Methods

The data for this study was collected using multiple strategy techniques. Qualitative data was collected using semi structured interviews which were conducted with key informants. Three different interview guides were prepared, one was for officials at the

ministry of local government, the other was for officials at the ministry of finance and the last one was for the officials in local authorities. A semi-structured interview is a data collection tool in which the researcher asks informants a series of predetermined but open-ended questions (Given, 2008). Semi-structured interviews were preferred as they enabled the researcher to get detailed information while having control over the topics of the interview than in unstructured interviews. Semi structured interviews were also preferred because they made it possible for the interviewer and interviewee to include aspects of the interview which are necessary to the topic and could have initially been overlooked in the research instruments (Creswell,2003).

Secondary data was collected through desk research from published and unpublished documents. This was done by reading and analysing documents on unitary states and local authority revenue mobilization. This method was adopted for this research because it provided insights about what had been written on unitary system of government and local authority revenue mobilization. This method was chosen because published and non-published documents tend to provide background information about the society or the organization being investigated, hence making it more beneficial or helpful in contextualizing one's research within the field of study.

3.10 Reliability of Data

Reliability means dependability or consistency. It refers to the same thing occurring under the identical or very similar conditions (Cohen, Manion and Morrison, 2000).The opposite of reliability is an erratic, unstable, or inconsistent result that happens because of the measurement itself. This research used internal consistency to measure the reliability of data (Kothari, 2004). Internal consistency is a measure of reliability that is used to evaluate the degree to which different test items that probe the same construct produce similar results (Lawrence, 2014). To ensure internal consistency, this research asked logically related questions and the answers were checked for their logical relationship to the corresponding questions. This is the data that is presented in this research. The responses that were contradictory to the corresponding questions were

taken to be unreliable, hence discarded from this research. Only responses that were found to be logically related to the corresponding questions were taken to be reliable.

3.11 Validity of Data

Validity suggests truthfulness. It refers to the extent to which the scores from a measurement represent the variable they are intended to (Prince, Jhangiani and Chiang, 2009). The absence of validity means that the fit between the ideas we use to analyze the social world and what actually occurs in the lived social world is poor. In simple terms, validity addresses the question of how well we measure social reality, using our constructs about it (Haradhan, 2017). Content validity was used to ensure validity of the data in this research. This involved the use of a research instrument which represented the full content of the subject under investigation (Prince, Jhangiani and Chiang, 2009). The research instruments were structured in a way that covered all aspects of the phenomena under investigation. That is, taking into consideration all the components of how the central government policies and controls over local authorities affect local authority's revenue mobilization. The components included, conditions on grants, seeking approvals before borrowing outside the republic, raising user fees and introducing new levies.

3.12 Data Analysis Techniques

Data analysis is defined as a way of processing data so that what has been learnt can be disseminated to others. Generally, it involves the search for meaning (Hatch, 2002). This research adopted qualitative data analysis techniques. Qualitative data was analysed using the content analysis method. Content-analysis consists of analyzing the contents of a documentary material such as books, magazines, newspapers and the contents of all other verbal materials which can be either spoken or printed (kathari, 2004).The application of this method in this research was such that the issues brought out by key informants and local authority staff were examined in relation to the subject of investigation and transcribed into major themes. The themes which emerged formed the

basis of data categorization. Written notes which were taken during key informant interviews were verified using voice recordings.

3.15 Research Ethics

Ethics define what is or is not legitimate to do. Ethics can also be defined as moral principles which researchers have to adhere to when conducting the research. Ethical issues will be considered when carrying out this research. Firstly, permission to collect data was sought from Lusaka city council, Chongwe municipal council and Kafue District Council, the Ministry of Local Government, the ministry in charge of managing councils in Zambia and the ministry of finance. Secondly, informed consent was employed where participants had to agree to participate in the study, meaning that participation was voluntary. Besides, the participants were told about the research and allowed to ask questions about the research where they needed clarity. Confidentiality was employed and participant's identity was kept anonymous. Furthermore, participants were assured of their rights to decline to answer questions which they felt uncomfortable with in the process of data collection.

3.16 Limitations of the Research

In the process of conducting this research, a number of challenges were encountered. These are as follows:

1. The key informants in all the three councils were hesitant on giving out information on the amount of money the councils collected for their 2019 council budgets. This made it difficult for the researcher to collect information on the amount of money the council anticipated to collect and how much was collected. Nevertheless, the researcher assured the key informant of confidentiality and this made it easy for the key informants to give out the necessary information.
2. It was difficult to hold face to face interviews with all the key informants, as most of them were busy with work during the time for data collection. This made it difficult for the researcher to collect data at the stipulated time. However, the researcher was patient enough and managed to have a face to face interview with all the key informants.

3. At the time of data collection, the country was hit by a Covid 19 outbreak and the Zambian government was encouraging government officials to be working from home. This made it difficult for the researcher to hold interviews with the respondents.

Nevertheless, the researcher decided to proceed with the research in spite of this situation and managed to hold face to face interviews with the respondents. Therefore, the findings of this research are still reliable.

4. Lusaka city council delayed authorizing the researcher to conduct the research at the council. Despite the delay to authorize the researcher to collect data, the researcher managed to hold interviews with all the key informants and collected the necessary information.

CHAPTER FOUR

ADEQUACY OF VARIOUS SOURCES OF LOCAL AUTHORITIES REVENUE

4.1. Introduction

The purpose of this chapter is to present and discuss findings relating to the first specific objective which reads: To examine the adequacy of various sources of revenue for local authorities. In order to achieve its purpose, the chapter proceeds by first looking at the various sources of revenue for local authorities. Then it looks at how much was expected to be collected and how much was in practice collected from the most reliable source of revenue in the three local authority's 2019 budget. Then, it looks at how much was expected to be collected and how much was in practice collected from the least reliable source of revenue in the three local authorities 2019 local authorities' budget. Thereafter, it looks at the challenges which the local authorities face in raising revenue. Finally, a conclusion is drawn.

4.2 Sources of revenue for local authorities

The study found out that local authorities' revenue can be grouped in to two different categories; these are traditional sources of revenue and non-traditional sources of revenue. The Director of Finance at the Ministry of Local Government (interview conducted 28th August 2020: 15hrs) stated that:

The common traditional sources of revenue for local authorities in Zambia are property rates, commercial rates, Personnel levy, User charges, Bus and Market station fees, fees from car Parks, Business ventures such as restaurants, Donations and Grants from central Government.

According to the Director of finance in charge of revenue Mobilization at Lusaka City Council (interview 24th September, 2020), The key sources of revenue for Lusaka city are property tax , personal levy , business levy, user charges, Marriage registration fees business licenses, fees from Bill boards , fees from Parking Slots, charges from solid

waste management and grants from central government. The director of finance in charge of revenue collection further went to explain that these sources are all appropriate for councils, as they are immobile and are unlikely to cause inter-jurisdictional conflict. However, they all suffer from lack of buoyance which adversely affects the revenue yield over time. In like manner, the treasurer for Chongwe Municipal Council and the treasurer for Kafue town council mentioned property rates, Commercial rates, Buses and market charges, building Permits, marriage registration fees, Personal levy , donations, loans and grants and Public-Private Partnerships as sources of revenue for their local authorities.

The above mentioned findings support Chibiliti's (2010) findings, which revealed that the traditional sources of revenue for local authorities in Zambia include property tax, license fees, personnel levy, lease of council's properties bus and markets station fees e.tc. However, Chibiliti (2010) study went on to reveal that these traditional sources of revenue are not sufficient enough to meet budgetary allocation requirements; hence local authorities receive grants from central government. Traditional and non-traditional sources of revenue in Zambia are discussed in detail below:

4.2.1 Traditional sources of Revenue

4.2.1.1 Levies

According to Kafue Town Council Treasurer (Interview conducted on 7thSeptember 2020), different councils impose different types of levies, such as Livestock levy, Fish levy, Sand levy, Market levies etc. The kafue Town Council Treasurer went on to reveal that market levies have proved to contribute a reasonable amount of revenue to Kafue Town Council. In like manner, Chongwe Town council Treasurer (Interview, 8th September 2020), stated that Chongwe Municipal council has been collecting a reasonable amount of revenue from levies. For example, Chongwe Municipal Councils collected K4, 410,000 in 2019 from levies only; this amount represented 98% percent from the K4, 500, 000 the council had budgeted to collect in 2019. The treasurer attributed the ability of the Council to collect 98 % of the levy to the tireless effort by the council personnel in ensuring that people in the district pay the necessary levies. The

director of Finance in charge of revenue collection at Lusaka City council (Interview on 22nd September 2020), stated that Lusaka city council has the largest business market in Zambia. As a result the council has been collecting some good amount of money from the markets. The treasurer for Lusaka city council further argued that levies cannot be depended upon as major sources of revenue for councils because of their inconsistency in the generation process because some selected people refuse to pay levies and marketers prefer selling in the streets to selling in the markets. At times unforeseen circumstances have caused local authorities lose significant amount of revenue from levies. Chongo (2017) revealed that in 2012, Lusaka City Council's approximately lost about k1.2 million from the uncollected market levies due to the burning of Lusaka city market. Figure 4.1 below shows the burned Lusaka city market.

Figure 4.1: Burnt Lusaka city market



Source: Nkole (2018)

Before Lusaka city market got burned, the local authority was collecting about K40, 000 per day in levies from shops, stalls, car parks and ablutions. Lusaka city councils approximately lost K1.2 million from the uncollected levies due to the burning of Lusaka city market. Until now, the city market has not been reconstructed. The longer

Lusaka city market remains closed the more money the council will lose in uncollected levies (Chongo, 2017).

4.2.1.2 Fees or Charges

According to Chongwe Municipal Council treasurer (Interview, 23rd September 2020), Local authorities in Zambia collect user fees from parking slots, toilets, marriage certificates and garbage collection. The internal Auditor at Chongwe Municipal Council (Interview, 23rd September 2020), argued that in comparison with other commercial trading activity, for which local authorities are required to set up separate entities and present business cases, fees and charges offer a relatively quick and straight forward way to generate, revenue as people are required to pay for the service in advance and because of the nature of the service. Toilets at some point are required for use. According to the Lusaka City Council human resource officer who was sitting in the interview for the Lusaka city council treasurer (Interview, 21stSeptember, 2020), there has been public outcry to remove user fees on public toilets so as to allow many people without money to use the toilets, so as to prevent the spread of cholera during rainy season. However, council's have not been for the idea. In 2012, the former Minister of Local Government Mr Vincent Mwale engaged government to starts meeting the cost on behalf of the citizens and stop local authorities from charging user fees on public toilets. However, the move failed because local authorities needed the money from toilet fees to maintain the toilets (Lusakastar, 2019). User fees not only help fund service provision but they also help maintain order in the district. The findings from this study are similar to findings from a study conducted by Burrell in 2018 in the United Kingdom on Fees and charges as significant income for councils. Burrell (2018) study revealed that Flintshire County Council failed to remove user fees on Public toilets and parking slots as they contribute a significant income to local authorities in the United Kingdom. Parking charges also help reduce congestion and support town centre commerce.

4.2.1.3 Property rates

According to the Chief Internal Auditor at Chongwe Municipal council (Interview, 8th September, 2020), the extent at which the local authority collects property rates is to a larger extent determined by the number of properties captured in the valuation roll. In like manner, the Treasurer at Kafue Town Council (interview, 22nd September, 2020) stated that:

Kafue Town Council normally loses out revenue from un-captured properties as the law demands the local authorities to only prepare the main Valuation Roll every after five years.

According to the Chief Internal Auditor at Lusaka City Council (Interview, 21st September, 2020), property tax, levied under the Rating Act Cap 484, accounts for nearly 50% of all council's income. However, this income is not fully utilized as most councils cannot afford the regular revaluation. According to the Chief Internal Auditor at Lusaka City Council, from 2013 to 2018 Lusaka City Council was using the Main Valuation Roll of 2013. The main Valuation Roll of 2013 was prepared with about 63,400 properties captured; some of the properties that were constructed between 2013 and 2018 were not captured in the Valuation Roll. This made the councils lose out a reasonable amount of revenue. To deal with this loss, Lusaka city councils in 2018 prepared a Supplementary Valuation Roll No. 1 of 2013 that saw 13,600 properties captured in 2018 which resulted in an increase in the total number of properties captured to 77,000. There is need to shorten the period at which valuation rolls are updated, this will ensure that councils collect the required revenue from all captured revenue (Interview with the Lusaka City Council Chief internal Auditor, 21st September, 2020).

A study by the National Records of Scotland (NRS) in 2020 on Valuation Rolls reveal that it is important to frequently update Valuation Rolls so as to ensure that councils collect revenue from all properties in a particular area. Valuation rolls in Scotland are updated annually and are used for a number of activities such as proof of ownership, tenancy or use of buildings for legal and administrative reasons (NRS, 2020). According

to the Lusaka city Council Chief Internal Auditor (21stSeptember, 2020), valuation rolls in Zambia are prepared every after five years. This means that some properties that are constructed between the five years may need to be captured in the Valuation system and councils tend to lose out on property tax.

4.2.1.4 Personal levy

The findings from key informants reveal that local authorities do not generate more revenue from personal levy. The chief Auditor at Chongwe Municipal council (interview, 8thSeptember 2020) stated that:

Personal levy does not contribute much revenue to the council, as compared to property rates. This is because it is only paid at one percent (1%) of annual income and the maximum is Fifteen Kwacha only.

Like rates, most councils, do not have an up to date database of the taxpayers. Personal levy is even more inelastic, as changes in the rates have to be passed through a statutory instrument. For some unknown reason, the tax has a maximum leviable amount of K 15 000 per year. Therefore, a person who earns K 5 million per year will pay the same amount, K 15 000 or 0.30% as one who earns K 50 million whose tax burden will be 0.03% (Chitembos ,2012). ILO (2020) indicates that the unemployment rate in 2020 in Zambia was at approximately 11.41 percent. Madimutsa (2016) states that the unemployment rate is higher in urban areas than in rural areas. The fact that only few people are employed has contributed to the failure of personal levy to contribute more revenue to councils in Zambia.

4.2.1.2 License

According to the Principal Local Government Auditor at the Ministry of Local Government (Interview on 4th August 2020), City, Municipal and Town councils generate a reasonable amount of revenue from trading license. The Business Regulatory Act, 2014 allows local authorities to issue certificates to citizens within their jurisdiction to carry on a trade. The Principal Local government Audit at the Ministry of Local

government further argued that due to lack of employment in the formal sector, many people have started their own businesses such as retail shops, barbershops, salons and liquor shops are everywhere. According to the Director of Finance from Lusaka City Council (Interview on 24th September 2020), Local authorities have taken advantage of the situation and have tried by all means to ensure that businesses without trading licenses are closed down. Despite the effort by the local authorities to collect revenue from trading licenses, they have not been able to collect the total budgeted revenue from licenses. The Chief Auditor at Chongwe Municipal council (Interview, 8th September 2020) stated that:

Some few business men do not have trading licenses deliberately, while others it is out or ignorance, this has prevented the councils from obtaining the budgeted amount of revenue from trading licenses

According to the treasurer at Chongwe Municipal Council (Interview, 8th September 2020), there has been a tendency by citizens to avoid obtaining trading licenses; this has prevented most councils from collecting the budgeted revenue. The treasurer argued that Chongwe Municipal council collected about k1, 300,000 from the budgeted K2, 580, 000 in 2019. Some business men complained that the Business Licensing Procedures are complicated for some of them; this discouraged them from obtaining a trading license. The treasurer for Chongwe town council went on to state that it is also difficult to collect the budgeted revenue for a particular year from trading license for October; November and December as most payment is not collected in the following year. Local authorities are often not the only business licensing entities in a particular district. Other government agencies, especially in the tourism and the extractive resources industries also collect revenue from licenses and permits from enterprises operating within their district. For example, PACRA. According to the Principal Local Government Auditor at the Ministry of Local Government (interview, on 4th August 2020), there is need for local authorities to simplify the Business Licensing Procedure, Shorten the number of days for one to acquire a trading license and encouraging voluntary compliance which can increase the amounts of money collected.

4.2.1.6 Public – Private Partnership

The findings reveal that Local authorities also generate revenue from Public–Private partnerships. The Principal Director of Finance at the Ministry of Local Government (Interview, 7th August, 2020) stated that:

City, Municipal and Town Councils in Zambia have ventured into Public – Private Partnerships in order to generate revenue and effectively provide services to the people. Lusaka city councils had partnered with Parkrite in the management of car Parks. Local authorities such as Chongwe Municipal council and Kafue Town Council have also ventured into Public–Private Partnerships such garbage collection.

These findings reveal that City, Municipal and Town councils generate part of their revenue through Public–Private Partnerships. These findings support Momba (2007) study that revealed that Public–Private Partnerships have not only enhanced local authority’s service delivery, but have also posed as potential sources of revenue. According to the Director of Finance in Charge of revenue collection at Lusaka City council (interview 24th September, 2020), some local authorities have failed to generate the expected revenue from public private partnerships because private companies fail to honor the contract. Mathotho’s (2018) study reveal that from the ZMW357, 300 that was collected per month by Parkrite Zambia Limited in the public private partnership with Parkrite on car –park management with Lusaka city council, only ZMW25, 000 was being given to the council monthly. This represented only 7 percent of the profit. This was a breach of contract as the contract between the two councils demanded that 40 percent of the profits are to be remitted to Lusaka City Council on a monthly basis. Parkrite is supposed to retain 60 percent of the profits (Mathotho, 2018).

4.2.1.7 Donations

The assistant human resource officer at the Ministry of Local Government, who was sitting in the interview for the Permanent Secretary at the Ministry of Local Government (Interview, 27th November, 2020) stated that:

Local Authorities in Zambia have, to some extent, benefited greatly from loans as a source of revenue

According to the Director of Finance in Charge of revenue collection at Lusaka city councils (Interview 24th September, 2020), Zambia National Commercial Bank Plc (Zanaco) in 2017 made a donation worth K27, 000.00 to the Lusaka City Council commemorating the 2017 Financial Literacy Week. It is not only Lusaka city council that has raised revenue through donations, Municipal and Town Councils have also benefited greatly from donations as sources of revenue. For example, The European Union allocated £2 Million in 2017 to ten councils, the money was earmarked for developmental projects, targeting of local authorities in Northern, Copperbelt and Lusaka provinces. Among the councils that benefited from the £2 Million allocation included; Luanshya Municipal Council, Masaiti Town Council and Ndola City Council on the Copperbelt. Others are Kasama Municipal Council, Mpulungu Town Council, Luwingu Town Council and Mporokoso Town Council, all in Northern Province. Rufunsa Town Council, Chongwe Municipal Council as well as Kafue Town Council, were the selected local authorities that benefited in Lusaka Province (Chimba, 2019).

Some organizations have donated to the councils with good motives such as the desire to pay back to the community. Upon donating K27,000.00 to the Lusaka City Council , Zanaco Managing Director and CEO, Mr. Henk Mulder, clearly stated that Zanaco is a socially responsible Bank which is committed to adding value to the quality of life for not only its customers but also for people in communities where the Bank serves. However, some organizations donate to councils with bad intentions (ZANACO, 2020). It is for this reason that section 49 of the local government amendment Act of 2019 states that local authorities shall not 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.

4.2.1.8 Borrowing

The study found out that loans are not a dependable source of revenue for local authorities in Zambia. The Chief Internal Auditor at Chongwe Municipal council (Interview, 8th September 2020) stated that:

Some local authorities have huge debts, No wonder some institutions and banks refuse to lend them money

The study found out that the major reason why banks and other institutions refuse to lend local authorities money is because some local authorities owe banks huge amounts of money. According to the Director of Finance from Lusaka City Council (Interview on 24th September 2020), in 2019, Zanaco refused to lend money to Lusaka city council due to the outstanding debts the councils owed the bank. For May 2018 salaries. Lusaka city council got a loan from Investrust bank to pay salaries, even for June salaries. The same year, Lusaka city council got a loan from Stanbic bank. According to the Director of Finance from Lusaka City Council (Interview on 24th September 2020), it is not only Lusaka city council that has raised money through borrowing, even other local authorities in Zambia such as Ndola city council and Mazabuka Municipal Council have time and again borrowed money from banks to facilitate their operations. To prevent local authorities from borrowing too much, central government exercises some form of control on the extent at which the local authority borrows. Section 49 of the local government amendment Act 2019 states that a local authority shall not 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.

4.2.2 Non-Traditional sources of Revenue

Apart from traditional sources of revenue, the study found out that local authorities also collect revenue through non-traditional sources of revenue such as grants. The Principle Local Government Auditor from the Ministry of Local government (Interview 24th August, 2020) stated that;

There are three main types of grants given to local authorities; these are the equalization fund, the constituency development fund and the grants in lieu of rates.

4.2.2 .1 Equalization fund

According to the assistant economist in the decentralization Unit at the Ministry of Finance (*Interview, 24th August, 2020*), each year parliament allocates the equalization funds to local authorities with the aim of promoting equal development in the country. The assistant economist further argued that the Equalization Fund was operationalized in 2015, following the enactment of the Local Government (amendment) Act, No.12 of 2014. This Act has since been repealed and replaced by the Local Government Act, No. 2 of 2019. The local government Act, 2019 states that a local authority shall use at least twenty percent of the funds received by a local authority from the Equalization Fund, in any financial year, to finance capital expenditure and eighty percent for its recurrent expenditure.

The equalization Fund has not only been used in Zambia. ILO (2008) states that Denmark and Kenya also have the Equalization Fund. Article 204 of the Constitution of Kenya establishes the Equalization Fund in Kenya into which should be paid one half per cent (0.5%) of all the revenue collected by the national government each year. Article 204 of the constitution of Kenya demands the national government should use the Equalization Fund only to provide basic services to local areas, these services include water, roads, health facilities and electricity.

4.2.2 .2 Constituency development fund

Apart from the equalization fund, all the key informants stated that Local authorities receive the constituency development fund. The Assistant Economist in the decentralization unit at the Ministry of Finance (*interview 28th September 2020*) started that;

On average the ministry of finance releases k249, 600,000 as constituency development fund yearly

Every year, each local authority is mandated to include a provision for CDF in its capital budget and the Government uniformly allocates across all constituencies CDF .The current CDF allocation is K1.6 million per constituency after a K200, 000 increment in 2018. Although the CDF allocation has grown steadily to K1.6 million in 2019, the disbursement of the Fund has not been consistent (Interview held on 24th August with the assistant economist at the decentralization unit at the ministry of finance).

The Constituency Development Fund (CDF) was approved by parliament in 1995 to finance micro-community projects for poverty reduction. As part of their annual capital programmes, each area member of parliament is mandated to include CDF for community based projects in his/her area. The CDF committee is required to account for the funds in accordance with the law (MLG, 2019).

4.2.2 .3 Grants in lieu of rates

The study found out that apart from the equalization fund and the constituency development fund, local authorities also receive the grants in lieu of rates. The Director of Finance in Charge of revenue mobilization at Lusaka City Council (8th August 2020) stated that:

These grants are given to local authorities by central government to carter for exempted buildings such as sport recreation, religious and education institutions

According to the treasurer at Chongwe Municipal council (Interview 8th September 2020), grants in lieu of rates do not contribute much to council's revenue; actually, they are the least source of grants from central government. Municipal and Town councils do not even benefit much from grants in lieu of rates because their jurisdictions do not have a lot of government properties as compared to city councils. The ministry of local government normally takes long to distribute these grants.

4.3 Extent to which Local authorities are able to mobilize revenue

All the key informants revealed that property rates are the most reliable source of revenue for City, Municipal and Kafue Town Council. The study also found out that local authorities have not been collecting what they budget from property rates. This is shown in table 4.1 below

Table 4.1 Budgeted and collect amount from property rates for 2019 Local authority budgets

Local Authority	Budgeted amount to be collected	Collected amount	Collected amount as a share of the budget amount to be collected
Kafue Town council	4 million	K 1.3 million	32 %
Chongwe Municipal council	K11 million	K3 million	27%
Lusaka city council	K150 million	K105 million	70%

Source: field Data

Table 4.1. Shows that Kafue Town Council budgeted to collect K4 million from property rates. However, the council only collected K1.3 million from its major source of revenue; this represents only 32 % of what was expected to be collected. Table 4.1 also shows that Chongwe Municipal Council budgeted to collect K11million from their major source of revenue. However, the council only collected K3 million. This represents only 27 % of what was expected to be collected. The table also shows that Lusaka city council expected about K 150 million but only collected K105 million from their property rates, this represents only 70 % of what was budgeted to be collected.

The findings have revealed that Lusaka city council collects the highest amount from property rates. This is because Lusaka is vast and many properties in Lusaka district are captured in the valuation roll as compared to Chongwe municipal council and Kafue town council. Lusaka district is the highest populated district in Zambia and its current

metro area population is 2,774,000, a 4.8% increase from 2019. Lusaka city council updates its own valuation roll (CSO, 2020).

According to the chief internal Auditor at Lusaka city councils (7thSeptember, 2020), for the past few years Lusaka City Council has been using the 2013 main valuation roll. The Main Valuation Roll of 2013 was prepared with about 63,400 properties. Lusaka City Council could not collect the budgeted revenue from property rates because some properties were not captured in the 2013 main Valuation roll. To ensure that the local authority captured more properties, the Supplementary Valuation Roll No. 1 of 2013 was prepared that saw 13,600 properties captured in 2018 which resulted in an increase in the total number of properties captured to 77,000 properties (Interview Chief internal Auditor, 7thSeptember, 2020).

The Chief Internal Auditor at Chongwe Municipal Councils (Interview, 8thSeptember 2020) stated that:

The council failed to collect the expected revenue from the property rates because of lack of transport and manpower to collect the revenue. The council does not have enough funds to buy fuel. The council also has few cars, hence, it is difficult to move to far place from the council like Kwemwena Meanhood

Chongwe municipal council rarely collects what it budgets from property rates. This can be attributed to a number of factors, among them are; lack of capacity and resources to collect and enforce compliance. Some officials at Chongwe Municipal Council even use their own personal vehicles to perform council duties because of lack of fuel and inadequacy of transport. This has led to the failure to collect revenue from far places like Kwemwena meanwood. Unlike, Lusaka city council that updates its own valuation roll, Chongwe Municipal Council updates the valuation rolls with the help of staff from the Ministry of Local Government; this applies to all municipal and town councils. The valuation process of property tax is lengthy and costly. This has resulted into most local authorities avoiding the exercise and, therefore, losing revenues from this source (Internal, 8thSeptember 2020).

Despite the failure by councils to collect the budgeted amount from property rates, property rates have continued to be the major source of locally raised revenue for councils in Zambia. The findings from this study are similar to the findings from a study conducted by the ministry of finance and the Ministry of Local Government on the performance of council's revenue sources for 2006. The findings by the ministry of finance and local government are presented in the table 4.2 below:

Table 4.2: Performance of Council Revenue Sources -2006

Type of Council	# of Councils	Revenue Sources					Sub-Total	Average Per Council
		Property Rates	Levies	User Charge	P. Levy	Licenses		
City	2	\$4,481,707	\$434,835	\$1,018,633	\$42,545	\$97,069	\$6,074,789	
		73.8%	7.2%	16.8%	0.7%	1.6%	100.0%	\$3,037,395
Municipal	3	\$128,723	\$85,605	\$656,718	\$25,381	\$41,345	\$937,772	
		13.7%	9.1%	70.0%	2.7%	4.4%	100.0%	\$312,59
District	4	\$40,948	\$379,140	\$95,416	\$51,840	\$57,840	\$625,184	\$156,296
		6.5%	60.6%	15.3%	8.3%	9.3%	100.0%	
Total	9	\$4,651,378	\$899,580	\$1,770,768	\$119,766	\$196,254	\$7,637,745	\$848,638
		60.9%	11.8%	23.2%	1.6%	2.6%	100.0%	

Compiled data collected during (MoFNP-MLGH, 2008)

Table 4.2 shows the compiled data by the Ministry of Finance and national planning and the Ministry of Local Government in 2006 on the performance of revenue sources for 2 city councils, 3 municipal councils and 4 municipal councils. The table reveals the total percentages of rates for the 9 council's in 2006, property rates were at 60.9%, levies were at 11.8%, user charges were at 23.2%, personal levy was at 1.6 % and Licenses were at 2.6 %. The findings by the MoFNP and MLGH (2008) are similar to the findings of this study in that they reveal that property rates are the major sources of revenue for city, municipal, and town councils. These findings reveal that property rates have been major sources of revenue for council for a long period of time.

UN Habitat (2015) reveals that several features make property taxes especially attractive as a subnational tax. Most importantly, property tax is a visible tax and, therefore conducive for political accountability. In addition, property tax falls on an unmovable base. Also, the larger the population in a particular area, the more money the councils collect from property rates. However, depending on how the property tax is structured, it can move away from the benefit link; this may be the case, for example, if the tax burden falls just on a few classes of property, such as non-residential property.

The study found out that marriage certificate fees are the least reliable source of revenue for Lusaka city council. According to the director of finance in charge of revenue collection (interview on 24th September 2020), it has been difficult for Lusaka City Council to budget on the expected amount of revenue from marriage certificate fees because it is difficult to predict the number of people who will be willing to have their marriages certified by the council.

The study also revealed that permits are the least reliable source of revenue for Chongwe Municipal Council and Kafue Town Council, while for Lusaka City council, the study also found out that Chongwe Municipal Council and Kafue Town Council have not been collecting what they budget from permits. This is shown in table 4.3 below.

Table 4.3 Budgeted and collect amount from permits

Local Authority	Budgeted amount to be collected	Collected amount	Collected amount as a share of the budget amount to be collected
Kafue Town council	K 1000	K 500	50%
Chongwe Municipal council	K861	K575	66%

Source: field data

Table 4.3 also shows that Kafue town council Budgeted to collect K1000 from business permits. However, the council only collected K500 from Business permits, representing only 50 % of what was expected to be collected. Table 4.3 also shows that Chongwe Municipal budgeted to collect K861 from Permits. However, the council only collected K575 from permits, representing only 66 % of what was expected to be collected.

The findings reveal that permits are the least reliable source of revenue for both Chongwe Municipal Council and Kafue Town Council. Failure to generate more revenue can be attributed to a number of factors. The Deputy council secretary for Kafue Town (interview conducted on 29th September) council stated that:

Permits are the least reliable source of revenue for Kafue town council, because only few businesses are formally registered

According to the deputy council secretary at Kafue Town Council (Interview, 3rd October, 2020), Kafue district has a large number of unregistered businesses, many small business owners claim not to know the processes needed to be undertaken in order to get a business permit. This excuse by most small business owners is not just found in Zambia, but also in other developing countries outside Africa such as the Philippines. A study conducted by Carpo in the Philippines revealed that few people are willing to get business permits from the municipality/city or local government unit (LGU) in

Philippine, some citizens still complain that they do not know the process (Carpo, 2020). With the mushrooming of many Air money booths, it is expected that many people will obtain permits from the council. However, the deputy secretary at Kafue town council argued that most of the owners of these booths are not willing to obtain the permits from the councils. The chief accountant at Chongwe municipal council (interview conducted on 2nd September) stated that:

Residents refuse to pay because they claim not to see what the council does with the money collected from permits

It can be deduced from the findings that the reasons for the failure to collect the expected revenue from permits differs. Chongwe attributed its failure to collect the expected revenue to resident lack of compliance in paying business permits, while Kafue town council attributed its failure to collect expected permits to failure by the council to register all businesses in the district. Poor work culture and lack of developmental projects by most councils have also negatively affected residents desire to pay for business permits. Councils, in the recent past, were collecting a myriad of business licences and permits from all sorts of enterprises operating within their jurisdiction. These included trading, professional, fire and liquor licenses. However, things have changed now as councils are not the only business licensing entities in a particular sector. Other government agencies, especially in the tourism and the extractive resources industries, are now also collecting various licenses and permits from enterprises operating within their sector of concern.

4.4 Adequacy of local authorities mobilized Revenue

The study found out that the revenue for local authorities are inadequate to facilitate local authority's service provision. The chief Accountant for Chongwe Municipal Council (8th September 2020) stated that:

Despite having various sources of revenue as a council, these sources have been inadequate to facilitate service provision. Most of the time, the council

does not collect the budgeted revenue. This has hindered effective service provision.

The findings reveal that despite local authorities having various sources of revenue, these sources of revenue have been inadequate. These various sources of revenue have not been generating revenue as expected. Chongwe Municipal budgeted to collect K861 from Permits. However, the council only collected K575 from permits, representing only 66 % of what was expected to be collected. Despite Lusaka city councils having various sources of revenue, the council has also been experiencing difficulties paying salaries for employees due to inadequacy of the revenue. Chomba (2018) reveals that the August 2018 salaries for Lusaka city council employees were delayed due to inadequacy of various sources of revenue for the councils.

According to Kafue Town Council Treasurer (Interview conducted on 7th September 2020), only few people register their marriages with the councils, some traders also trade without obtaining trading license from the councils. Not only that, some residents do not pay property rates to the council. All these reasons have contributed to the inadequacies of various sources of revenue in councils.

The findings also reveal that grants from central government have also proved to be inadequate to facilitate effective local authority's service provision. According to the treasurer at Chongwe Municipal council (Interview 8th September 2020), Municipal and Town councils do not even benefit much from grants in lieu of rates because their jurisdictions do not have a lot of government properties as compared to city councils. Central Government like any other property owner is supposed to pay rates on its properties in full to the council. However, Central Government does not pay rates on its property in full. To compensate for revenue loss, the council is paid the 'Grant in lieu of rates', which is lower than the actual or full rate (Mushimbwa, 2020).

The study found out that the 80 percent meant for recurrent expenditure and the 20 percent meant for capital expenditure in the equalization fund is inadequate to facilitate effective service provision in councils. According to the treasurer at Chongwe Municipal council (Interview 8th September 2020), the council has had a challenge in completing

certain projects due to the inadequate of the 20 percent meant for capital expenditure in the equalization fund. In October 2019, the Minister of Local Government advised all councils in the country to have a duty of raising their own funds to sustain workers as he argued that it is not the responsibility of government to pay salaries for council's workers (Chabala, 2019).

4.5 Challenges faced in mobilizing revenue for the local authorities

The study found out that local authorities face a number of challenges when mobilizing revenue. In this research, these challenges are viewed from three different levels. The first level involves challenges faced by the local authorities in raising revenue using the most reliable source and the least reliable source. The second level will involve challenges faced by the local authority using other sources of revenue.

4.5,1 challenges faced by the local authorities in raising revenue using the most reliable and the least reliable source.

The study found out that most Properties are not captured in the valuation roll and residents tend not to be compliant to pay property rates. The Director of Finance in charge of revenue mobilization from Lusaka City Council (Interview on 24th September 2020) stated that:

Most of the properties in Lusaka are not captured; hence, it is very difficult to collect property rates. Some residents are not compliant in paying rates and the local authority lacks man power and transportation needed to collect revenue

According to the director of Finance in charge of revenue mobilization at Lusaka City Council (Interview on 24th September 2020), most of the properties in Lusaka are not captured in the local authority valuation roll. This is because the valuation roll is not updated yearly but it is updated after five years. By the time the researcher was collecting data in June 2020, Lusaka city council was using the 2013 valuation roll. This meant that most properties that were built in Lusaka between 2014 and 2018 were not captured and the Lusaka city council was not collecting any revenue from those

properties that were not captured. The rating Act No 21 of 2018, gives a provision for a mini valuation roll to supplement the old valuation roll. According to the chief internal Auditor at Lusaka city council (7thSeptember, 2020), despite Lusaka city council creating a mini valuation roll in 2018, a number of properties were not captured as it was done manually. The chief internal Auditor at Lusaka city council further stated that noncompliance to pay property rates by some selected resident from Lusaka also posed to be a challenge. Some refuse to pay property rates because, they claim that they do not see the work Lusaka city council is doing. Some Lusaka residents do not give the correct information regarding their properties; this has made it very difficult for the council to determine the rate of certain properties. In like manner, the chief Auditor at Chongwe Municipal council (interview, 8thSeptember 2020) stated that:

Property rates are difficult to collect because many properties in Chongwe district are not captured in the system. If we are to look at Chongwe, the area is quit vast that people from far places fail to come to the local authority to pay property rates

As already eluded, property rates are the most reliable source of revenue for the Chongwe Municipal Council. However, most properties in Chongwe are not captured in the valuation roll. According to the treasurer at Chongwe Municipal Council (Interview 8th September 2020), Chongwe Municipal Council has, over the years, tried to capture all personal and commercial properties but to no avail. This is because the local authority have been capturing data manually, where people move round the district collecting data on properties found in Chongwe .In trying to collect property rates, the council normally incurs huge costs in terms of fuels, as the district is quiet vast. It has an area of about 10500 square kilometers, with a population of 6,057 (CSO, 2019). This can be seen from Figure 4.2

treasurer for Kafue Town Council (22nd September 2020), there is need to set up satellite offices where people can easily pay property rates. For example, residents staying in Mungwi normally find it difficult to move to Kafue town council to pay property rates. This has been made worse as Kafue town council has few resources to facilitate movement in the collection of property rates. In like manner, Chongwe Municipal Council lacks fuel to transport employees to collect revenue from places such as Kwemena Meanhood (Interview on 8th September with the chief accountant at Chongwe Municipal council).

According to the treasurer from Kafue Town Council (Interview on 22nd September 2020), there are low compliance levels as residents normally express ignorance on the need to pay business permit. Some selected people are willing to pay but they just feel lazy to come to Chongwe municipal council to pay. Most of them want the councils to follow them. Some of residents even claim to have kept the money waiting for local authority personnel to pass through their localities and collect the revenue. In like manner, the treasurer from Chongwe Municipal Council (8th September 2020) stated that:

Residents are not compliant in paying Business permits.

The findings reveal that lack of compliance to pay for business permits by residents has resulted into failure by the council to generate more revenue through business permits. These findings support Chitembos (2012) findings that reveal that business licenses generate between 5 per cent and 30 per cent of Local government own revenues in urban councils. Chitembo's (2012) also reveals that in many countries, collection of revenue through business permits is quite unsatisfactory and has imposed huge costs on businesses, while generating relatively little money. There are a number of factors that hinder effective mobilization of revenue through business permits. Fjeldstad (2006) reveals that in Uganda, a common complaint from small and medium-sized enterprises has been that 'they do not know what to pay, where and to whom'. The regulatory aspects of the license system have been largely abandoned. In addition, poor policy design and weak administration mean that license coverage; assessment, collection, and

enforcement rates are low, leading to poor revenue generation. Obtaining a license in Uganda typically involve multiple visits to various offices, sometimes over several days, with associated travel costs. Failure to provide the correct license receipts may result in closure of the premises. Consequently, the system is often riddled with rent seeking and corruption. Moreover, poor administration often means that many businesses are not included in the license system due to lack of proper business registers. Furthermore, weak financial management has often implied that collection and enforcement provisions are rarely enforced. This erodes the tax base and introduces inequities into the system. Thus, many existing business license systems across Africa, Zambia inclusive contain serious defects (Fjeldstad, 2006).

4.5.2 Challenges faced by the local authorities in raising revenue rising revenue using other sources of revenue.

The study found out that a number of residents in Lusaka, Chongwe and Kafue in particular; have questioned the rationale for their paying property rates, personal levy and permits when they do not see what the local authority is doing for them. The director of Finance at Lusaka city council (interview on 22nd September 2020) stated that:

A number Residents in Lusaka have questioned the rationale for their paying personal levy when the councils are not doing anything for them.

It is clear from the above response that the people of Lusaka are not pleased with the level at which Lusaka city council is providing services to the local people. The survey by Momba (2002) and the study by Musukuma (2011) revealed that that failure by councils to provide certain services to the people has contributed to resident's refusal to pay the necessary dues to the councils. Property owners in particular seem to be the unhappiest in view of what they consider very high rates for no services from the councils. Musukuma (2011) study revealed that ratepayers in Kalundu in 2010 threatened to stop paying council rates because the council was not providing them with any services. In reaction to the threats by the council to send bailiffs to defaulting property owners, most residents normally argue that rates should be linked to the

provision of services. Residents normally complain of roads being broken down and in some areas refuse collection stopped years ago, street lights do not exist, but the council expects residents to pay rates. In a nutshell, deficient service delivery has lowered the standing of LCC in the eyes of the residents and this manifests itself through non-tax compliance, apathy in local government elections and lack of interest in the activities of the council in general.

According to the Kafue deputy council's secretary (Interview, 7th September 2020), there is too much political interference in the mobilization of revenue; some cadres have been in the forefront to collect levies from marketers in markets. Councils have less power over them because these cadres are protected by government officials. The director of finance at Lusaka city council in charge of revenue mobilization (interview on 7nd September 2020), argued that too much political interference has affected revenue collection for the local authority. Some marketers refuse to pay market levies to the local authority claiming that they have already paid to the cadres and they cannot pay twice. In like manner, the treasurer for Kafue town councils (Interview on 22nd September 2020) stated that:

Kafue town council does not have the power to fight cadres who collect market levies; this is because of the political environment the council was operating in.

The findings from key informants reveal that too much political interference poses to be a challenge in the mobilization of revenue for the council. Some cadres have been collecting revenue from marketers; this has led to marketers refusing to pay market levy to the local authorities because they cannot pay twice. This challenge was succinctly summed up by the Minister of Local Government during delivery of a Ministerial Statement on the floor of the House on Wednesday, 22nd February, 2017, when he stated:

Markets and bus stations have been used as political battle grounds where various political players flex their muscles in their quest to unduly establish dominance.

The heightened political activity tended to shift the primary focus of activity in markets and bus stations and sideline the purpose for which these facilities were established. The findings are supported by Chibiliti's (2010) study, which revealed that local authorities on the copper belt were working in an environment where there is too much political interference. This really affected their revenue generation.

These findings are supported by Kelly et al (2001), who argued that lack of political will among government officials in Malawi and other African countries have negatively affected revenue mobilization in local authorities. Kelly et al (2001) argued that some government officials at times do not provide the required incentives to local authorities required for local authority revenue mobilization.

The other challenge which local authorities face in the mobilization of resources is delay in the disbursement of grants by central government. The chief Auditor for Chongwe Municipal council (interview on 7th September 2020) stated that:

Central government delay disbursing grants to local authorities, central government need to be disbursing funds on time, at times as Chongwe municipal council, we normally receive the equalization fund late, at times we even receive it in parts

The findings reveal that the Ministry of Finance often delays disbursing funds to local authorities. According to the director of the decentralization unit at the Ministry of Finance (Interview on 25th September 2020), the delay in disbursing the equalization fund for October and November, 2019 negatively affected local authorities' service delivery, as most local authorities depend on grants for service delivery.

According to the Principal Local Government Auditor at the Ministry of Local Government (interview on 4th August 2020), delayed disbursement of CDF and LGEF

by the Treasury to the Ministry of Local Government for subsequent disbursement to local authorities also affected project implementation. Particularly for the years 2014, 2015 and 2016, most local authorities reported that they did not receive CDF. The chief Local government principal Auditor further revealed that despite the two Funds being disbursed late, the funding was erratic, thereby affecting service delivery by local authorities. In addition, there was increasing uncertainty around the disbursement of the monthly LGEF to councils, as it was considered a supplementary fund. This led to failure by local authorities to plan and effectively implement programmes. Many are the times when the ministry of finance disburses less money than what it has budgeted for. For example, the ministry of finance has been disbursing less than what it has been budgeting since 2015 when the fund was operationalized. This is shown in the table 4.5 below:

Table 4.5: LGEF Budget Status

Fiscal Year	Budget Allocation	Budget Allocation	Disbursement as share of the budget allocation
2015	586,759,459	586,759,459	100%
2016	717,013,167.00	657,262,070.00	92%
2017	887,848,785.00	813,861,386.25	92%
2018	1,078,428,000.00	2,057,882,915.25	100%
2019	K1,164,567,612	K963,294,709	83%
Total	K220,326,708,712	206,751,586,234	93%

Table 4.5 shows the budget status for the LGEF after 2015 when the Fund was first operationalized. Since inception, the Fund was only fully disbursed in the years 2015 and 2018. This reveals that Ministry of Finance often disburse's less than what they

budget and promise local authorities. The assistant economist in the decentralization unit at the Ministry of Finance (4th August 2020) stated that:

“The Ministry of Finance often has a tight resource envelope, the ministry of finance normally has limited finances against many demands; this has led to the late disbursement of the constituency development fund to local authorities by the ministry. Late disbursement of the constituency development fund does not necessarily affect Local authority’s revenues, but non completion of infrastructural development such as Schools, Markets and Clinics which were under the support of CDF.

On average, the Ministry of Finance disburses about K249, 600, 000 yearly to a number of constituencies as constituency development fund. This fund is meant for Community Capital Projects in the Constituencies. However, the challenge is that councils receive this fund very late. (Interview with the assistant economist in the decentralization unit at the Ministry of Finance, 4th August 2020).

The other challenge is that central government has not increased the grant for some councils that have been upgraded from either town to municipal council or from municipal to town councils. The mayor at Chongwe Municipal Council who was sitting in the interview for the chairperson for the Finance committee (Interview 23rd September 2020) stated that:

Despite Chongwe being upgraded from just town councils to a municipal council, central government has not increased the funds and infrastructure has not improved

Councils that have been upgraded from town to Municipal Councils or Municipal to City councils need an increase of funding to facilitate the increasing responsibilities that come with the expansion of such a council. However, central government normally delays increasing the funding to these councils. For Chongwe municipal council, for example, the funding has not increased and the infrastructure is just the same. This has affected the council’s service delivery. However, upgrading of Chongwe district council

to a Municipal council can also have merits. In the first instance, the council will have more land under its custody unlike in the recent past when much of the land was under the traditional leaders.

The treasurers from Chongwe Municipal Councils, Kafue town council and the Director of Finance from Lusaka city council mentioned other common challenges which local authorities face when raising revenue from other sources of revenue. Lack of personnel and transport needed to go round the district collecting revenue is one challenge facing local authorities. Lack of adequate advanced technology such as laptops needed to for effective data collection on revenue also poses to be a challenge faced by the local authority during revenue collection. The 2019 Report of the committee on local government accounts on the utilization of constituency development fund and local government equalization fund in Zambia revealed that some local authority personnel in charge of revenue collection had limited technical capacity and in some instances lacked experience in revenue mobilization. This is similar to Deva (2015) study, which pointed to shortages of officials with the necessary technical, managerial and financial skills. Due to the lack of financial resources to attract and retain high caliber staff, some councils fail to mobilize revenue. Too much central government control over local authorities' revenue mobilization also poses to be another challenge which local authorities face when mobilizing revenue. The market and bus station Act states that a local authority may enter into public-private partnerships, with the prior approval of the Minister given in writing and subsection 49 of the local government Act, 2019 states that a local authority shall not 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. However, the minister of local government at times delays responding to local authorities.

The Auditor General 2018 report also reveals that corruption among local authorities tax collectors pose to be a great challenge among local authorities in Zambia. This challenge is similar to the challenge which local authorities are facing in Uganda. The report reveals that one of the major challenges obstructing innovative practices among local

authorities in Uganda is corruption, embezzlement, collusion and fraud between the collectors and taxpayers. Tenderers bribe officials in order to get tenders; officials in districts are the owners of the businesses that are bidding for work in the LGs to mention but a few. Some revenue collectors, especially Town Agents and Parish Chiefs in Uganda take advantage of poor supervision and monitoring to siphon some of the money.

The Auditors General's report 2018 also reveal that high costs of property valuation and poor working relations have constrained local authorities' revenue mobilization. The valuation process of property tax is lengthy and costly. This has resulted into most local authorities avoiding the exercise and, therefore, losing revenues from this source.

According to the treasurer at Kafue town councils (Interview conducted on 7th September 2020), the poor working relationship between the various levels of local authorities and between the technocrats and politicians undermine teamwork spirit and diverts focus away from local revenue enhancement activities. Some politicians, especially at local level, are not supportive of local revenue generation efforts. They fear to annoy their voters. There are also a lot of illegal traders in the roads; this has made it difficult for the local authorities to collect revenue from illegal traders.

The findings from this study are similar to the findings from a study conducted by Frumence in 2012 in Kongwa district, Tanzania. Frumence (2012) revealed that late disbursement of funds interrupted the implementation of health activities in the district health system. The results also revealed that the delays in disbursement of grants to councils slowed the implementation of some activities, while a few activities were not implemented at all.

According to Lolojihs study (2008) the failure of central government to disburse grants in lieu of rates, following the enactment of the rating Act No. 12 of 1997, has contributed to the financial woes of local authorities. This Act prohibits local authorities to charge rates on many exempted properties including religious, education institutions, and premises on which buildings, plant and machinery for mining or mineral processing, power generation and telecommunication are located; agriculture land and buildings, and

premises used for sport and recreation, race parks and garden. The inexplicit policy for funding local authorities in effect means that local authorities have no legal recourse to ensure the receipt of adequate financial assistance from central government on a regular basis. Consequently, local authorities depend on the good will of the government. Local authorities are owed huge sums of money which, if collected, would make significant improvements to service delivery. In part, this problem is due to inability of the council to collect what belongs to them. Councils are not making effective use of relevant by laws to facilitate effective collection of revenue from defaulters.

4.6 Summary

This chapter examined the adequacy of various sources of revenue for local authorities in Zambia. The chapter revealed that local authorities' revenue can be grouped into two different categories; these are traditional sources of revenue and non-traditional sources of revenue. The common traditional sources of revenue mentioned by the majority of the key informants are Rates (property tax), Levies (taxes on local, usually, business activities), User Charges, Personal Levy (a Local tax on personal income) and Licenses (business permits) while non-traditional sources of revenue given to local authorities are the constituency development fund, the equalization fund and the grants in lieu of rates. The chapter also revealed that property rates are the most reliable source of revenue for city, municipal and town councils. Lusaka city collects more from property rates because the area is vast and many properties are captured in the valuation rolls. The chapter also revealed that business licenses and marriage certificates are the least source of revenue for all the three types of local authorities in Zambia. The chapter has also revealed that despite local authorities having various sources of revenue, these have provided to be inadequate to facilitate service provision. The chapter further revealed challenges faced by the local authorities in raising revenue using the most reliable and the least reliable source. Local authorities have the challenge of collecting property rates because most properties are not captured in the valuation rolls. Local authorities also face the challenge of collecting business permits which are the least sources of revenue because people are not tax compliant, most of the small businesses are not registered.

The chapter has also revealed that too much political interference pose to be a challenge in the mobilization of revenue for council. Some cadres have been collecting revenue from marketers; this has led to marketers refusing to pay the market levy to the local authorities because they cannot pay twice. The other challenge is that a grant from central government often disbursed late. These grants also come with conditions making it worse for the local authorities. Most of the time, the ministries of finance often

CHAPTER FIVE

EXTENT AT WHICH THE LEGAL AND INSTITUTIONAL FRAMEWORK HAS BEEN USED TO GUIDE LOCAL AUTHORITIES REVENUE MOBILIZATION

5.1. Introduction

The purpose of this chapter is to present and discuss findings relating to the second specific objective which reads: To investigate the extent at which central government use the legal and institutional framework to control local authority revenue mobilization. In order to achieve its purpose, the chapter proceeds by first looking at the legal framework that has been put in place to guide local authorities' revenue mobilization. The chapter then looks at the institutional framework that has been put in place to guide local authorities' revenue mobilization. It then looks at the extent at which the legal and institutional framework has been able to guide local authorities' revenue mobilization. Finally, a summary is drawn.

5.2 Legal framework that has been put in place to guide local authorities' revenue mobilization.

The study found out that there are various pieces of legislation that guide local authorities' revenue mobilization. The Principle Local Government Officer at the Ministry of Local Government (24th August 2020 at 15hrs) stated that:

Besides the constitutional provision, other pieces of legislation guide local authorities' revenue mobilization, among them are the Local Government Act, No. 2 of 2019, Public Finance Management Act, No. 1 of 2018, the market and bus station Act.No.7 of 2007, Property Transfer Tax (Amendment) Act, 2019, valuation surveyors Act, Personal Levy Act of 1996 and the Rating Act No 21 of 2018

The findings reveal various pieces of legislation used by central government to guide local authority's revenue mobilization. For instance, Article 162 of the Constitution of Zambia, as amended by Act No. 2 of 2016 directs and empowers local authorities to impose, recover and retain local taxes. Apart from the constitution, the local Government (amendment) Act, No.2 of 2016 provides guidance on the procedures which Local authorities need to follow when borrowing money, acquiring a loan and receiving grants. According to Lusaka City Council director of Finance in charge of revenue mobilization (interview, 7th September 2020: 15 hrs), the Ministry of Local Government and local authorities have, for a long time, been guided by the Local Government Act of 1991. The 1991 Local Government Act preceded the 1980 and 1965 Local Government Act. Central government has time and again referred to sections in the current Local Government Amendment Act, 2019 when controlling local government revenue mobilization. For example, Central Government has used section 49 of the Local Government Act to control local authorities desire to borrow from outside the country. Subject to section 49 of the Local Government Amendment Act, 2019, the local authority is not allowed 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. The Lusaka City Council Director of Finance in charge revenue mobilization further argued that a number of local authorities have not been comfortable with this section of the Act because they want central government to completely devolve and allow them to borrow at their own will.

Other than these pieces of legislation, the study found out that government in 2007 formulated the Markets and Bus Stations Act, which empowers and provides guidance to the market and bus station management board on how to collect market fees, stallage, rent or bus levies (Chitembo, 2012).

According to the Assistant Economist at the Ministry of Finance (Interview on 24th September 2019), Central government has been advising local authorities to be self-sustaining. Some local authorities have opted to invest the monies they receive from Central Government in the desire to be self-sustaining. However, Central Government,

to some extent, has used the Public Finance Management Act, 2019 to control how local authorities invest the money it receives as grants from Central Government. Subject to the Public Finance Management Act, 2018, a local authority may, with the approval of the Minister responsible for finance invests the funds of a local authority that it does not immediately require.

The study found out that Acts of parliament have played a huge role in guiding local authority's revenue mobilization. The legal laws have not only guided councils in revenue collection but also in the formulation of local authorities' budgets. Each Council is required, by law, LGA CAP 281 Section 39, to prepare a budget and submit to the Minister of Local Government for approval at least 60 days, before the commencement of financial the year (MLGH, 2012). According to the Assistant Economist under the decentralization Unit at the Ministry of Finance (Interview on 24th September 2019), the National Planning and Budgeting Act, 2019, plays an important role in guiding local authority revenue mobilization. The National Planning and Budgeting Act, 2019 provides for the formulation of the district development co-ordinating committee that advises the local authorities on the formulation, implementation, monitoring and evaluation of district and sub district plans and budgets.

The above mentioned findings support the findings from the report of the Committee on Local Government Accounts on the utilisation of Constituency Development Fund and Local Government Equalisation Fund in Zambia. The report revealed that, in the generation of various sources of revenue, the following statutes apply; the Republican Constitution, Local Government Act, No. 2 of 2019, Public Finance Management Act, No. 1 of 2018, Rating Act No 21 of 2018, Personal Levy Act of 1996, Property Transfer Tax (Amendment) Act, 2019, Valuation Surveyors Act and the Market and Bus Station Act.No.7 of 2007. The chief Auditor at Chongwe Municipal councils (interview, 8th September 2020) stated that:

The Rating Act, 2018 has been of treamandance help in providing guidance to Chongwe Municipal Council on the levying of rates

The findings revealed that the Rating Act, 2018 has helped in providing guidance to local authorities on the type of properties that are rateable. According to the chief internal Auditor at Lusaka city councils (interview, 7th September, 2020), the Rating Act clearly shows that Agriculture, Mining, Industrial and Commercial land owned by the people and not government are all rateable, while Public Libraries, Public Museums, Public Cemeteries, Public Crematoria, Property used for Worship, Property in the occupation of the President in the President's capacity as head of State found within a rateable area are not rateable. The Treasurer at Chongwe Municipal Council (Interview 8th September 2020) also stated that the Rating Act has been of help in guiding Chongwe Municipal Council on how to formulate the Main and Supplementary roll. Section 9 of the Rating Act, 2018, states that a rating authority shall, not less than once every five years, or a longer period that the Minister may approve, cause to be prepared a new main roll. In situations where some properties have been omitted in the main roll, the Rating Act also provides guidance on the formulation of a supplementary Roll.

According to the Director of the Decentralization unit at the Ministry of Finance (interview, 14th September ,2020), the Zambian Government developed the Intergovernmental Fiscal Architecture (IFA) in 2006 – 2007 in order to address the issues of the fiscal gap at the local level. The IFA has four components; Restructuring, Recurrent, Capital and Devolution Grants. According to an analysis by the Local Government Association of Zambia (LGAZ, 2007), taken together, these four elements were to constitute the Intergovernmental Fiscal Architecture (IFA) that would form the backbone of successful decentralization in Zambia (Chitembo, 2012).

The findings reveal that apart from statutes, there are administrative guidelines provided in form of statutory instruments and revenue circulars to guide local authorities' revenue mobilization. The mayor at Chongwe Municipal council who was sitting in the interview for the finance committee chairperson (Interview 23rd September 2020) stated that:

Circulars are the most used instruments by Central Government in guiding us on how to mobilize revenue. As a local authority, we normally receive circulars from Central Government time and again

The findings reveal that the Ministry of Local Government issues a budget circular together with budget guidelines every year, directing councils on how they can go about mobilizing revenue and set priorities. According to the Principal Director of Finance at the Ministry of Local Government (Interview 24thSeptember, 2020), circulars have been used to provide guidance and control of revenue mobilization in City, Municipal and Town councils in Zambia. For example, a circular was released in 2016, directing all the councils to ensure that all revenue and other Council moneys which become due and payable to the council must be collected punctually. However, amounts totaling K2, 622,249 owed to the Mporokoso District Council by Food Reserve Agency in respect of crop levy for the 2015/2016 marketing season had not been collected as at 31st December 2017. In their desire to follow the circular from the Ministry of Local Government, Mporokoso District Council started sensitizing the community through the media to pay crop levy directly to the council. Exporters of maize were made to pay for the constructed barrier at the border. During the purchase of maize by FRA, the Council would be there to collect crop levy from Farmers.

The study found out that apart from circulars, the Ministry of Local Government also use statutory instruments in guiding local authority revenue mobilization. According to the Principal Director of Finance at the Ministry of Local Government (Interview, 24thSeptember, 2020), the financial regulation Statutory Instrument number 125 (I.S.125) was put in place by government to provide guidance and management of local authorities funds. Circulars provide administrative procedures in revenue collection and direct all local authorities to be responsible in the mobilization of revenue. However, it is important to note that a circular is merely an administrative document with no force of law.

These findings support Mhaka's (2013) findings which revealed that different countries have set up different pieces of legislation in guiding local authority's revenue mobilization. Mhaka (2013) study also argues that governments in both developed and developing countries, like using Acts of parliament and Circulars to guide local authority revenue mobilization.

The study also found out that the Ministry of Local Government has been using routine monitoring and inspection of local authorities to control local authority revenue mobilization. According to the Principal Local Government Auditor at the Ministry of Local Government (Interview, 4th September 2020), Local Government Auditors appointed by the Ministry of Local government normally visit all councils to audit their annual financial accounts. Audit reports are submitted to both the council and the ministry, and each council submits an ‘action taken’ report within 60 days of receipt of its audit report. Ministry of Local Government then consolidates these reports and submits them to the Parliamentary Committee for scrutiny. Ministry of Local Government also scrutinizes council minutes. PLGOs are mandated to provide supervision and guidance to the councils within their provinces in the budget-making process. However, this has hindered initiative on the part of local authorities, as they are put in a fix and cannot do things on their own (GRZ, 2010).

5.3 Institutional framework that has been put in place to guide local authorities’ revenue mobilization.

The study found out that there are several institutional frameworks that have been put in place to guide local authority revenue mobilization. The Director of Finance at the Ministry of Local Government (interview conducted on 28th August 2020:15hrs) stated that:

There are a number of institutions that have been put in place to guide local authorities’ revenue mobilization; these include the Ministry of Finance, the Ministry of Local Government, the Decentralization Secretariat and the Local Authorities.

The findings reveal that the Ministry of Local Government plays an important role in guiding local authorities revenue mobilization. Section 3 of the Local Government (Amendment) Act, 2019 confers powers to the Minister of Local Government to establish and guide local authorities operations. Guidance in this case includes local authorities’ revenue mobilization. For example, Section 49 of the Local Government (Amendment) Act, 2019, states that a local authority shall not 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 of Local Government. According to the Treasurer at Chongwe Municipal Council (Interview 8th September, 2020), the Minister of Local Government declined the request by Chongwe Municipal Council to borrow an overdraft from ZANACO. This was because Chongwe Municipal Council wanted to use the Equalization Fund as collateral.

According to the Assistant economist at the Decentralization Unit at the Ministry of Finance (Interview, 24th August, 2020), section 6 of the Public Finance Management Act, 2018 confers power to the secretary to the treasurer at the Ministry of Finance to provide advice and guidance on matters relating to budgeting, accounting and internal auditing policy, general financial management and to monitor and inspect the operations of the decentralized accounting and internal audit units in public bodies to ensure value for money. In this case, section 6 of the Public Finance Management Act, places local authorities revenue mobilization under the Ministry of Finance. Apart from the Ministry of Local Government and the Ministry of Finance, the study also found out that local authorities also play a huge role in mobilizing their own revenue. According to the Town clerk at Lusaka City Council (Interview 3rd August, 2020), Local authorities have been empowered by Acts of Parliament to generate their own revenue. Each local authority in Zambia formulates its own budget yearly and submits it to the Minister of Local government for approval. City, Municipal and Town councils have the finance department in charge of revenue mobilization for the councils. The Director of the Decentralization Unit (interview on 25th September 2020) stated that:

The Decentralization Secretariat, the District Development Coordination Committee and the Constituency Development Fund Committee and the Equalization Fund Committee are among the institutions that guide local authorities' revenue mobilization.

The findings reveal that the Provincial Development Co-ordination Committee (PDCC) and District Development Co-ordination Committee (DDCC) play an important role in the mobilization of locally raised revenue, critical planning on how to mobilize local

authority revenue is also done in these committees. The National Planning and Budgeting Act, 2019 provides for the formulation of the District Development Co-ordinating Committee that advises the local authorities on the formulation, implementation, monitoring and evaluation of district and sub district plans and budgets. These committees presently form the basis of the hierarchy of planning and administration that were created in January 1995. They consist of Council's officers, officers of line departments and representatives of NGOs and community-based organizations (IGC, 2016). According to the Deputy Council Secretary at Kafue Town Council (Interview on 16th November, 2020), the Provincial Development Co-ordination Committee (PDCC) and District Development Co-ordination Committee (DDCC) are intended to serve as a mechanism for dialogue and co-ordination among Councils, line ministries, donors and NGOs at these levels and were envisaged as a first step toward eventual administrative and fiscal devolution to local government.

With the change in Government in 2011, decentralization re-entered the national dialogue and a revised decentralization policy was launched in 2013. The Decentralization Secretariat was established in 2003 under the Cabinet Office and is tasked with harmonizing and coordinating all decentralization reforms and effort. These initiatives currently focus on decentralizing civil service management to local governments (including human resources and recruitment) which is expected to be followed by fiscal decentralization beginning in 2016 (IGC,2016).

According to the Director of Finance at Lusaka City Council (Interview 8th September, 2020),in each Council, there is a Constituency Development Fund Committee (CDFC) charged with the responsibility of ensuring effective reception and utilization of the Constituency Development Fund. This supports the findings from the 2019 report of the Committee on Local Government Accounts on the Utilization of Constituency Development Fund and Local Government Equalization Fund in Zambia. The report revealed that a Member of Parliament and the Constituency Development Fund Committee have been working together over the years in the ensuring that there is effective reception and utilization of the Constituency Development Fund. All these

institutions work together for the common good that is to ensure the effective mobilization of local authorities' revenue.

5.4 Extent at which the Central Government has used the legal and institutional framework to guide local authorities' revenue mobilization.

The findings reveal that the Ministry of Local Government has, to a higher extent, been using pieces of legislations such as the Republican Constitution, Local Government Act, No. 2 of 2019, Public Finance Management Act, No. 1 of 2018, Rating Act No 21 of 2018, Personal Levy Act of 1996, Property Transfer Tax (Amendment) Act, 2019, Valuation Surveyors Act and the Market and Bus Station Act No. 7 of 2007 to guide local government revenue mobilization. The Director of Finance in charge of revenue collection at Lusaka City Council (interview 24th September, 2020) stated that:

Revenue collection at Lusaka City Council is guided by Acts of parliament.
As a local authority there is nothing we do without following stipulated procedures in the Acts of parliament.

The National Constitution has vested so much power in Acts of parliament on revenue mobilization. Section 49 states that, a local authority shall not 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. According to the Treasurer at Chongwe Municipal Council (Interview, 8th September 2020), before receiving the donations from the European Union, Chongwe Municipal council and 19 other councils had to get permission from the Ministry of Local Government in 2019. This was after the European Union had donated € 2 million to 20 councils in Zambia (Chimba, 2019).

Section 76 of the Public Finance Management Act, 2018, states that a local authority shall not contract or engage a consultant to provide accounting and related services without the written authority of the Secretary to the Treasury. An office holder who contravenes the provisions of subsection (2) commits financial misconduct and is liable to penalties prescribed under this Act, the Public Procurement Act, 2008, or any other

law. This clearly shows the extent at which Central Government controls Local Government revenue mobilization.

The disbursement of the local authorities' Equalization Fund in 2017 was put on hold by the Minister of Local Government, following failures to account for its use in various councils countrywide. The Minister of Local Government, Vincent Mwale, stated that councils failed to account for the monthly allocation of funds sent to them through the Ministry. He was saddened that the councils were imprudent in the use of the equalization fund that Government was giving them monthly. The rule is that 20 percent of the fund is invested in capital projects but not all the councils were honoring that condition. The Local Government Amendment Act 2019 empowers the Minister responsible for finance, in consultation with the Minister of Local Government to make regulations for the administration and management of the Equalization Fund (Lusaka times, 2017). The mayor at Chongwe Municipal Council who was sitting in the interview for the Finance Committee chairperson on 23rd September 2020 stated that:

As a council, we normally receive guidelines in form of statutory instruments from the Ministry of Local government; these have guided us on how to go about mobilize revenue for the council.

The findings show that Central Government has, to a higher extent, used the legal and institutional framework to guide local authority's revenue mobilization. The findings of this study are related to the findings by the World Bank which carried out a research on financing local government. The findings by the World Bank reveal that developing countries that want to exert too much control over local finance usually use many legal instruments, such as approval of budgets, spending requirements, restrictions on the use of tax bases, limits on tax rates, and other fiscal constraints. For example, China, to a higher extent, uses the legal framework to control local government revenue mobilization. All tax rates and bases are set centrally, and there are no truly local taxes at either the municipal or provincial level. China's revenue sharing is primarily a division of sales and profit taxes among the central, provincial and local governments. Many developing countries are actively exploring ways to increase local fiscal autonomy

to improve public sector efficiency and reduce total government deficits (World Bank, 2017).

The Treasurer from Chongwe Municipal Council (Interview, 8th September, 2020) also noted that the Local Government Amendment Act, 2019 gives a lot of powers to the Minister of Local Government to determine almost everything on the operations of the established councils. The Act places local authorities as mere agents of central government. It is, therefore, opposed to the spirit of devolution of power to the people. It cannot, therefore, be of any use in promoting complete fiscal decentralization in local authorities. Subject to the Constitution and the Public Finance Management Act, 2018, the Minister responsible for finance, may, in consultation with a local authority, make regulations for the administration and management of a general or special fund. The constitution and the public Finance Management Act 2018 does not give local authorities fiscal autonomy. To this effect, all procedures in the mobilization of resources are guided by central government.

According to the Principal Local Government Auditor at the Ministry of Local Government (Interview, 4th August 2020), the Minister of Local Government has the authority to exempt representatives of foreign countries and of international organizations from the payment of levy under the personal levy Act. Some dignitaries under special conditions cannot pay levy with the approval of the minister of local government. The personal levy Act also gives the Minister of Local Government power or authority over levy assessment officers. Section 4 of the personal levy Act states that the Minister may, by statutory instrument, make regulations for carrying and prescribing the powers and duties of levy assessment officers and assistant levy assessment officers. The Finance director at Lusaka city council in charge of local authority revenue mobilization (interview on 7th September 2020) stated that:

To a larger extent Central Government Guides local authorities using Acts of parliament. Every now and then central governments give statutory instruments or refer to the Acts in guiding Local authorities on how to mobilize revenue.

The findings from all key informants reveal that Central Government has, to a higher extent, been using a number of institutions to guide local authorities' revenue mobilization. The Director of the Decentralization Unit at the Ministry of Finance (interview conducted on 24th August 2020) stated that:

To a higher extent central government have used institutions like the Ministry of Finance and the Ministry of Local Government to guide local authorities' revenue mobilization

The Local Government (Amendment) Act, 2019 has given so much power to the Ministry of Local Government to guide local authority revenue mobilization. Section 23 of the Local Government (Amendment) Act, 2019 states that a local authority shall not sell or let for a period of fourteen years or more, or otherwise dispose of, any property belonging to the local authority, except with the prior approval of the Minister. Section 27 of the Local Government (Amendment) Act, 2019 states that a local authority shall not impose any fees or charges in respect of owners' rates and personal levy without the prior approval of the Minister. The Local Government (Amendment) Act, 2019 Act gives so much power to the Ministry of Local Government to guide local authority revenue mobilization. According to the Treasurer at Chongwe Municipal Council (Interview, 8th September, 2020) councils were advised by the Minister of Local Government to avoid increasing the rates in 2020 due to the impact Covid 19 had on the residents.

With the approval from the Ministry of Local Government, Lusaka City Council (LCC) entered into a public-private partnership with Parkrite Zambia Limited in the management of car parks in the city (Mathotho, 2019). This is in line with the market and bus station Act that states that a local authority, may enter into public-private partnerships, with the prior approval of the Minister given in writing. This clearly demonstrates that central government, to a higher extent uses both legal and institutional framework to guide local authority revenue mobilization.

5.5 Summary

This chapter looked at the legal and institutional framework that has been put in place to guide local authorities' revenue mobilization and the extent to which the legal and institutional framework has been used to guide local authorities' revenue mobilization. The legal framework that has been put in place to guide local authority's revenue mobilization includes; Zambian Constitutional, the Local Government Act, No. 2 of 2019, Public Finance Management Act, No. 1 of 2018, the Market and Bus station Act.No.7 of 2007, Property Transfer Tax (Amendment) Act, 2019, Valuation Surveyors Act, Personal Levy Act of 1996, the Rating Act No 21 of 2018' and the Constituency Development Fund Act No 11 of 2018. Apart from statutes, there are administrative guidelines provided in statutory instruments and revenue circular to guide local authorities' revenue mobilization, one of them is the financial regulations S.I.125 which provides guidance and management of council funds. Among the institutional framework that has been put in place to guide local authorities' revenue mobilization are the Ministry of Finance, the Ministry of Local Government, the Decentralization Secretariat, the local authorities and the Constituency Development Fund Committee. The chapter has revealed that to a higher extent, Central Government uses the legal and institutional framework to guide local authority's revenue mobilization. Acts of parliament have given too many powers to the Ministry of Local Government and the Ministry of Finance to guide local authority revenue mobilization.

CHAPTER SIX

EFFECTS OF CENTRAL GOVERNMENT CONTROL ON LOCAL AUTHORITY REVENUE MOBILIZATION

6.1 Introduction

The task of this chapter is to investigate the effects of the central government control on local authority revenue mobilization. To perform this task, the chapter is divided into three sections. The first section is the introduction. The second section looks at the effects of central government control on local authorities' revenue mobilization. The third section presents the summary.

6.2 Effects of central government control on local authorities revenue mobilization

The findings reveal that central government controls have had diverse effects on local authorities' revenue mobilization. These effects are discussed below.

6.2 .1 Effects of central government controls on local authorities donations and borrowing

The study found out that the major effect has been delay in the authorization to borrow or to receive donations from outside the country. The treasurer at Chongwe Municipal Council, (Interview 8th September 2020) stated that:

The minister of local government stopped us from obtaining an overdraft because he did not see it fit for us to use the equalization fund as collateral

As noted in the previous chapter, section 49 of the Local government Amendment Act, 2019 state that a local authority shall not 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. In line with section 49 of the Local Government Amendment Act, 2019, Local authorities in Zambia usually ask for Approval from central government before receiving a Donation or borrowing from outside the Republic. However, the study found out that central government has been delaying in authorizing local authorities to borrow

or receive donations. According to Chongwe Municipal Council treasurer (Interview 8th September 2020), the Minister of Local government, Dr Banda, stopped Chongwe Municipal Council from obtaining an overdraft because he did not see it fit for Chongwe Municipal Council to use the equalization fund as collateral. This hindered Chongwe Municipal Council from raising the needed revenue from borrowing to finance developmental project.

There are a number of reasons why central government often stops councils from borrowing from outside the republic. According to the Director of Finance at Lusaka City council, central government often fears that local authorities may fail to pay back the money and the country's reputation may be ruined. For instance, in 2019, Zanaco refused to lend money Lusaka city council to due to the outstanding debts the councils owed the bank. This hindered the council from embarking on some developmental projects (Interview with the director of Finance at Lusaka City Council, 22nd September 2020).

The effects of central government control on local authorities borrowing were also felt by Mazabuka and Kabwe Municipal Councils. According to Chongwe Municipal Council treasurer (Interview, 8th September 2020), Mazabuka and Kabwe Municipal Council failed to venture into investment because central government had stopped the two councils from borrowing money, as both councils already have too much debt.

This finding supports Traver's (2017) findings who argues that central government through the Public Works Loan Board (PWLB) in England, normally stops the local authorities from borrowing in order to invest because the board fears that the value of investments can go down as well as up, so councils could be left in debt.

Chongwe municipal councils also failed to generate more revenue because central government stopped the local authority from selling the buildings Zesco is using in Chongwe which belong to the council. It is not only Chongwe municipal councils that has been prevented by central government from selling properties, even Ndola and other councils were once prevented from selling properties , for example, unused vehicles. This has affected local authorities in a number of ways. Some properties not used by the

councils are now going to waste. If they were allowed to sell them could generate (Interview with Chongwe Municipal Council treasurer held on 8th September 2020).

6.3.2 Effects of central government controls on grants given to local authorities

As already alluded in the previous chapters, the three major types of grants given to local authorities have got conditions attached to them. These have various effects on council's revenue. The local government Act, 2019 states that a local authority shall use at least twenty percent of the funds received by a local authority from the Equalization Fund, in any financial year, to finance capital expenditure and eighty percent for its recurrent expenditure. This condition has affected investment in councils. According to the treasurer at Chongwe Municipal Council Interview 8th September 2020), 20 percent meant for capital expenditure is too little to enable the local authority to invest and generate more money for the council. The Director of Finance in Charge of revenue Mobilization at Lusaka City council (interview, 22nd September, 2020), also argued that councils at times use the 80 percent meant for recurrent expenditure to pay workers. However, the 80 percent is not enough at times to pay salaries and wages for councils employees. Due to late payment of salaries, some councils fail to perform their duties. This normally has spillover effects, as some residents also refuse to pay property rates because they clam councils are not working, this reduces council's revenue.

According to the director of finance in charge of revenue mobilization at Lusaka City Council (Interview on 24th September 2020) local authorities have little say concerning the utilization and investing of the Constituency Development Fund. Hence, it is difficult for the local authority to invest the money from the Constituency Development Fund. It is the Minister of Local Government that approvals proposed projects to be embarked on using the constituency development fund. The director of finance in charge of revenue mobilization at Lusaka City Council further argued that there have been times when the Proposals to use the development fund on projects that would bring more revenue to councils have been turned down by the minister of local government because both the minister and the Member of Parliament have voted for projects that please

people, because they want to fulfill campaign promises. This has hindered councils from investing and generating more revenue using the fund.

The CDF project cycle starts with the local authority advertising to communities, usually in the first quarter of the year, calling upon communities to submit applications for support under the fund. The project proposals later are submitted to the Constituency Development Committee (CDC) for selection of successful projects. After selection, the list of projects is submitted to the Planning Sub-Committee of the District Development Coordinating Committee (DDCC) for appraisal and onward submission to the DDCC for recommendation to the Council. Upon initial approval by the Council, the lists of projects are then submitted to the Minister responsible for local government for final approval (Interview with the treasurer at Kafue town council, conducted on 7th September 2020).

According to the treasurer at Chongwe Municipal Council (Interview, 8th September, 2020), some proposals to embark on revenue generating ventures using the Constituency Development Fund have failed because the Minister at of Local Government at times refuses to approve them because the fund is supposed to be used only to finance micro community based projects that could contribute to infrastructure development, wealth creation and poverty reduction at constituency level.

The above mentioned finding supports Cox (2019) who argued that the stronger Towns Funds of North and the Midlands in England represent the worst kind of public funding, as it reeked off being little more than a political bung because of conditions that do not encourage councils to invest in order to generate more revenue. In like manner, UN Habitant (2015) reveals that grants in developing countries are used by central government to ensure the provision of minimum standards of service for delegated functions, for example in education and health, throughout the national territory. They are also used for other specific needs, in some ways reflecting national interests such as reducing poverty or addressing significant spillover effects across jurisdictions such as clean air and water, inducing subnational governments to increase spending in those areas. When properly analyzed, the use of these grants by central government does not

yield more revenue for the councils, this reduces the capacity of the councils to yield more revenue.

6.2.3 Effects of central government controls on revenue generation through taxation.

The study found out that directives from central government have got positive and negative effects on local authority revenue mobilization. The Principal Director of Finance at the Ministry of local government (Interview 24thSeptember, 2020) stated that;

As a Ministry we have been providing political oversight on local authorities and we have been providing advice to local authorities on how best local authorities can enable citizens become tax compliant.

According to the treasurer at Kafue town council (7thSeptember 2020), central government has played quite a huge role in advising local authorities to provide quality services to the people, this has had a positive effect on revenue generation as the council has noticed an improvement with level at which residents are becoming tax compliant due to the improved services provided by the council. Chilufya (2010) reveals that non availability of services and poor service provision by the local authority have contributed to non- tax compliance by Kitwe residents. In Mazabuka, the local authorities faced resistance from rate payers association who called for a protest against the recent approved valuation roll that was to increase the councils revenue base .This was mainly because the residents felt that they were contributing to a local authority that was not delivering the required services. Chilufya's (2010) study revealed that constant reminder by the Minister of Local Government has been given to local authorities to provide quality services to the people so that people may appreciate council's services through tax.

The study also found out that central government controls have had a negative effect on local authority generation of revenue through taxation. In an interview conducted on 8thSeptember 2020, the treasurer for Chongwe municipal councils stated that:

Early 2020, government advised local authorities, through circulars, not to increase rates in their new valuation roll as most people were going through hard times because of the outbreak of Covid 19.

According to the director of the human resource department who was sitting in the interview for the council town clerk (interview, 2nd September 2020), the outbreak of Covid 19 forced government to close borders and businesses. This affected income for most people. The reason why government had to advise local authorities not to increase property rates was because government wanted to reduce the tax burden on residents. However, this was projected to reduce the revenue for local authorities, because property rates are the most reliable locally raised revenue for local authorities in Zambia.

6.3.4 Effects of central government controls on local authority revenue generation through user fees.

Central government control on local authority's revenue has affected the generation of local authority's user fees in Zambia in many ways. According to the Director of Finance in charge of revenue mobilization at Lusaka City Council (22nd September 2020), directives to remove and reduce user fees on public toilets in 2017 when cholera broke out in Lusaka resulted in reduction of revenue. According to International Growth Centre (2018), 3,916 cholera cases and 81 deaths were reported countrywide in Zambia since 4 October 2017, when the outbreak was declared. The epidemic was concentrated in the capital city, Lusaka, in the high density informal settlements of the city. The epidemic initially started in the Chipata sub-district in the northern part of Lusaka and spread to the Kanyama sub-district in the western part of the city. Local and central governments collaborated with the WHO and other partners to control the outbreak. The authorities implemented emergency water, sanitation, and health measures. These interventions were coupled with more drastic measures in the form of bans on street vending and public gatherings, closure of market places, postponement of the new school semester, and a seven-day curfew between 18:00-6:00 in Kanyama. The military was deployed in parts of the city to enforce these measures. Central government went even further to direct local authorities to remove users' fees on public toilets. However,

this resulted in the reduction in the amount of revenue collected by local authorities from users' fees.

According to the Director of Finance in charge of revenue collection at Lusaka city council (Interview , 22nd September 2020), after the removal of user fees on public toilets ,Lusaka city council, realizing that the local authorities were losing out revenue , hence, it reintroduced the user fees early February 2018 after the spread of cholera had declined in the city. Despite, central government directing local authorities to maintain a lower fee, marketers still complained that the K1 fee was too much for them. In the Daily mail Newspaper dated (February, 12, 2015), Enayah Kambobe from City Market stated that:

K1 for every time you want to use the toilet is too much for most marketers who start their day as early as 05:00 hours in the morning. Some of us come here as early as 05:00 hours to make orders for our goods, so we start using the toilet in the morning until we knock off around 22:30 hours. It is so expensive, especially considering that we do not make much profit from our sells.

In 2019, the minister of local government, Mr Vincent Mwale, promised to engage all public toilet providers to stop charging user fees on public toilets so that central government could start meeting the cost on behalf of citizen's. The Minister, however, admitted that any such agreement will have to be on mutual grounds because some public toilet providers were doing it to generate the little revenue from there (LusakaStar, 2019).

The above-mentioned finding supports Communities and Local Government Committee (2008) who indicated that removal of user's fees on public toilets would reduce revenue for local authorities. Communities and Local Government Committee (2008) study revealed that about 1,000 respondents in England stated that they would be happy to pay 10p or 20p to have public toilets in a good state of repair. Charges are made for a variety of historical reasons, including discouraging anti-social behavior, maintenance and generation of revenue. Hence, central government should not completely remove

charges but allow local authorities determine the charges in consideration of the services provided.

6.3.5 Effects of central government controls on local authority revenue generation through user public-private partnership.

As noted in the previous chapter, the local authorities may only enter into public-private partnership with prior approval of the Minister given in writing. The study found out that central government controls have helped prevent local authorities from venturing into partnerships that are politically motivated. The Principal Local Government Director of Finance at the ministry of Local government (Interview 8th June 2020) stated that:

As a ministry of local government, we provide guidance to local authorities on the type of partnership to venture into so as to prevent local authorities from venturing into partnerships that are political motivated and that benefit the private companies more than the local authority.

Mathotho's (2012) study revealed that the public-private partnership between Lusaka city council and Parkrite Limited on car park management was not giving the required financial relief to the Council. Lusaka city council was being given about ZMW25, 000 per month by Parkrite yet when the council was managing the car parks on its own, it was collecting around ZMW250, 000 per month. This meant that the council was losing out 90 percent of what it used to collect from car parks. This failure by the local council to secure financial benefits from the partnership is due to poor control and regulation of the private company. According to Farlam (2005), partnerships that are most successful in Africa have been characterized by thorough planning, good communication, strong commitment from parties and effective monitoring, regulation and enforcement by the government. This is the reason why the ministry of local government has been providing oversight on the type of partnership local authorities venture into, to prevent local authorities from joining a partnership that benefit's the private company at the expense of the local authority.

On the other hand, the study found out that central government controls on local authority's public- private partnerships have had negative effect on local authority's revenue mobilization. Firstly, too many delays in authorizing local authorities have prevented local authorities from generating the required revenue on time. The Lusaka city council director of finance (interview 8th September 2020) stated that:

The ministry of local government at times takes long approving the request from local authorities to join public-private partnership. This is because they normally study motives behind the local authorities desire to start such a venture. However, this takes too long and prevents the local authority from generating the required revenue for such a venture

The findings have shown that delay in authoring local authorities to venture into public – private partnerships have prevented local authorities from generating the need revenue. According to the Director of Finance in charge of revenue mobilization at Lusaka city council (interview, 22nd September, 2020) , the ministry of local government take's time to study reasons why local authorities want to enter into the public-private partnership. The chief internal Auditor at Lusaka City Council (22ndSeptember, 2020), stated that:

Central government takes time to study the type of partnership Lusaka city council and other local authorities want to venture into to prevent local authorities from venturing into a partnership where the private company benefits more than the local authority, like what happened in the partnership between parkrite limited and Lusaka city council.

Mathothos (2018) study reveals that proponents of PPP have attributed a number of benefits for both the public and private partners. PPPs are said to reduce the burden on the government, hence achieving higher efficiency and effectiveness. It is also believed that the partnerships bring about innovation and competitiveness and also enhance accountability and efficiency in service provision. They are also said to provide value for money. PPPs also have a defined output and ensure that potential risks are shared between the public and the private sectors involved. According to the Zambia Investment Forum (2011), the Zambian PPP agenda includes enhancing economic

development in the country, supporting the National Vision of the Country which is to make Zambia a prosperous and Middle-income Country by 2030 and to present a paradigm shift in the way of doing business.

6.2.6 Effects of central government controls on revenue generation through personal levy.

The study found out that the rate at which a personal levy is charged has, for a long time, not been revised by the levy assessment appeals committees. According to the treasurer at Kafue town council (7th September 2020), Personal levy has been at K7.5 for seven (7) years and has not been revised because it is an Act of parliament which Kafue Town Council cannot change. For quite some time, the maximum leviable amount of personal levy has been at K 15 000 per year. Proposals to increase the levy have been to no avail. Local authorities cannot increase the levy because of the local government (Amendment) Act, 2019 states that a local authority shall not impose any fees or charges in respect of owners' rates and personal levy without the prior approval of the Minister. According to the Chief Internal Auditor at Chongwe Municipal Council (Interview, 8th September, 2020), central government has been reluctant in approving proposals to increase the levy. This has negatively affected local authorities' revenue. For instance, Chongwe municipal councils only collected K130, 000 from personal levy in 2019 from the budgeted K253, 000. This is too little as compared to what the local authority could have collected if the levy was raised. Making matters worse, only few people are formally employed in Zambia. The World Bank report (2020) revealed that the unemployment Rate in Zambia increased to 13.20 percent in 2019 from 11.40 percent in 2018. Then in 2020, the unemployment rate in Zambia was at approximately 11.41 percent. This clearly shows that those local authorities collect personal levy from a small group of people.

These findings support Chitembo's (2012) findings which deduced that local authorities collect a small amount from personal levy because only few people are formally employed. FNP-MLGH (2008) also concluded that Personal Levy provides about 5% of

the total revenue of councils. One major reason mentioned in their conclusion of the findings is hesitation by central government to increase the levy.

According to the deputy council Secretary for Kafue Town council who was sitting in the interview for the council secretary (16thSeptember, 2016), exemption of some officials from paying personal levy has deprived local authorities the needed revenue. Cap 326 of the Personal Levy Act states that a levy authority may, with the approval of the Minister, exempt any class of persons living within its area from the payment of levy. This section gives the minister of local government the power to exempt certain people from paying levy. The Act gives the power to the Minister to exempt the following individuals ;the President ,representatives of foreign countries and of international organizations and members of their staff. The Act also gives power to the minister to exempt any person on a temporary visiting Zambia. As result of such exemptions, local authorities in Zambia have lost quite a reasonable amount from personal levy (Interview with the Kafue Town Council Deputy Secretary, 16th September, 2020).

6.3.7 Effects of central government controls on local authority revenue generation through Levies.

The study found out that central government has played a huge role in helping local authorities identify new types of levies to impose. According to the treasurer at Kafue Town Council, (7thSeptember 2020), as Kafue town council we have learnt about some of the levies we have adopted through the Ministry of Local Government. It should, however, be noted that it is not the duty of central government to impose such levies. Local authorities at times just get to know about the type of levies imposed by other local authorities through central government.

As noted in (MoFNP- MLGH, 2008, p. 26), there is “something akin to a “herd mentality” when it comes to levies. As one council identifies another candidate source for a levy and gets a bye law approved by the Minister of Local Government and Housing under Part VIII of the Local Government Act, the ministry of local government

informs other local authorities about this levy and other councils quickly follow suit and submit similar bye laws for their own councils to use to raise revenue.

The first report of the committee on delegated legislation (2009) revealed that in 2008 the Ministry of Local Government and Housing discovered that some newly created councils were struggling to improve their revenue ,to help them increase their revenue base, hence the Ministry of Local Government through statutory instruments, directed local authorities to impose certain business levies in their districts. The Ministry of Local government issued a Statutory Instrument No. 50 of 2008, to impose the bird levy so as to help the Kafue town Council generate some income that it could use to provide services to the community in the District.

6.4 Summary

This chapter has shown that central government controls have had positive and negative effects on local authorities' revenue mobilization. Effects have been felt on public-private partnerships, property rates, personal levy, grants, loans, donations and business levies. Central governments controls on local authorities borrowing have prevented local authorities from borrowing as some council have a tendency of over borrowing. However, delays in allowing local authorities to borrow or receive donations have prevented local authorities from generating the required revenue.

In addition, the chapter has revealed that the three types of grants given to local authorities have got various conditions attached to them. Of all the grants, the equalization fund has got more conditions attached to it. A local authority is only supposed to use only twenty percent of the funds received by a local authority from the Equalization Fund, in any financial year, to finance capital expenditure and eighty percent for its recurrent expenditure. This condition has affected investment in councils, as 20 percent meant for capital expenditure is too little to enable the local authority to invest and generate more money for the council. In regards to the constituency development fund, local authorities are not allowed by central government to use it for the gain of the councils but to benefit the people in the constituency.

In regards to property rates, personnel levy business levy and user fees , central government controls have provided advice to local authorities on how best each local authority can enable citizens become tax compliant and generate more revenue. However, delays in approving proposed levies and rates have prevented local authorities from generating the required revenue on time. The directives to reduce user fees on public toilets in 2017 when cholera broke out in Lusaka resulted in the reduction of revenue collection for the Lusaka city council. The chapter focused on how central government controls have affected local authorities' revenue mobilization. Central control of local councils is a dominant feature of the governance system in countries, such Zambia which have adopted the unitary nature of relationship between the centre and the peripheries.

CHAPTER SEVEN

CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

The purpose of this chapter is to present the conclusions and recommendations of the dissertation. In order to achieve its purpose, the chapter begins with a presentation of conclusions. Thereafter, recommendations are given.

7.2 conclusions

The conclusions are presented in line with the objectives of the research. The first specific objective was to examine the adequacy of various sources of revenue for Local Authorities. From the presented and discussed data, it can be concluded that the sources of revenue for local authorities are in two categories. These are traditional and non-traditional sources of revenue. Both traditional and non-traditional sources of revenue for local authorities are inadequate to facilitate service provision in local authorities. To a higher extent, Local authorities do not collect what they budget. Local authorities have been unable to collect budgeted revenue from both the traditional and non-traditional various sources of revenue due to a number of challenges. Among the cited challenges include; failure to capture all properties in the valuation rolls, lack of tax compliance by tax payers, too much political interference in the way local authorities collect revenue. Another cited challenge has been late disbursement of grants from central government. Generally what can be deduced from this chapter is that despite local authorities having various sources of revenue, these sources of revenue have been inadequate to facilitate effective service provision on councils.

The second specific objective of the research was to investigate the extent at which central government use the legal and institutional framework to control local authority revenue Mobilization. From the presented and discussed data, it can be concluded that the legal framework put in place for local authority revenue mobilization is at two levels. These are provisions in the republication constitution and Acts of Parliament that focus

on markets, bus stations, property transfer, property valuation, levies, rates, development funds and the general operations of the local government system. It can also be concluded that institutions to guide Local Authority revenue mobilization are found at both central government level and local level. These include Ministries, Local Authorities and specialized committees that formulated to guide Local Authority revenue mobilization. Apart from statutes, there are administrative guidelines provided in statutory instruments and revenue circular to guide local authorities' revenue mobilization. Generally, what can be deduced from this chapter is that central government has to a larger extent, used the legal and the institution framework to control local authorities' revenue Mobilization.

The third objective of the research was to investigate the effects of central government control on local authority revenue mobilization. From the presented and discussed data, it can be concluded that central government controls on local authorities revenue has had both positive and negative effects on local authorities revenue mobilization. On one hand, central government controls have helped local authorities find ways of how to make residents tax compliant. Central government has also played a huge role in preventing local authorities from venturing in public-private partnerships that provide more profit to the private company at the expense of local authorities revenue. Central government controls have also helped local authorities identify ventures that have helped them generate more revenue.

On the other hand, conditions attached to local grants have prevented local authorities from investing so as to generate more revenue. Delays in approving proposed levies and rates by the Minister of Local Government have prevented local authorities from generating the required revenue on time. The Minister of Local Government at times takes long in approving partnerships that would award local authorities more revenue. Apart from that, directives to reduce user fees by central government resulted in the reduction of local authority's revenue.

It can be deduced from researched evidence that central government has got so much control over local authority's revenue because Zambia is a unitary state. Central

government controls have on one provided guidance to local authorities on how they can generate revenue. On the hand, these controls have hindered effective local authority revenue mobilization in Zambia

7.3. Recommendations

The recommendations are in two categories. These are policy recommendations and areas for future research.

7.3.1. Policy Recommendations

To ensure that local authorities effectively mobilize revenue, the following recommendations should be considered by either policy makers at the national level, by the ministry of finance, by the ministry of local government, officials in local authorities and all other actors involved in local authorities revenue mobilization:

1. The government should also quickly consider revising section 47 of the local government Amendment Act, so as to increase the twenty percent allocated for capital expenditure in the equalization fund. An increased percentage allocated for capital will make it easy for local authorities to embark on meaningful projects that will yield more revenue for the local authorities.
2. The government should also consider revising the Market and Bus station Act, so as to allow local authorities enter into public-private partnerships, without the prior approval of the Minister of local government, this will allow local authorities enter into public-partnerships without delays and generate the required revenue on time.
3. The government should also consider revising section 23 of the local government Amendment Act of 2019, so as to allow local authorities to sell properties belonging to the local authorities without approval from the Minister of local government. This will prevent incidences where the Minister of Local Government has denied local authorities the opportunity to generate revenue by selling properties which are no longer in use.

4. There is also need for the government to consider revising section 27 of the local government amendment Act of 2019 so as to allow local authorities to impose any fees or charges in respect of owner's rates and personal levy without the prior approval of the Minister, this will enable local authorities impose rates on time in accordance with the services provided and generate the necessary revenue.
5. The government should also consider revising section 9 of the Rating Act no 21 of 2018, so as to reduce the number of years a local authority is supposed to prepare a new main roll. This will enable local authorities capture more properties in their valuation rolls and enhance revenue mobilization.
6. The Ministry of Local Government and local authorities should work together in reducing political interference on matters related to local authority's revenue mobilization. This will enable the local authorities work effectively in mobilizing revenue. Currently, cadres have been collecting money from markets. This has made marketer refuse to pay market fees to the local authorities. Removal of political interference will enhance local authority's revenue mobilization.
7. Local authorities need to find more alternative sources of revenue, in order to become self-sustaining and stop depending on central government grants. This will reduce central government controls over them; if possible they can even venture into farming.
8. Local authorities need to consider using information communication technologies in revenue mobilization. This will enhance their revenue mobilization.
9. The ministry of finance need to start disbursing the grants on time. The ministry of finance should disburse the budgeted amount as compared to what has been

happening in the past. This will facilitate effective revenue mobilization in local authorities.

10. Local authorities should consider educating people on the importance of being tax compliant. This will reduce the number of people who evade paying tax and enhance revenue mobilization.

6.3.2. Areas for Future Research

This research has provided valuable insights on the effects of a unitary state on local authorities' revenue mobilization; future research could be a comparative analysis of unitary and federal states and their effects on local authority revenue mobilization. This study was confined to the only local authority revenue, leaving out other local authority expenditure. Therefore; other studies can be done to find out the effects of a unitary state on local authority expenditure.

REFERENCES

- Alahverdizaeh, H. (2015) *The relationship between the unitary state system and the national unity*. Tehra: AshrafiEsfahani Hwy publishers.
- Bandiera, O and Ashraf, N. (2018) *Decentralization of Government in Zambia: Baseline survey and a global comparative analysis of strategies and barriers to implementation*. Accessed on 12th November, 2020 at <https://www.theigc.org/project/decentralisation-of-government-in-zambia-baseline-survey-and-a-global-comparative-analysis-of-strategies-and-barriers-to-implementation>.
- Barbie, E. (2007). *The Practice of Social Research*, 11th ed, Belmont USA: Thomson Higher Education.
- Bertalanffy, L., V. (1972) *General Systems Theory: Foundations, development and application*. New York: Braziler.
- Bless, C and Achola, P. (1988). *Fundamentals of Social Research Methods. An African Perspective*. Lusaka: Government Printers.
- Bosco, J. N. (2015) *The Sources of local authorities' revenue in Toronto* .Toronto: Canadian publishers.
- Bwalya , N. (2013). *Effectiveness of Contracting Out of Solid Waste Management: A case Study of Lusaka*. Lusaka. University of Zambia press.
- Carp0, k. (2020) *Business Permit in the Philippines*. Accessed on <https://kittelsoncarpo.com/business-registration/business> at 15th November , 2020.
- Central statistics office (2010) *2010 census of population and housing*. Lusaka: CSO
- Chibiliti, G.C. (2010). *An Assessment of the Sources of Revenue for Local Authorities in Zambia: A Case of Copper belt Based Local Authorities*, Masters Dissertation, Copperbelt University.

Chimba, F (2019) .20 councils in Zambia benefit from the € 2 million donated by the European Union for development projects. Available: <https://www.lcc.gov.zm/the-city-of-lusaka/>. (Accessed on 4th June, 2019).

Chitembo, A.(2012) *Fiscal decentralization in Zambia*.Nairobi: UN-HABITAT.

Chongo,K (2017) *Lusaka City Council stands to lose over K1.2 million monthly in uncollected levies*. Accessed on 21st January 2021 at <https://www.lusakatimes.com/2017/07/06/lusaka-city-council-stands-lose-k1-2-million-monthly-uncollected-levies>

Chula, I. (2017). *Effectiveness of garbage collection by private companies: A case study of Lusaka* .Lusaka: University of Zambia press.

CLGF (2018) *The local government system in Zambia*. Retrieved from www.clgf.org.uk/zambia on 13thJune at 12:30.

Cohen, L, Manion, L and Morrison, K.C. (2000).*Research Methods in Education*, London: RoutledgeFalmer.

Communities and Local Government *Committee (2008) the Provision of Public Toilets: Twelfth Report of Session 2007–08*. London: The Stationery Office Limited.

Cox, R. (2019).*The impact of the stronger Towns Funds of North and the Midlands in England* .London: Pearson.

Creswell, J (2003) *Research Designs: qualitative: Quantitative and Mixed methods approach .2nd ed*. London: Sage.

Durrheim,k and Blanche, M (2002). *Research in practice: applied Methods for the social sciences*. Cape Town: UCT press.

FEMA (2018) *Preparedness Grant Case Studies*. Michigan: FEMA.

Fisch, J. (2018) *The Case for Effective Environmental Politics: Federalist or Unitary State? Comparing the Cases of Canada, the United States of America, and the People's Republic of China*. China:Centre for International Sustainable Development Law.

Fjeldstad ,O (2006) *Workingpaper:Local Revenue Mobilization in Urban Settings in Africa*. Norway:Michelsen Institute.

Forum (2018)*The local government system in Zambia*.Retrieved on www.ipu.org/wmn-e/classif.htm on 29th June at 22:40.

Frumence (2012)*challenges to the implementation of health sector decentralization in Tanzania: experiences from Kongwa district council*.Retrieved on www.ipu.org/wmn-e/classif.htm on 1st June at 07:25.

Furniss, R.(1975) *Decentralization in the unitary state*. Northern Ireland: Irish university.

Gee,C. (2020)*Making drones work in local government*. Accessed on 5th November 2020 at <https://www.techuk.org/insights/opinions/item/16546-making-drones-work-in-local-government>

Given, M.L. (2008).*The Sage Encyclopedia of Qualitative Research Methods*, Available: [HTTP://methods.sagepub.com/reference/sage-encyc-qualitative-research-methods/n420.xml](http://methods.sagepub.com/reference/sage-encyc-qualitative-research-methods/n420.xml). (Accessed on 16th September, 2019).

GRZ (2019) *Report of the Auditor General on the accounts of parastatals bodies and other statutory instruments for the financial years 2014, 2015 2016 and 2017*. Lusaka: government printers.

GRZ (2019).*Local government Act, 2019* . Lusaka. Government printers.

GRZ. (2018).*Public finance management Act ,2018*. Lusaka: Government printers.

GRZ.(2008). *Finance Manuel of local authorities in Zambia*. Lusaka: Government printers.

Haller, T .Chabwela and Harry W,(2009). Managing common pool resources in the Kafue Flats, Zambia: from common property to open access and privatization, *Development Southern Africa* 26 (4): 555-567

Haradhan, M (2017).*Two Criteria for Good Measurements in Research: Validity and Reliability*.Bangladesh: Premier University.

Hatch, J.A. (2002).*Doing Qualitative Search in Education Setting*. Albany: Suny Press.

Heslop, A. (2011) *Political system* .California: Claremont McKenna College.

Hulst, R. (2005) *Regional Governance in Unitary States: Lessons from the Netherlands* in Jackson, L (2009) *Research methods and statistics: a critical rethinking* .Wadsworth :Cengage Learning.

IGC (2016) *Decentralisation of Government in Zambia: Baseline survey and a global comparative analysis of strategies and barriers to implementation*. Accessed 28th September, 2020 at <https://www.theigc.org/project/decentralisation-of-government-in-zambia-baseline-survey-and-a-global-comparative-analysis-of-strategies-and-barriers-to-implementation>

IGC (2016) *Decentralisation of Government in Zambia: Baseline survey and a global comparative analysis of strategies and barriers to implementation*. Accessed 28th September,2020 at <https://www.theigc.org/project/decentralisation-of-government-in-zambia-baseline-survey-and-a-global-comparative-analysis-of-strategies-and-barriers-to-implementation>

JCTR (2017) Analysis of the reports of the auditor general on the accounts for the financial year ended 31st December 2015 and review of operations of local authorities for 2015. Olympia Park: JCTR.

Jensen, M. C, and Murphy, K. J. (1990a). *CEO incentives - it's not how much you pay but how*. Harvard Business Review, 68: 138-149

Jensen, M. C, and Meckling, W. H. (1976). *Theory of the firm: Managerial behavior, agency costs and ownership structure*. Journal of Financial Economics, 3: 305-360.

Johnson, J. M. (1975). *Doing field research*. New York: Free Press.

Justin, F. J. (2018) *The Case for Effective Environmental Politics: Federalist or Unitary State? Comparing the Cases of Canada, the United States of America, and the People's Republic of China*. China: Centre for International Sustainable Development Law.

Kabir, S.M. (2016) *Basic Guidelines for Research: An Introductory Approach for all disciplines*. Bangladesh: Book Zone Publication.

Kelly, R., Montes, M. Kenneth, N. and Tombere, K. (2001). *Improving Revenue Mobilisation in Malawi: Study on Business Licensing and Property Rates', Final report to the Government of Malawi, UNDP and UNCDF*. Lilongwe: UNDP and UNCDF Press.

Kothari, C (2004). *Research Methodology, Methods and Techniques*, 2nd revised edn, New Delhi: New Age International (P) Ltd Publishers

Lawrence, N. (2014) *Social Research Methods: Qualitative and Quantitative Approaches*. Edinburgh: Pearson Education Limited.

Lolojih, P.K. (2008) *Local Government Administration and Service Delivery in the Third Republic: A Case Study of Lusaka City Council, Choma Municipal Council and Luwingu District Council*. PhD Thesis, UNZA Press.

Lolojih,P(2001). *Enhancing Local Governance: the efficacy of bilateral cooperation*. Available: <http://www.fiuc.org/iaup/sap/>. Accessed on 20th September, 2019).

Lusaka City Council, (2017). *The City of Lusaka*, Available: <https://www.lcc.gov.zm/the-city-of-lusaka/>. (Accessed on 4th June, 2019) .

Lusaka times (2017) *Government stops disbursement of funds to councils after abuse of equalization fund*. Accessed on 29th September 2019 accessed at <https://www.lusakatimes.com/2017/08/17/government-stops-disbursement-funds-councils-abuse-equalisation-fund>

LusakaStar (2019) *Government to engage public toilets provider's user fees*. Accessed on 23rd December, 2020 at [ww.Lusakastar.com](http://www.Lusakastar.com)

Madimusta, C. (2016) *Implications of public sector reform for public sector unions in Zambia: a case study of the civil servants and allied workers union of Zambia in Lusaka District*. Cape town : University of the Western Cape.

Manikkalingam, R. (2003) *A Unitary State, A Federal State or Two Separate States?*. Sri Lanka: Social Scientists Association .

Mboyonga, k. (2018) *Effective Rates Collection Via GIS Application. The Case of Lusaka City Council, Zambia*. Accessed on 8th September 2020 accessed at <https://www.grin.com/document/497327>

McLeod,S.(2008).*Qualitative vsQuantitative*, Available: www.simplypsychology.org/qualitative-quantitative.html. (Accessed on 16th August, 2019).

Mhaka , K .(2013) *Meeting the funding gap in urban local authorities in Zimbabwe: case study of gweru city council*. Gweru : University of Zimbabwe .

MLGH (2016) *Revised guidelines on the management and utilization of the constituency development fund* .Lusaka: government printers.

Momba, T.C. (2002) *Problems of Effectiveness in Service Delivery, Accountability and Transparency of Local Authorities in Zambia, Report of a study commissioned by Transparency International Zambia*. Lusaka: The University of Zambia.

Mtetesha ,N (2013) *Zambia Policy Shifts and reform: Socio-economic Change and Phases*.Lusaka: the university of Zambia.

Mukuka ,L.(1998) *Poverty analysis in Zambia*. UK: Oxfarm

Muleta, T. (2016).*An ethical perspective on the effects of garbage disposal on environmental and human health: a case study of Livingstone city*. Lusaka: University of Zambia press.

Mushimbwa,K (2020) *Examination of strategies of local revenue collection in local government authorities in Zambia: a case of Gwembe Districit Council*. Lusaka: UNZA.

Musleh, U.,(2016) *Local government decentralization efforts for revenue mobilization in Banglادish*. Dhaka: University Press Limited .

Mwansa M. (2015). *An Ethical Assessment of Waste Management at Great East Road Campus of the University of Zambia*. Lusaka. University of Zambia.

NAPIER, J.C. (1997) *Origins of the centralized unitary state with special reference to Botswana, Zimbabwe and Namibia*. Pretoria: university of South Africa.

Nkhole, N (2018) *when disaster struck City Market*. Accessed on 4th August, 2020 at <http://www.daily-mail.co.zm/when-disaster-struck-city-market>

Olowu and Wunsch (2003) *The impact of the instruments used to collect local government revenue in ohobi state in Nigeria*. Ohobi:Ohobi free pres.

Pelekamoyo ,G. (2011). *Local autonomy and central government control in Zambian local authorities*. Lusaka: university of Zambia press.

Prince,P., Jhangiani,R. and Chiang, A. (2009) *Research methods in Psychology*. New York: Pressbooks.

Saunders et al.(2007) *Research Methods for Business Students*. 4thEdition. Edinburgh Gate :Prentice Hall.

Sewa,B. E.(2017). *What is a unitary state?* London: Free press.

Shun,J.(2016) *Central and Local Government Finance in Japan*. Available:<http://www.fiuc.org/iaup/sap/>. Accessed on 29th June, 2019).

Shun,S. (2016). *Central and Local Government Finance in Japan* .Tokyo:KadokawaShoten publishers .

Shuttleworth, M. (2008) *Case Study Research Design*. Available: <https://explorable.com/case-study-research-design>. Accessed on 2thSeptember, 2019).

Steytler.(2005).*The place and role of local government in federal systems*. Available:<http://www.fiuc.org/iaup/sap/>. Accessed on 7th July, 2019).

Timothy (2013) *The impact of the equalization fund on Danish local government*.Retrieved on www.ipu.org/wmn-e/classif.htm on 29thJune at 17:25.

Travers, T. (2017)*Lib Dems: Is it right that councils are barred from borrowing to build houses?* Accessed on 06th December 2020 at <https://www.bbc.com/news/uk-41324305>

UN Habitant (2015)*The challenge of local government financing in developing countries*. Barcelona: United nations.

USAID (2018) *Country Development Cooperation Strategy 2011-2018*.Geneva.USAID publishers .

Vazquez (2014) *Mobilizing financial resources for public service delivery and urban development in Accra* .Accra: University of Ghana.

Vazquez,P(2014) *Mobilizing financial resources for public service delivery and urban development in Accra* . Accra: University of Ghana.

World bank (2017) *Financing local government*. New York: word bank

World bank (2019) *world development report: the changing nature of work* .New york : World bank.

Yamane, T. (1973) *Statistics: An Introductory Analysis, 3rd ed*. New York : Harper and Row.

Young, P. V. (1960) *Scientific Social Surveys and Research*, 3rd ed. New York: Prentice-Hall.

ZANACO (2020) *Zanaco donates to Lusaka City Council*. Accessed on 4th August 2020 at <https://www.zanaco.co.zm/news.php?p=48>

Zarski, R. (1983) *Establishment of the kingdom of Italy as a unitary state: A case study in regime formation*. Lincoln: University of Nebraska.

APPENDICES

a)Interview guide for local authority personnel

My name is Richard Sililo, a postgraduate student at the University of Zambia in the school of Humanities and Social Sciences. I am conducting a research on the effects of the unitary state on local authority revenue mobilization in Zambia: the case study of Lusaka city council, Chongwe municipal council and Kafue town council. This study is purely an academic exercise and is meant to enable me to partially fulfill the requirements of the Degree of Master of Public Administration [MPA].

You have been selected to be part of the key informants and I would be very grateful if you would spare a few minutes to respond to the questions. Please answer the questions to the best of your knowledge and be assured that the information you will offer will be kept strictly confidential. However, you are free to withdraw at any time from the study without giving reasons.

I thank you in advance.

PART. 1. BACKGROUND

1. Name of the Council:
2. Position held in the Council:
.....
3. Gender:
.....
4. Date of interview:
.....
5. Start time of interview:
.....

PART 2. ADEQUACY OF VARIOUS SOURCES OF LOCAL AUTHORITY REVENUE

6. What are the sources of local authority revenue?
7. How much was budgeted to be collected and how much was in practice collected from the most reliable source of revenue in the 2019 local authorities' budget?
8. How much was budgeted to be collected and how much was in practice collected from the least reliable source of revenue in the 2019 local authorities' budget?
9. How adequate are the various sources of revenue for the councils?
10. What challenges does the local authority face in raising revenue using the most reliable and the least reliable source?
11. What challenges does the local authority face in raising revenue using other sources of revenue?
12. What challenges does the local authority face in raising revenue using other sources of revenue?

PART. 3 LEGAL AND INSTITUTIONAL FRAMEWORK PUT IN PLACE TO GUIDE LOCAL AUTHOURTIES REVENUE MOBILIZATION

13. What legal and institutional framework has been put in place to guide local authorities' revenue mobilization?
14. To what extent has central government been using the legal framework to guide local authorities' revenue mobilization?

PART 3. EFFECTS OF CENTROL GOVERNMENT CONTROL ON LOCAL AUTHORITY REVENUE MOBILIZATION

15. Subject to section 49 of the local government Act 2019, a local authority shall not 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 of local government. Has there been a time when central government exercised control over local authorities borrowing or receiving of donations inside or outside the Republic? How did this affect the local authority's revenue mobilization?

16. Do central government grants come with conditions and how do these conditions affect local authority revenue mobilization?

17. . Subject to section (3) of the local government Amendment Act, (2019), a local authority shall not impose any fees or charges in respect of owners rates and personal levy without the prior approval of the Minister of local government, has there been a time when central government exercised control over the imposition of any fees or charges in respect of owners rates, how did this affect the local authority revenue mobilization?

18. Subject to section 4 of the market and bus station Act, No.7 of 2007, a local authority, may enter into public-private partnerships, with the prior approval of the Minister given in writing. Has there been time when central government exercised control over local authorities public-private partnership and how did this affect local authorities revenue mobilization?

19. Subject to section (3) of the local government Amendment Act, (2019), a local authority shall not impose any fees or charges in respect of owners rates and personal levy without the prior approval of the Minister of local government, has there been a time when central government exercised control over the imposition of personal levy and how did this affect local authority revenue mobilization?

20. Subject to subsection 23 of the local government Act, 2019. A local authority shall not sell or let for a period of fourteen years or more, or otherwise dispose of, any property belonging to the local authority, except with the prior approval of the Minister of local government. Has there been a time when central government has exercised control on local authority's plans to sell properties and how did this affect local authority's revenue mobilization?
21. Has there been a time when central government prevented the local authorities from indulging in any revenue generating activity not mentioned above and how did this affect local authority revenue mobilization?
22. What other effects does central government control have on local authorities' revenue mobilization?

PART 4. RECOMMENDATIONS

23. What do you think should be done by the local authority to improve its revenue mobilization?
24. What do you think should be done by the ministry of local government to improve local authority Revenue Mobilization?

Finish time of the interview date:

Duration of the interview and place:

END OF INTERVIEW

THANK YOU

b) Interview guide for officials at the Ministry of Finance

Dear respondents

My name is Richard Sililo, a postgraduate student at the University of Zambia in the school of Humanities and Social Sciences. I am conducting a research on the effects of the unitary state on local authority revenue mobilization in Zambia: the case study of Lusaka city council, Chongwe municipal council and Kafue town council. This study is purely an academic exercise and is meant to enable me to partially fulfill the requirements of the Degree of Master of Public Administration [MPA].

You have been selected to be part of the key informants and I would be very grateful if you would spare a few minutes to respond to the questions. Please answer the questions to the best of your knowledge and be assured that the information you will offer will be kept strictly confidential. However, you are free to withdraw at any time from the study without giving reasons.

I thank you in advance.

PART 1. BACKGROUND

1. Position of the ministry:

.....

2. Department

.....

3. Gender:

.....

4. Date of interview:

.....

5. Start time of interview:

.....

PART 2. ADEQUACY OF VARIOUS SOURCES OF LOCAL AUTHORITY REVENUE

- 6. The Constitution of Zambia (Amendment) Act, 2016, states that local authorities shall be given the equalization fund and the constituency development fund. Which other types of grants are given to local authorities in Zambia?.....
.....
.....
- 7. . When is the equalization fund released or given to local authorities?.....
.....
.....
- 8. . How much is given to the local authorities through the equalization fund each month?.....
.....
- 9. How adequate is the equalization fund to finance local authority operations?
.....
.....
- 10. What are the conditions attached to the equalization Fund?.....
.....
- 11. Has there been a time when the ministry of finance delayed the disbursement of the equalization fund to local authorities?.....
.....
- 12. What was the cause of the delayment in disbursing the equalization fund to local authorities?
.....
.....

.....
...

13. How did the delayment in disbursing the equalization fund affect the local authorities' revenue?

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

14. . What challenges does the ministry of finance face in disbursing the equalization fund?.....

.....

15. . What Acts are used to guide the use and disbursement of the equalization fund?

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

16. When is the Constituency development fund released or given to local authorities?.....

.....
.....

17. How much money is allocated to the local authorities through the Constituency development fund?.....

.....
.....

18. How adequate is the constituency development?.....

19. What are the conditions attached to the Constituency development fund?.....

.....

20. Has there been a time when the ministry of finance delayed disbursing the Constituency development fund to local authorities?.....

.....

.....
.....

21. . What was the cause of the delayment in disbursing the Constituency development fund to local authorities?.....
.....

22. How did the delayment in disbursing the Constituency development fund affect the local authorities' revenue?.....
.....

23. . What challenges does the ministry of finance face in disbursing the Constituency development fund?.....
.....

24. Mention the Acts used to guide the use and disbursement of the Constituency development fund?.....
.....

25. How much was budgeted by the ministry of finance that it will be given to the local authorities last year through the equalization fund and how much was given to the local authorities?
.....
.....
.....

26. Which one is the most reliable grant for local authorities?
.....
.....

27. Which one is the least reliable grant for local authorities?
.....

PART 4: RECOMMENDATIONS

28. What do you think should be done by the council to improve local authorities’
revenue
mobilization?.....

29. . What do you think should be done by the ministry of finance to improve local
authority Revenue Mobilization?.....

Finish time of the interview date:

Duration of the interview and place:

END OF INTERVIEW

THANK YOU

c) Interview for officials at the Ministry of Local Government

Dear respondents

My name is Richard Sililo, a postgraduate student at the University of Zambia in the school of Humanities and Social Sciences. I am conducting a research on the effects of the unitary state on local authority revenue mobilization in Zambia: the case study of Lusaka city council, Chongwe municipal council and Kafue town council. This study is purely an academic exercise and is meant to enable me to partially fulfill the requirements of the Degree of Master of Public Administration [MPA].

You have been selected to be part of the key informants and I would be very grateful if you would spare a few minutes to respond to the questions. Please answer the questions to the best of your knowledge and be assured that the information you will offer will be kept strictly confidential. However, you are free to withdraw at any time from the study without giving reasons.

I thank you in advance.

PART 1. BACKGROUND

- 1. Name of the Council:
- 2. Position held in the Council:
.....
- 3. Gender:
.....
- 4. Date of interview:
.....
- 5. Start time of interview:
.....

PART 2. ADEQUCY OF VARIOUS SOURCES OF LOCAL AUTHORITY REVENUE

6. What are the sources of local authority revenue?
7. What type of grants does the Ministry of Local Government give to local authorities?
8. On which grant does the Ministry of Local Government apply more conditions and why does the ministry put more conditions on this grant?
9. On which grant does the ministry of local government apply fewer conditions and why does the ministry apply fewer conditions on this grant?
10. How adequate are the grants given to local authorities?
11. What challenges does the ministry of local government face when disbursing these grants to local authorities?

PART 3. LEGAL AND INSTITUTIONAL FRAMEWORK PUT IN PLACE TO GUIDE LOCAL AUTHOURTIES REVENUE MOBILIZATION

12. What legal and institutional framework has been put in place to guide local authorities' revenue mobilization?
13. To what extent has central government been using the legal framework to guide local authorities' revenue mobilization?

PART 4. EFFECTS OF CENTROL GOVERNMENT CONTROL ON LOCAL AUTHORITY REVENUE MOBILIZATION

14. Subject to section 49 of the local government Act 2019, a local authority shall not 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 of local

government. Has there been a time when the ministry of local government exercised control over local authorities borrowing or receiving of donations inside or outside the Republic? How did this affect the local authority's revenue mobilization?

15. Subject to section (3) of the local government Amendment Act, (2019), a local authority shall not impose any fees or charges in respect of owners rates and personal levy without the prior approval of the Minister of local government, has there been a time when the ministry of local government exercised control over the imposition of any fees or charges in respect of owners rates, how did this affect the local authority revenue mobilization?

16. Subject to section 4 of the market and bus station Act, No.7 of 2007, a local authority, may enter into public-private partnerships, with the prior approval of the Minister given in writing. Has there been time when the ministry of local government exercised control over local authorities public-private partnership and how did this affect local authorities revenue mobilization?

17. Subject to section (3) of the local government Amendment Act, (2019), a local authority shall not impose any fees or charges in respect of owners rates and personal levy without the prior approval of the Minister of local government, has there been a time when the ministry of local government exercised control over the imposition of personal levy and how did this affect local authority revenue mobilization?

18. Subject to subsection 23 of the local government Act, 2019. A local authority shall not sell or let for a period of fourteen years or more, or otherwise dispose of, any property belonging to the local authority, except with the prior approval of the Minister of local government. Has there been a time when the ministry of local government exercised control on local authority's plans to sell properties and how did this affect local authority's revenue mobilization?

19. Has there been a time when the ministry of local government prevented the local authorities from indulging in any revenue generating activity not mentioned above and how did this affect local authority revenue mobilization?

20. What other effects does central government control have on local authorities' revenue mobilization?

PART 5 RECOMMENDATIONS

21. What do you think should be done by the local authority to improve its revenue mobilization?

22. What do you think should be done by the ministry of local government to improve local authority Revenue Mobilization?

Finish time of the interview date:

Duration of the interview and place:

END OF INTERVIEW

THANK YOU