Research Article

Evaluating the Effectiveness of Local Government Revenue Collection Framework: A Study of Choma Municipal Council

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ABSTRACT

The primary aim of this research was to assess the effectiveness of the Local Government Revenue Collection Framework. It was based on several objectives, which included analyzing the process of formulating various types of revenue collection by-laws established by the Choma Municipal Council. Another objective was to determine the degree to which the Choma Municipal Council has enforced these revenue collection by-laws in Choma District. Additionally, the study aimed to identify the challenges associated with enforcing the revenue collection by-laws implemented by the Choma Municipal Council. A case study design was utilized for the research. A sample of 80 respondents was selected using simple random sampling methods. Data was gathered through semi-structured questionnaires and key-informant interviews. The analyzed data was presented using descriptive and inferential statistics with the assistance of Microsoft Word and Excel. The findings indicated that a majority of the respondents were unfamiliar with the concept of revenue collection by-laws. Furthermore, all respondents reported that they had not participated in the formulation process of the revenue collection by-laws prior to their approval at the full council meeting. The study revealed that the Choma district council did not properly follow the procedures for formulating bylaws, resulting in a 30% acceptance rate of revenue collection by-laws. This low acceptance is attributed to public ignorance about the reasons for paying these services. Key challenges identified include a lack of manpower, political influence, inadequate transport, and insufficient public sensitization. Recommendations from the study include incorporating online payment options, engaging the community in local bylaw creation, educating the public on timely levy payments, developing a system to determine appropriate business levies, building infrastructure for small businesses, reducing taxes during the economic recession, and improving customer service training for revenue collectors.

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1. INTRODUCTION

1.1. Background of the Study

Upon gaining independence, Zambia took over a system of Local Government that was based on English municipal authority and British colonial governance. Local government is typically described as a decentralized, representative body that has both general and specific powers granted to it by a higher level of government (whether central or city) within a defined geographical area. In general, terms, local government pertains to a governing system at the local level (Chilepa & Yikona, 1994) characterizes it as a political subdivision of a nation or a state (in a federal setup) that is established by law and possesses significant authority over local matters, including the ability to levy taxes. The phrase 'local government' is used to differentiate it from offices at the national level, which are often called the central government, national government, or in some cases, federal government. The governing body (local authority) of such an institution is either elected or selected locally and functions within a specific geographical area (a clearly defined jurisdiction) to deliver services to its local community (local residents). A local authority has the autonomy to govern independently, but it must adhere to constitutional regulations as well as local and central legislation. The structures of local government differ significantly from one country to another, and even in cases of similar setups, the terminology can vary. Common designations for entities of local government include state, province, region, department, county, city, township, town, borough, parish, and village. However, these terms may be used in casual contexts in countries where they do not denote a legally recognized local government entity.

Zambia operates as a democratic republic with two levels of government: National and Local. The Local Government is supported by constitutional provisions and is primarily governed by the Local Government Act of 1991 and the Local Government Elections Act of 1992. The Ministry of Local Government and Housing oversees 116 Local Authorities, which include four (4) City Councils, 18 Municipal Councils, and 94 District Councils. Additionally, the country is divided into ten (10) Provinces, which function solely for administrative purposes. During the local elections in 2011, women constituted 6.2% of the elected Councilors. After the 2016 national elections, the percentage of elected female representatives rose to 18.0%. Local Governments are responsible for the construction and upkeep of infrastructure such as roads, bridges, ferries, watercourses, street lighting, and public transport, along with providing firefighting, prevention, and environmental health services. Councils are tasked with supplying and maintaining water, managing drainage systems, sewers, and roads, as well as handling sewage and waste disposal. They also take care of cemeteries, crematoria, and mortuaries, as well as parks, zoos, gardens, recreational grounds, camping sites, caravan parks, art galleries, libraries, museums, and film services. The revenue generated by councils relies on effective collection methods, strategic planning, and budgeting throughout the fiscal year. Inadequate planning, budgeting, and collection methods can result in insufficient revenue. A typical Revenue Management Chain in a Local Government Authority includes local taxes, fees, fines, penalties, licenses, income from leasing properties and assets, and other forms of generated revenue. According to the Local Government Act of 1991 and the Local Government Elections Act of 1992, Local Authorities are granted the authority to formulate administrative and financial bylaws. These financial bylaws determine the local taxes that will be levied and collected from their revenue sources, as well as fees and fines for violations of Local Authority regulations. A low tax rate leads to diminished revenue collection, while a review of these bylaws to adjust rates every five years could enhance revenue generation.

1.2. Statement of the Problem

According to the Local Government Act, Chapter 281 of the Laws of Zambia, which was amended by Act No. 19 of 1992, all councils are tasked with the responsibility of generating and collecting local taxes and user fees. Choma Municipal Council has consistently experienced a discrepancy between the projected revenues and the actual amounts collected. This has resulted in the Choma Council's inability to fulfill its functions and provide services that meet public expectations. The Council's financial constraints have led to inefficiencies in performing its responsibilities. The demand for high-quality municipal services is increasing, presenting Local Authorities with the challenge of generating sufficient revenue to satisfy these needs. In the Local government newsletter (2008), it was reported that inadequate capacity in Local Authorities stemmed from a lack of financial resources. Bob (2005) noted that local government finance policy is a significant barrier to the effective operation of Local Authorities.

1.3. General objective

The general objective of the study was to evaluate the effectiveness of Local Government Revenue collection framework: a case study of Choma. Specific objectives of the study include the following: To examine the influence of the formulation process of various types of Revenue Collection by-laws put in place by Choma Municipal Council? To establish the extent has the Revenue Collection by-laws been implemented in Choma District by Choma Municipal Council? To identify the challenges facing the enforcement of the Revenue Collection by-laws put in place by Choma Municipal Council.

1.4. Theoretical Framework

The research focuses on the Theory of Portfolio, which emphasizes that diversification reduces risk because different stocks do not move in the same direction. There are two types of risks: unique (unsystematic) risk, which can be eliminated through diversification, and market (systematic) risk, which cannot be removed and affects all companies. In a well-diversified portfolio, the main concern is the non-diversifiable market risk. The contribution of a single security to the overall risk of the portfolio is determined by its sensitivity to market movements, measured by beta. Thus, the risk of a diversified portfolio is equivalent to the average beta of the included securities. If the risk of the portfolio is influenced by the betas of each individual security, it indicates that simply diversifying cannot eliminate the stand-alone risk, but can also modify the portfolio's market risk by altering the combination of

various securities. In terms of public finance, the concept of revenue diversification is comparable to investment diversification. We can think of different revenue streams or tax bases as an administration's investment portfolio, with each tax representing a specific security within that portfolio. Fundanga (1997), who suggested that an organization should be viewed as a collection of tangible and human resources integrated within an organizational structure, introduced the Resource-based View (RBV). Donald and Delno (2009) classified resources into physical resources and intellectual resources; physical resources, such as plants and machinery, are easily identifiable because of their tangible nature (Hoffman, 2005). Management Control, or simply "Control," is defined as formal, information-based procedures, systems, and structures that management utilizes to maintain or alter patterns within various organizational activities, mainly those that support management decision-making processes and strategies while executing business policy. According to Mullins (1996) there is a need for further empirical support for the resource-based view concerning organizational strategy; insights from a resource (and capability) perspective on how organizations create value and enhance competitiveness through value processing, innovations, control systems, resource coordination, and reward policies are also called for. The majority of SMEs in developing economies struggle to compete effectively due to their internal resource deficits (UNIDO, 2003). In this context, the resource-based view theory could be applied in this study to emphasize that government institutions need sufficient resources for effective tax administration

2. LITERATURE REVIEW

Local government encompasses the collective administrative authorities responsible for regions that fall below the state level. These entities serve as subdivisions of a state and are entrusted with the management of affairs within a specified jurisdiction. Alam (2010) defines Local Governance as the political administration of the smallest subdivisions of a country's territory and population. The concept of governance is longstanding, dating back to the origins of human civilization. In its essence, governance refers to the processes of decision-making and the implementation (or non-implementation) of those decisions (United Nations Economic and Social Commission for Asia, 2008).

The text explores governance specifically within the framework of Local Governance. Local Governance, which involves decision-making limited to designated jurisdictions, can be either formally or informally organized; this research emphasizes the formal structure determined by legal district boundaries. Local Authorities hold the responsibility for overseeing public affairs in communities, which contributes to the development of these areas. The Council operates as a corporate entity that is responsible for decision-making and has unique characteristics.

In this research, the legal framework is treated as the independent variable, while the generation of local revenue is seen as the dependent variable. The legal framework is defined as a collection of constitutional, legislative, regulatory, and managerial rules that collectively specify the voting rights

enabling citizens to choose representatives. In addition to electing public officials, citizens often use elections to approve or reject legislative proposals, government decisions, and resolutions (Gidisu, 2012).

According to Hussein (2004), a legal framework comprises a set of guidelines, procedural steps, or tests that are frequently created through common law precedents, aiding in the adjudication of specific legal matters. A doctrine arises when a judge issues a decision that outlines and implements a process, permitting its uniform application in similar cases. Over time, as multiple judges adopt this approach, it eventually becomes the accepted method for resolving like situations. Various countries differ in the organization of their territorial, political, and governmental systems, which in turn influences how their electoral frameworks are designed.

The legal instruments and traditions that underpin electoral frameworks differ significantly. These elements largely affect how frameworks are designed and modified. This topic within the Legal Framework Encyclopedia seeks to examine, from a comparative standpoint, particular issues concerning the legal and administrative regulations that are essential for any election aiming to be free and fair. It intends to enhance the understanding of what constitutes an electoral legal framework, its potential aspirations, and the ways in which it can be developed and improved.

According to Gyamfi (2014), Local Government Authorities are administrative entities that operate beneath the central government and maintain direct interaction with the community. This term is used to differentiate these offices from those at the nation-state level, which are known as the central or national government. The structure of LGAs is intricate, with the allocation of responsibilities differing based on local contexts.

In Zambia, the establishment of Local Authorities was a response to the growing responsibilities placed on native authorities due to expanding settlements and a rising need for social services. Since 1965, the Local Government Act (Cap 480) has unified previous legislation governing local affairs. This Act mandates that Local Councils be elected through universal suffrage and that Local Authorities predominantly receive funding from the central government. The operations of the Councils were modeled similarly to the British system, wherein Councils were assigned a variety of rights and responsibilities to fulfill. Citizens' rights to engage in civic matters were to be exercised through their elected Councilors.

Historically, Local Authorities in Zambia primarily had one significant function, which was to maintain law and order. Unlike the current situation, Local Authorities were not tasked with ensuring the residents' standard of living. However, the responsibilities of Local Authorities began to evolve, leading to additional duties. In the case of Zambia, the ordinances of 1927 and 1928 granted urban Councils the authority to manage issues concerning service provision to white urban residents (Kretiner, 2001).

It was through such recommendations that policies were enacted, culminating in the local government act of 1965 (Local Government Act Cap 480, 1980). At present, the roles of Local Authorities revolve around service delivery and

encompass areas such as sanitation, environmental health, building regulation, library services, electricity distribution, water supply, fire prevention and safety, housing, community development, and road construction. Local Authorities serve as vital institutions for any government, playing a crucial role in the progress of any nation. The income sources for Local Authorities in Zambia have experienced changes since the country gained independence in 1964, influenced by shifts in government that bring different political ideologies, which affect Local Authorities' income sources. These governmental transitions have resulted in various policy adjustments concerning income sources for Local Authorities. Thus, it is essential to consider the historical context of Local Authorities' income sources in Zambia briefly.

Traditionally, property tax has served as the council's primary income source. Property tax represents a compulsory payment required from property owners within the District. However, the 1997 amendment to the Rating Act expanded the requirement of property tax payments to include tenants and occupants. The payment is determined based on the property's value. Government valuers conduct an assessment of both private and public properties every ten years to determine the values of the properties within specified Districts. The assessed values for the property are then subjected to rate poundage for billing purposes. Property tax payments are made biannually, specifically in January and June each year. On average, property tax accounts for 75% of the general income for most Local Authorities. Chiluba (l994) Democratization in Zambia, Unpublished, for a period, Local Authorities managed a trading account, with electricity services being a significant revenue source. Local Authorities generated income from electricity tariffs. However, in 1972, the government mandated that all Local Authorities transfer their electricity-related assets. Consequently, all assets were transferred to ZESCO without any corresponding revenue sources being allocated to the Councils (Local Government newsletter, 2004).

This situation represents a scenario where Local Authorities' assets were simply taken, resulting in a negative impact on their revenue generation capabilities. The asset bases of Local Authorities were consequently diminished, placing the Councils in a vulnerable position. The government's choice to transfer these assets without compensation disadvantaged the Councils regarding their revenue collection efforts.

3. METHODOLOGY

3.1. Research Design, Methods, & Approach

The research employed a case study design. An explanatory sequential research design has been chosen because it allowed the researcher to administer questionnaire to a quantitative larger sample size and also conduct random interviews with a smaller qualitative sample size. For the purpose of this study, this research the population of interest constituted of 201 Choma Council office staffs from which Internal Auditor, Director Finance, Accountant, Revenue collectors and the public clients were sampled. This is because Choma Council is the researcher's work place for easy accessibility and targeted people were easily found for data collection as this people are busy. The sample size was derived from the formula;

$n=N/1+N (e)^2$

Where;

n = Sample Size
N = Target Population
e = Margin of error

The margin of error for this study is taken to be five percent (10%).

$n = 201 / (1 + 200 (0.10)^2)$
= 201 / 2.5
$n = 80$

The approximate sample size of 80 is 10% of the target population of 201 which was representative enough of the entire population. Simple random sampling was used in selecting the respondent, Self-administered questionnaires were heavily used as a means of data collection tool for this research. Both closed and open-ended questions were used to allow easy compilation of responses collected in the questionnaires. This is to solicit for more information on answers to closed ended questions as to the reasons why that answer so that we can have an in-depth understanding of the topic at hand. The collected data was analyzed using Microsoft Excel as well as Statistical Package for Social Scientists (SPSS) where simple descriptive statistics were obtained and results were summarized as graphs and pie charts for discussion. Ethical considerations for this study included obtaining informed consent from participants, ensuring anonymity and confidentiality, and minimizing any potential harm to the participants.

4. RESULTS AND DISCUSSION

This chapter presents the findings of this study. The purpose of this study was to evaluate the effectiveness of Local Government Revenue collection framework: a case study of Choma Municipal Council. Data was collected through interview guides and questionnaires from public members and Local government key officers. The findings from interviews are presented in verbatim while the questionnaire findings are presented in form of figures
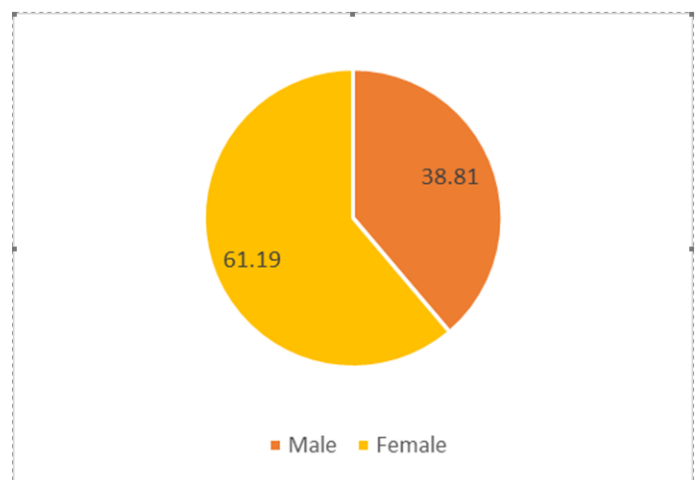
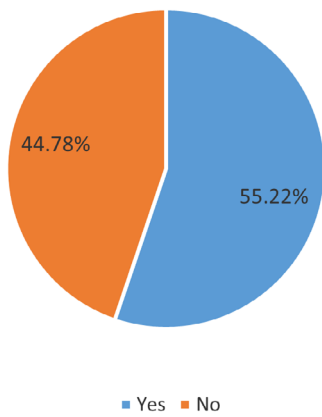**Figure 1.** Gender of respondents in percentage

The study found that 61.19%) of the respondents were female while 38.81%) were male. Therefore, majority of the respondents were male as shown in the figure above.
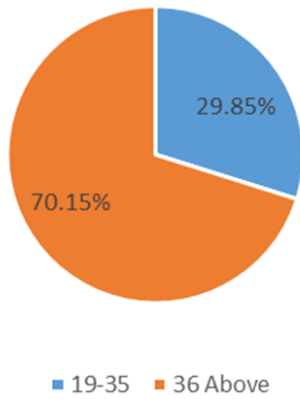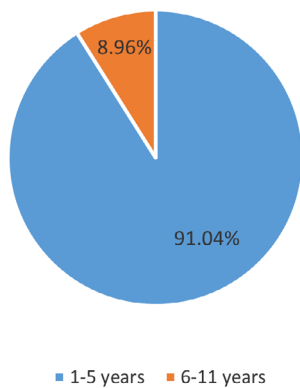
Figure 2. Age of Respondents

The study found that most respondents were in the age bracket of 19-35 years accounting for 29.85% of the total number of respondents, followed by those in the age bracket of 36 above accounting for 70.15% of the total respondents. This data shows the majority of taxpayers who own property and businesses were not youths.


Figure 3. Highest level of respondents in percentage

The study found that 35% of the respondents had no formal education, 30% had attained secondary education while 26% of the respondents had attained tertiary level of education with 9% having attained only primary level of education. Therefore, majority of the respondents had secondary level of education.


Figure 3. Highest level of respondents in percentage

The respondents were asked to indicate the number of years they have been paying tax, the majority 61 (91.04%) of the respondents have been paying tax to the council for 1 - 5 years while 6 (8.96%) of the respondents have been paying tax to the council for 6-11.
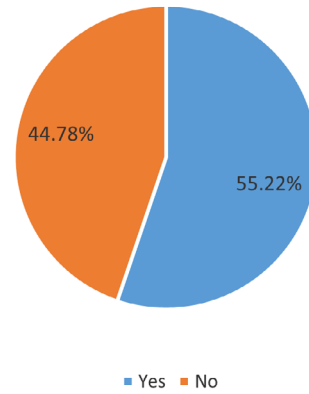

Figure 5. Understanding the term revenue collection

It an attempt to answer the above question it was discovered that majority 37 (55.22%) of the respondents did not understand the term Revenue Collection by Laws while only few 30 (44.78%) of the respondents did understand the term Revenue Collection by Laws.
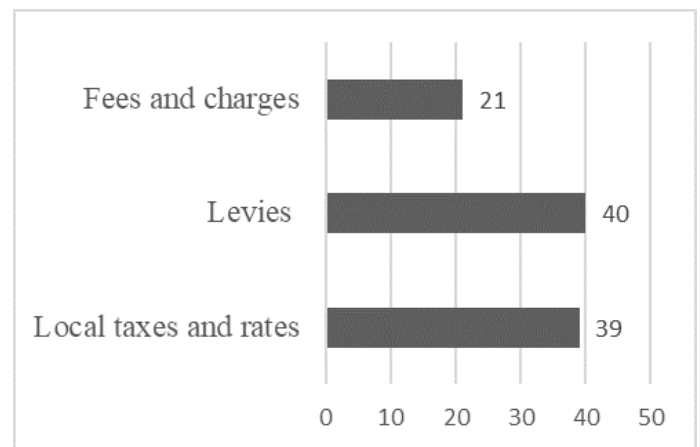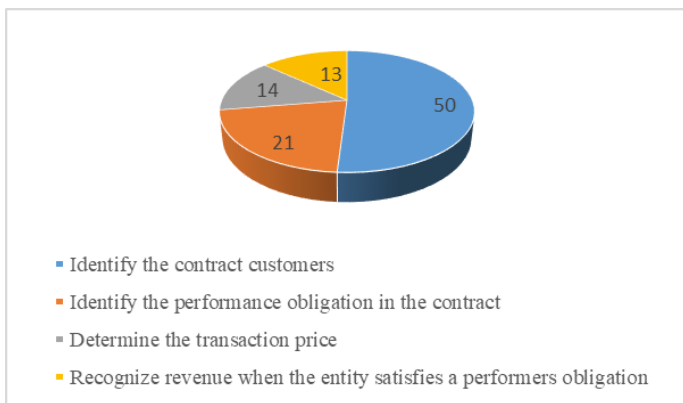

Figure 6. Types of revenue collection by laws

Local taxes and rates are a traditional source of income for local authorities while levies are taxes on economic activities within the council's jurisdiction and fees and charges are traditional sources of income for local authority, however, local government general may also collect revenue through central government grants and through property and consumption and income taxes .Accounting for 21% indicated charges while 40% indicated levies, and 39% indicated local taxes and rates.

Figure above shows to which extent revenue collection helped councils. 54% of the respondents believe sufficient cash is made available to pay operational costs, 25% believe it highly helps because it is the best practice to review all points of revenue collection and finally it helps because policies are ordinances in place annually.
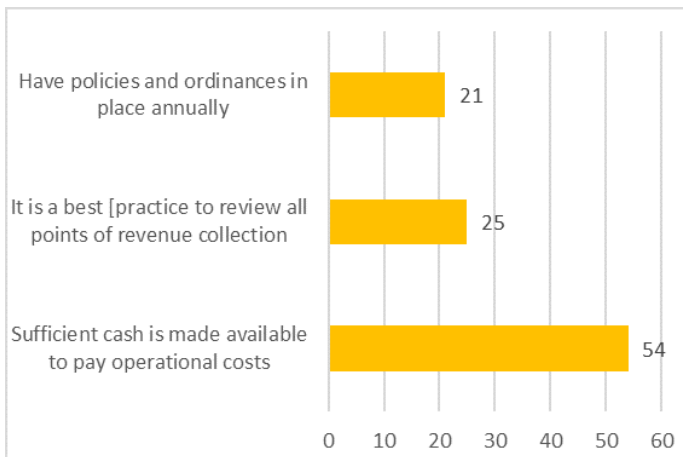
Figure 7. Extent of which revenue collection by laws are helping councils

- Identify the contract customers
- Identify the performance obligation in the contract
- Determine the transaction price
- Recognize revenue when the entity satisfies a performers obligation

Figure 8. Revenue recognition process

Respondent indicated that revenue recognition process include the following through identifying the contract with customers as well as identify the performance obligation in the contract and determine the transaction price.
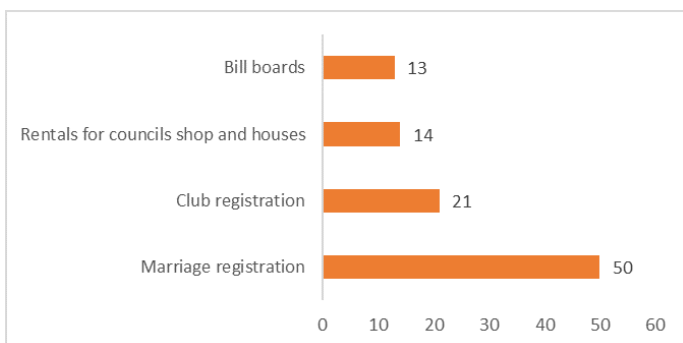
**Figure 9.** What are the revue collection by laws been implemented

Accounting for 50% indicated marriage registration and minority being 13% indicated billboards, As per Local Government Finance Act, powers local authorities to establish administrative and financial bylaws. Financial bylaws set local taxes to be charged and collected from own sources of revenue, fees, charges and fines from misconduct of local authority bylaws. The low rate of taxes results in low revenue collection whereas a review of those bylaws to increase rate at least after five years will strengthen revenue collection (Carroll & Johnson, 2010).
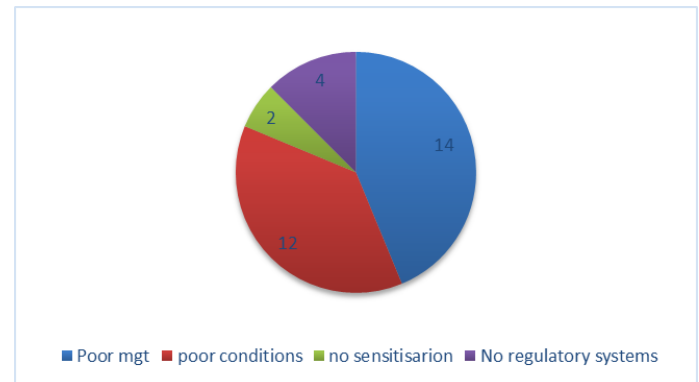
**Figure 10.** Factors that hinder effective collection of taxes

Figure above show factors that hinder effective collection of taxes at 40% poor conditions in councils and 40% poor management in councils. 5% lack of sensitization in community and 15% said lack of enforcement.
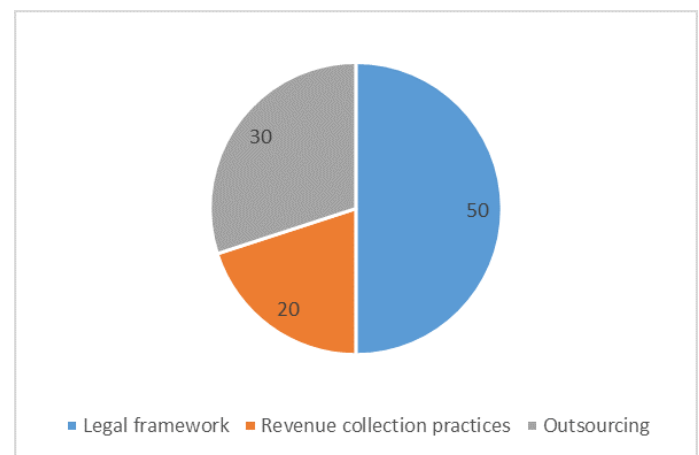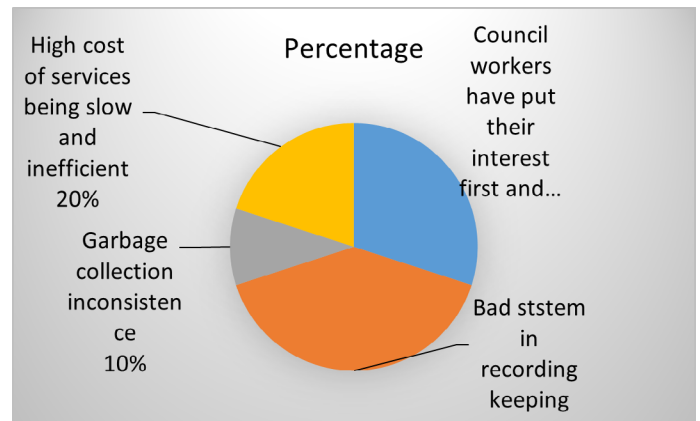

Figure 11. What strategies can councils use to improve revenue collection

The extent of revenue collection by laws in council varies but there are a number of strategies that councils can use to improve revenue such as the legal framework. Revenue collection practices and outsourcing, accounting for 20% indicate revenue collection while 30% indicate outsourcing, and 50% indicate legal framework.
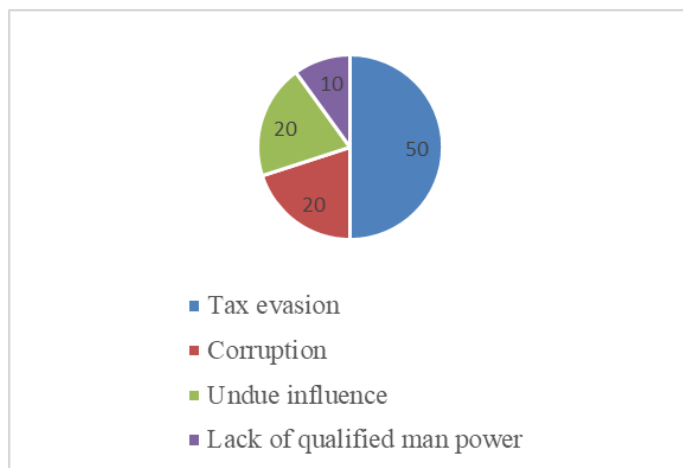
The majority of respondents (63%) indicated that the revenue collection bylaws were not effective while a minor (17%) indicated that the implementation by the council to handle revenue collection by laws is very effective. Another 20% indicated that the strategies were quite effective
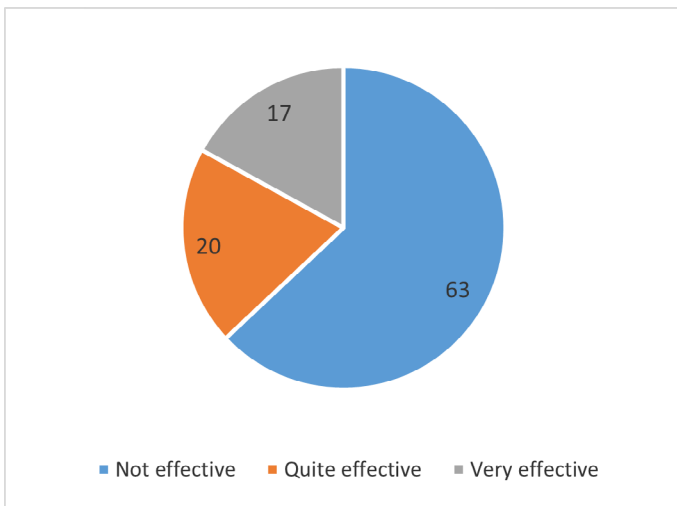
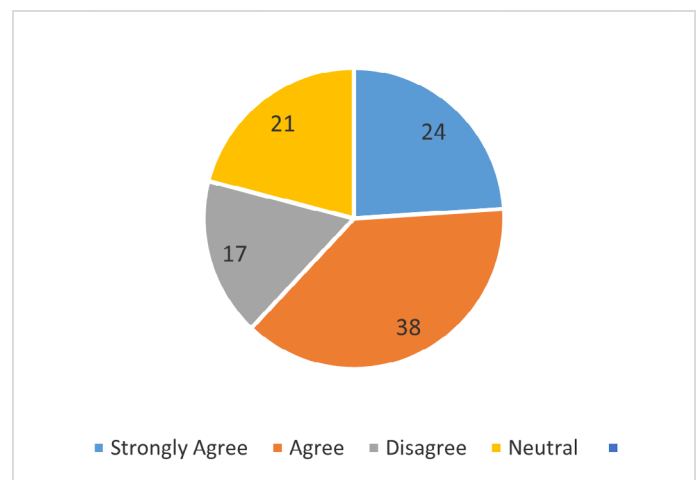**Figure 12.** Effectiveness of revenue collection bylaws been implemented

Figure 13. Challenges to enforcing revenue collection

There are several challenges to enforcing revenue collection including tax evasion, taxpayers may intentionally evade taxes or resist paying them , tax collectors may be tempted to collude with tax payers embezzle money or create lope holes to pressure tax payers into paying bribes, companies may uses corrupt means to influence revenue collection and regulations to their advantage, local governments may not have the administrative capacity to assess the revenue base or enforce taxes, additionally, a lack of qualified personnel can make it difficult to collect revenue, a lack of political will can make it difficult to raise revenue, conflicting pieces of legislation can make it difficult to raise revenue and finally a large informal sector can hinder tax collection

The respondents said that they were not satisfied with Council services due to that Garbage collection is not done consistently and waste accumulates to dangerous levels and the public pays scavengers to dispose waste of the public clients were not satisfied with the council due to that they were charging the same amount for business license in town for starting business, small businesses and larger mature businesses, of the public clients were not satisfied with the council due that the council

Figure 14. Reasons the Public were not satisfied

have a bad system in record keeping of clients documents, 40) of the public clients were not satisfied with the council due that the council toilets are not clean and not in good condition, (8.96%) of the public clients were not satisfied with the council due that the council is failing to clean and provide standard markets from the market levy they collect, Gabbarge collection is an issue as collection is inconsistent and erratic with no council skip bins in place, 10%) of the public clients were not satisfied with the council due that the council town is dirt and the feeder roads in town are in a bad condition but CDF is funded every year.


Figure 15. Do you agree that compliance handling and weather contribute challenges in enforcing revenue collection by laws?

An effective and efficient program of taxpayer service activities is a critical objective of all revenue bodies. It helps for saving cost of revenue collection and will help reducing the gap between what taxes should be collected and what is actually collected (Bryman & Bell, 2003). Fjeldstad (2010) argues that incompetent revenue assessors leads to taxpayers' non- compliance in local government. Mechanisms for identification and registration of taxpayers; taxpayer's recognition and registration is a foundation for other tax administration for tasks, according to Bird and Zolt (2004), it should establish a system to register non-voluntarily taxpayers registration function of

tax administration organization absorbs finding out potential taxpayers for tax objectives and registering them as taxpayers in a central data base. A good tax administration identifies and registers all traders who are liable to register for the taxation. as stated in Article 43 of the income tax proclamation, every person having a taxpayer identification number (TIN), but in no case may a person obtain more than one TIN.
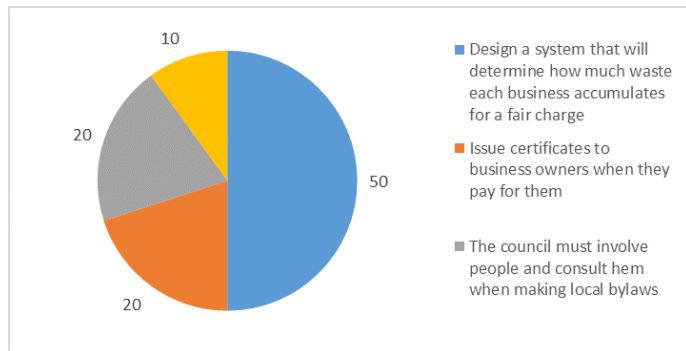
Figure 16. what do you think can be done for the Council to be more efficient in terms of Revenue Collection

The above shows that majority (17.91%) of the respondents said that for the council to enhance revenue collection it should allow private mobile money booths at civic center for faster and convenient deposits as clients cover long distance to points of deposits, (16.42%) of the respondents said that for the council to enhance revenue collection it should be Issuing certificates to business owners once they pay for them, (8.96%) of the respondents said that for the council to enhance revenue collection it should design a system that will determine how much waste each business accumulates for a fair charge, 5 (7.46%) of the respondents said that for the council to enhance revenue collection it should buy a stand by truck for revenue collection to offer better garbage collection services to the public.
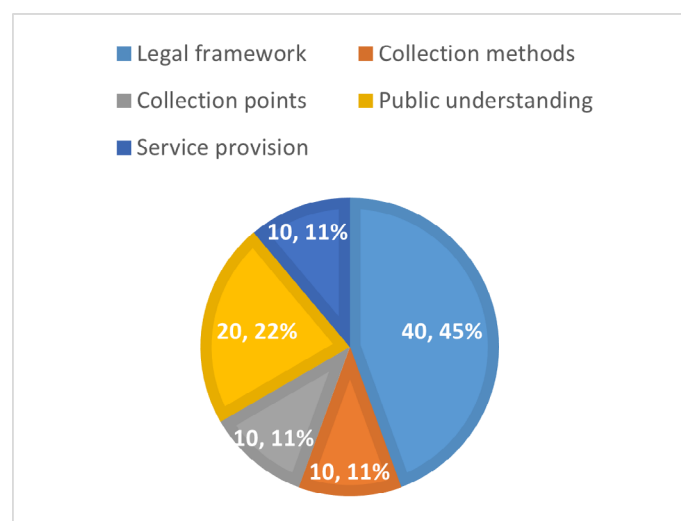
Figure 17. Things to consider when evaluating a framework

When evaluating the effectiveness of a local government revenue collection framework, you consider things like legal framework, whether legal framework is strong enough to support the local authority revenue collection efforts, also whether the methods used to assess revenue collection are effective, collection are also are considerate in this regard as you need to ensure that there enough collection points to effectively collect revenue, public understanding is a vital component too as the public understands the importance of revenue collection and use of revenue collected by local authority , lastly, service provision the local provides equitable services to ensure residents are willing to pay fees and charges.

4.2 Background characteristics
4.2.1. Discussion and implication of findings
It was documented that out of the total number of respondents who participated in the study, there were slightly more females than male who participated in this particular study accounting for 61.81% were female while 38.81% were male.

The study found that most respondents were in the age bracket of 19-30years accounting for 30% of the total number of respondents, followed by those in the age bracket of 36 above accounting for 70.15% of the total respondents. The study revealed that majority of the respondents did not understand the term revenue collection by Laws. The findings also showed that all the respondents said that they were not involved in the revenue collection by Law formulation process before they are approved in the full council meeting. The study shows that majority 47 (70.15%) of the respondents rejected Business levy due to that it was perceived to be too high and that it needs to be revisited while 20 (29.85%) of the respondents rejected the Annual Garbage collection fee as they perceived it to be too high as waste collection by the council is erratic.

Factors that hinder effective collection of taxes at 40% poor conditions in councils and 40% poor management in councils. 5% lack of sensitization in community and 15% said lack of enforcement the study showed that most respondents said that the council has not done enough in terms of sensitization on by Laws formulation process. It was discovered that majority 37 (55.22%) of the respondents did not understand the term Revenue Collection by Laws while only few 30 (44.78%) of the respondents did understand the term Revenue Collection by Laws.

Local taxes and rates are a traditional source of income for local authorities while levies are taxes on economic activities within the council's jurisdiction and fees and charges are traditional sources of income for local authority, however, local government general may also collect revenue through central government grants and through property and consumption and income taxes.

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Revenue collection helped councils. 54% of the respondents believe sufficient cash is made available to pay operational costs, 25% believe it highly helps because it is the best practice to review all points of revenue collection and finally it helps because policies are ordinances in place annually.

Respondent indicated that revenue recognition process include the following through identifying the contract with customers

as well as identify the performance obligation in the contract and determine the transaction price. The study revealed that majority of the respondents did not understand the term revenue collection by Laws. The findings also showed that all the respondents said that they were not involved in the revenue collection by Law formulation process before they are approved in the full council meeting. The study discovered that the council did not follow the full procedure set in place for the formulation of by laws. The council officers narrated the following revenue collection by law formulation process; There are several challenges to enforcing revenue collection including tax evasion, taxpayers may intentionally evade taxes or resist paying them , tax collectors may be tempted to collude with tax payers embezzle money or create lope holes to pressure tax payers into paying bribes, companies may uses corrupt means to influence revenue collection and regulations to their advantage, local governments may not have the administrative capacity to assess the revenue base or enforce taxes, additionally, a lack of qualified personnel can make it difficult to collect revenue, a lack of political will can make it difficult to raise revenue, conflicting pieces of legislation can make it difficult to raise revenue and finally a large informal sector can hinder tax collection, An effective and efficient program of taxpayer service activities is a critical objective of all revenue bodies. It helps for saving cost of revenue collection and will help reducing the gap between what taxes should be collected and what is actually collected. Clake and Stewart (1988) argues that incompetent revenue assessors leads to taxpayers' non-compliance in local government.

Mechanisms for identification and registration of taxpayers; taxpayer's recognition and registration is a foundation for other tax administration for tasks, according to Chilipamushi (2000) it should establish a system to register non-voluntarily taxpayers registration function of tax administration organization absorbs finding out potential taxpayers for tax objectives and registering them as taxpayers in a central data base. A good tax administration identifies and registers all traders who are liable to register for the tax, according to article 43 of the income tax proclamation, every person having a taxpayer identification number (TIN), but in no case may a person obtain more than one TIN.

5. CONCLUSIONS
Local governments need resources in order to finance the services and activities for which they are responsible. This may include the direct provision of goods and services where the market fails to provide satisfactorily (e.g. 'public goods' and 'merit goods', such as health and education), or contracting or subsidizing the private sector to provide them. Local governments also have a variety of regulatory roles, such as building and development control and consumer protection, which have to be financed. Moreover, local governments may need to subsidise certain services for low-income groups, even though redistribution is generally regarded as primarily a function of central government. Locally generated resources are also essential for another reason. One of the principal justifications for decentralisation is that the decisions made about local services will reflect the needs, priorities and willingness to pay of local citizens. Decisions about how much to

tax local citizens, and how to use those tax revenues to provide services, are core elements of local democracy and critical to local accountability. This requires that local governments have under their control a range of local taxes and charges, borne by residents of the jurisdiction, to fund at least part of the cost of services, which benefit those residents. It also requires that local decision-makers have a degree of discretion about the level of taxation. However, the reality in most countries is that local revenue sources meet only part – sometimes quite a small part – of local expenditure needs. There are two reasons for this. Firstly, the most significant taxes (such as income tax, corporate profits tax, VAT, customs duties, excises) are usually assigned to central government. This is because central government is much better placed to collect such taxes uniformly, efficiently and equitably; particularly where tax revenues are collected in only certain locations (e.g. ports, in the case of customs duties). As a result, the taxes left for local government are generally small and often problematic (as will be discussed below). Secondly, the tax base is unevenly distributed within countries. While large cities may be able to generate substantial tax revenues, smaller, more remote and rural jurisdictions may have little scope for levying taxes. Therefore, local revenue raising needs to be accompanied by a system of fiscal transfers from the center to ensure that local governments have sufficient resources to carry out their mandated functions, and to ensure that financial resources are equitably distributed between local governments. Thus, local revenue sources remain important as a way of financing part of local expenditure and to establish a degree of accountability to citizens for the expenditure decisions made by the local government. In most countries, much could be done to improve local revenues, through more administration that is efficient and assigning new revenue sources, as well as improving expenditure management so that the limited resources go further. Therefore, the study recommended the following; The council should be engaging the public before implementation of revenue collection by laws .The council should sensitize public clients because majority do not know the service they offer to the public The council should also sensitize the people on the bylaws and their importance. Organizing meetings in communities with WDCs so that WDCs can sensitize their wards and not from a stranger. The council should sensitize the public were they take the money they collect and it use in the district.

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