

Factors affecting revenue collection at Lusaka city council (Zambia)

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Abstract

This paper examined the factors of taxpayer knowledge, political interference, and legal frameworks that shape municipal revenue collection outcomes in Zambia. The case of Lusaka City Council assesses the effects of gaps in taxpayer knowledge regarding obligations, partisan influence in revenue administration, and weaknesses in municipal legal mandates and autonomy. Quantitative and qualitative data was gathered through taxpayer questionnaires, council officer interviews and focus groups. Results indicated that low taxpayer awareness and negative attitudes reduced voluntary compliance. Meanwhile, extensive partisan interference in billing, enforcement, and appointments undermined revenue performance—lastly, vague legal frameworks and inadequate autonomy constrained administration and compliance. The paper recommends targeted awareness campaigns, governance reforms limiting political influence, and strengthened legal mandates tailored to the local context to improve municipal fiscal outcomes.

Keywords: Municipal revenue, Taxpayer knowledge, Political interference, Legal frameworks, Local governance

Introduction

Own-source revenue mobilisation is crucial for municipalities in Zambia to fund public infrastructure and services. However, persistent gaps between budgeted and actual collections hamper their fiscal position (Auditor General, 2018) ^[1]. This paper investigated the role of taxpayer knowledge, political interference and legal frameworks in shaping municipal revenue outcomes using Lusaka City Council (LCC) as a case study.

LCC faces substantial revenue collection challenges, with gaps averaging over 20% in recent years (Auditor General, 2021) ^[2]. Weak own-source revenue undermines service delivery and infrastructure in Zambia’s rapidly growing capital. This study provides insights into factors constraining fiscal performance.

The paper is structured as follows. The background summarises LCC’s revenue context. The proposed work section outlines the research approach. The related work provides an extensive literature review. Methodology and implementation present the data collection and analysis methods. Results are structured by variables, integrating quantitative and qualitative findings. Finally, the conclusion synthesises policy recommendations.

Background

Lusaka City Council (LCC) is pivotal in funding and providing essential public services and infrastructure across Zambia’s rapidly growing capital city. As the most significant local authority in the country, LCC is responsible for delivering critical services like water, sanitation, roads, parks, primary education and waste management to over 2 million Lusaka residents (Malambo & Muzyamba, 2016) ^[8]. However, persistent underperformance in local revenue collection critically constrains LCC’s capacity to effectively carry out its mandate and make necessary investments in service extension and infrastructure development. Over the past four years, from 2018 to 2021, substantial gaps have existed between LCC’s budgeted revenues and actual amounts collected from significant sources, such as property

rates, user fees, business levies, and permits, Fig 1. On average, actual revenue has fallen short of budgeted targets by over 20% annually, representing significant losses in income for the council (Auditor General, 2021) ^[2].

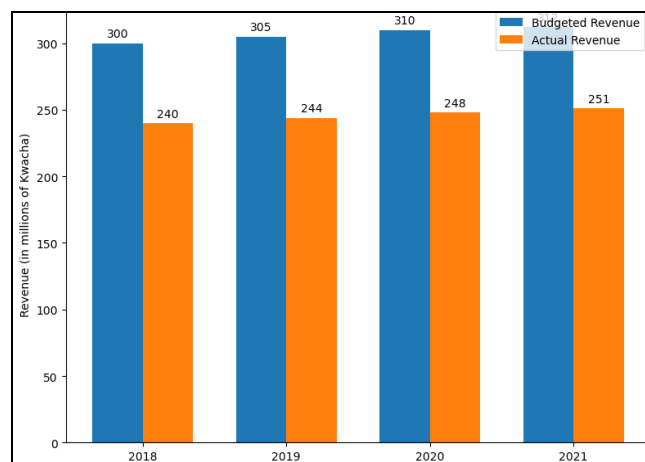


Fig 1: Lusaka City Council (LCC) Revenue: Budgeted vs. Actual

In absolute terms, the total revenue shortfall over the four years amounted to over K264 million, significantly limiting the resources available for LCC operations. For instance, the revenue gap in 2021 alone was K61 million, between an anticipated K312 million and an actual collection of K251 million (Auditor General, 2021) ^[2]. Such recurrent annual losses in income directly undermine LCC’s capacity to maintain and upgrade critical infrastructure like roads and water pipes and to extend services such as waste management and drainage to underserved informal settlement areas.

The human impacts of these revenue collection gaps are substantial. Although Lusaka’s population has grown 77% over the past decade, only around 40% of the city’s 1.5 million residents have access to clean, piped water, primarily due to underinvestment in water infrastructure (Auditor General, 2021) ^[2]. Only 34% of the population can

access garbage collection services, while less than 50% is connected to the sewerage system (Chitembo *et al.*, 2014)^[3]. These deficiencies in service coverage and access resulting from funding shortfalls disproportionately affect the poor and vulnerable.

Boosting LCC's own-source revenue generation is thus urgent for driving development outcomes in Lusaka. However, multiple complex and interrelated factors create barriers to improved revenue performance. Key constraints identified in the literature include partisan political interference in revenue operations, corruption, taxpayer non-compliance, poor administrative capacity, outdated manual processes and skills gaps among collection officers (Kanyamuna, 2016^[7]; Malambo & Muzyamba, 2016)^[8].

This study aimed to develop a comprehensive, evidence-based understanding of the factors underlying LCC's revenue underperformance to inform solutions tailored to the local context. It examined interrelationships between variables like taxpayer knowledge, political interference, transparency, accountability, enforcement capacity and

administrative practices to diagnose binding constraints. The findings provide LCC and other Zambian local authorities with an analytical foundation to guide policy, systems and governance reforms focused on mobilising significantly greater resources to fund sustainable regional development.

Related Works

Table 1 summarises key empirical studies on factors influencing local government revenue mobilisation and their relevance to the current research. A predominant theme is the impact of taxpayer knowledge and attitudes. Fjeldstad and Heggstad (2012)^[4], Lubumba *et al.* (2010), and Mascagni *et al.* (2017)^[9] demonstrate through surveys, interviews and experiments that limited taxpayer awareness and negative perceptions toward local authorities critically undermine voluntary compliance and revenue collection. However, their focus is narrow or experimental. This study strengthens insights by quantitatively evaluating knowledge gaps and qualitatively linking attitudes to compliance behaviours in Zambia's real-world context.

Table 1: Related Literature Summary

Author/Year	Title	Findings	Gap	Our Contribution
Fjeldstad & Heggstad (2012) ^[4]	Local government revenue mobilisation in Anglophone Africa	Limited taxpayer awareness and negative attitudes undermine compliance and revenue in Tanzania, Ghana and Uganda.	Focused only on select countries. Does not examine legal frameworks.	Provides new evidence from Zambia using mixed methods for triangulation.
Lubumba <i>et al.</i> (2010)	Taxpayers' attitudes and compliance in Kenya	Substantial taxpayer knowledge gaps over obligations in Kenya.	Single country qualitative study.	Compares knowledge levels and links to compliance in Zambia quantitatively.
Mascagni <i>et al.</i> (2017) ^[9]	Tax compliance and delivery methods in Rwanda	Information campaigns increased taxpayer knowledge and revenues.	Narrow experimental design.	Corroborates knowledge-compliance link in Zambia with real-world data.
Smoke (2015) ^[10]	Rethinking decentralisation	Partisan influence causes revenue losses across developing countries.	Broad cross-country study.	Measures specific forms of political interference and impacts on Lusaka City Council.
Jibao & Prichard (2015) ^[5]	Rebuilding finances after conflict in Sierra Leone	Governance reforms are needed to curb political patronage.	Focused on post-conflict setting.	Evaluate patronage and recommend reforms in a stable Zambian context.
Wehner & Byanyima (2016) ^[11]	Parliament and the Budget in Uganda	Vague mandates constrain local revenue mobilisation.	Single country parliamentary focus.	Provides legal framework insights from Zambian local government perspective.
Kamewe (2017) ^[7]	Property tax collection in Tanzania	Unclear property tax law undermined enforcement.	A narrow focus on property tax.	Examines legal framework issues more broadly at the subnational level.
Giménez & Jolliffe (2014)	Inflation for people with low incomes in Ghana	Economic factors determined tax capacity.	Quantitative methods only.	Uses mixed data to assess economic impacts on revenue.
Smulders <i>et al.</i> (2014)	Electricity management in South Africa	Administrative deficiencies reduced revenue.	Utility-specific study.	Evaluates administrative constraints in local government.
Masarirambi (2013)	Factors affecting tax compliance in Zimbabwe	Informality and poverty drive non-compliance.	Single country and narrow factors.	Comprehensively diagnoses multi-faceted compliance drivers.
Getrude Chitalu (Unpublished)	Factors affecting revenue collection in Zambia	Provides new triangulated evidence on knowledge, politics and legal frameworks affecting local revenue mobilisation.	Focuses only on Lusaka City Council.	Offers lessons for revenue mobilisation in similar developing country contexts.

Another set of studies, Table 1, highlights political interference as breeding inequality, patronage, and revenue losses, but it lacks a granular measurement of its impact. This research addresses this by gauging specific forms of interference and their effects on Lusaka City Council. Finally, several works emphasise vague legal mandates as a key binding constraint. Nevertheless, they concentrate on particular taxes or countries. This study enriches understanding by eliciting qualitative insights into legal framework weaknesses hindering municipal revenue

mobilisation in Zambia. The current study provides much-needed new evidence using rigorous mixed methods to inform policies tailored to the local context.

Methodology

Fig 2 illustrates a comprehensive mixed-methods approach to research, combining questionnaires, interviews, and focus groups to gather data from taxpayers, council officers, and senior administrative officers.

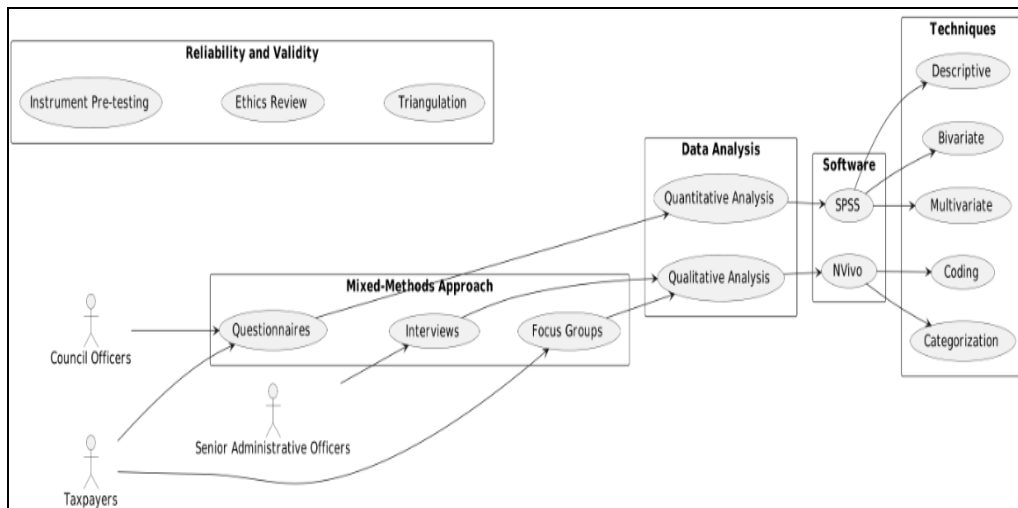


Fig 2: Comprehensive Mixed-Methods Approach

The data collected underwent rigorous analysis using both quantitative and qualitative techniques. SPSS software is employed for statistical analysis of questionnaire data, utilising descriptive, bivariate, and multivariate methods. In parallel, NVivo software facilitates the thematic evaluation of interview and focus group transcripts through coding and categorisation. The research methodology prioritises reliability and validity by incorporating instrument pre-testing, ethics review, and quantitative and qualitative results triangulation. This multi-faceted approach ensured a robust and comprehensive understanding of the perspectives and experiences related to taxpayer knowledge, political interference, legal frameworks, and other relevant aspects. Fig 2 provides a clear visual representation of the intricate

relationships between the various components, showcasing the systematic and thorough nature of the research methodology.

Results

Fig 3 illustrates the proportion of surveyed taxpayers who were aware versus unaware of their specific tax obligations and rates owed to Lusaka City Council. Out of 98 taxpayers surveyed through a structured questionnaire, 60% were aware of the taxes, fees and levies they needed to pay, as well as the correct amounts and due dates. However, 40% of respondents indicated they lacked awareness of their liabilities and remittance timelines.

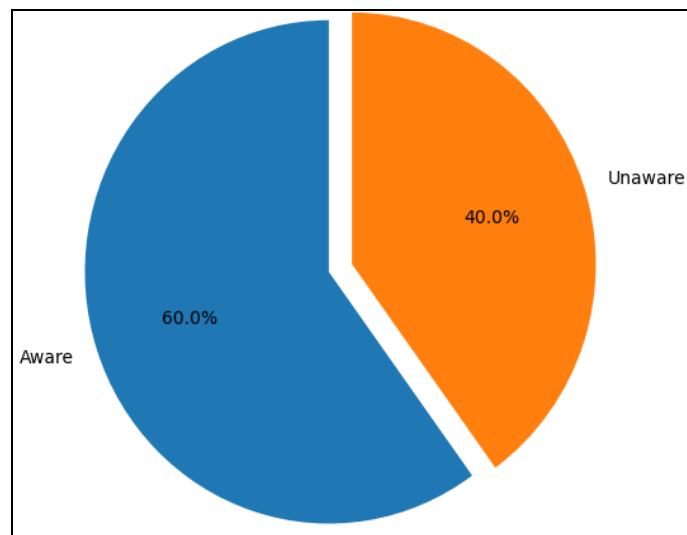


Fig 3: Taxpayer awareness of obligations

The finding in Fig 1 points to a significant gap in taxpayer knowledge, with a sizeable segment of the population seemingly not fully understanding their tax obligations. The awareness deficit is likely a notable contributor to revenue loss through accidental or intentional non-compliance, as taxpayers evade or fail to pay amounts owed correctly due to ignorance. Furthermore, the lack of understanding may reflect deficiencies in Lusaka City Council’s public outreach and communication channels to propagate tax literacy; the result highlights material differences in obligation

awareness within the taxpayer base that need to be addressed through targeted educational initiatives to boost collections.

Table 2: Taxpayer perspectives on LCC engagement display survey results on whether taxpayers feel Lusaka City Council engages stakeholders when formulating adjustments or changes to tax policies and rates. Out of 98 taxpayers surveyed, only 22% felt that LCC engages stakeholders, while a significant majority of 78% felt there was no constructive engagement; this overwhelming majority

perceiving a lack of consultation reflects a potential disconnect between LCC’s efforts to incorporate public input and taxpayer expectations or experiences of the policymaking process.

Table 2: Taxpayer perspectives on LCC engagement

Engagement in Tax Changes	Frequency	Percentage
Yes	21	22%
No	77	78%

As shown in Table 2, the vast majority of taxpayers (78%) felt that Lusaka City Council does not engage stakeholders when adjusting tax policies. This disconnect suggests more inclusive consultations to build taxpayer trust and cooperation.

The finding suggests deficiencies in the council’s mechanisms to gather taxpayer perspectives, feedback and ideas when modifying tax policies; this could foster

negative taxpayer perceptions that new taxes and rate hikes are imposed arbitrarily without concern for public sentiments; this discourages trust, voluntary compliance, and cooperative relations between council authorities and taxpayers. The significant gap indicates a need for reforms to institutionalise more inclusive, routine consultations with business groups, civil society organisations and citizen forums when adjusting tax policies. Broader engagement can help build taxpayer confidence and ownership in the system.

Fig 4 depicts responses from council officers surveyed on whether they perceive political interference in revenue collection operations at Lusaka City Council. Out of 24 officers surveyed across departments involved in collections, an overwhelming majority (91%) indicated that partisan political interference affects revenue administration at LCC. In contrast, only 9% felt there was no political interference.

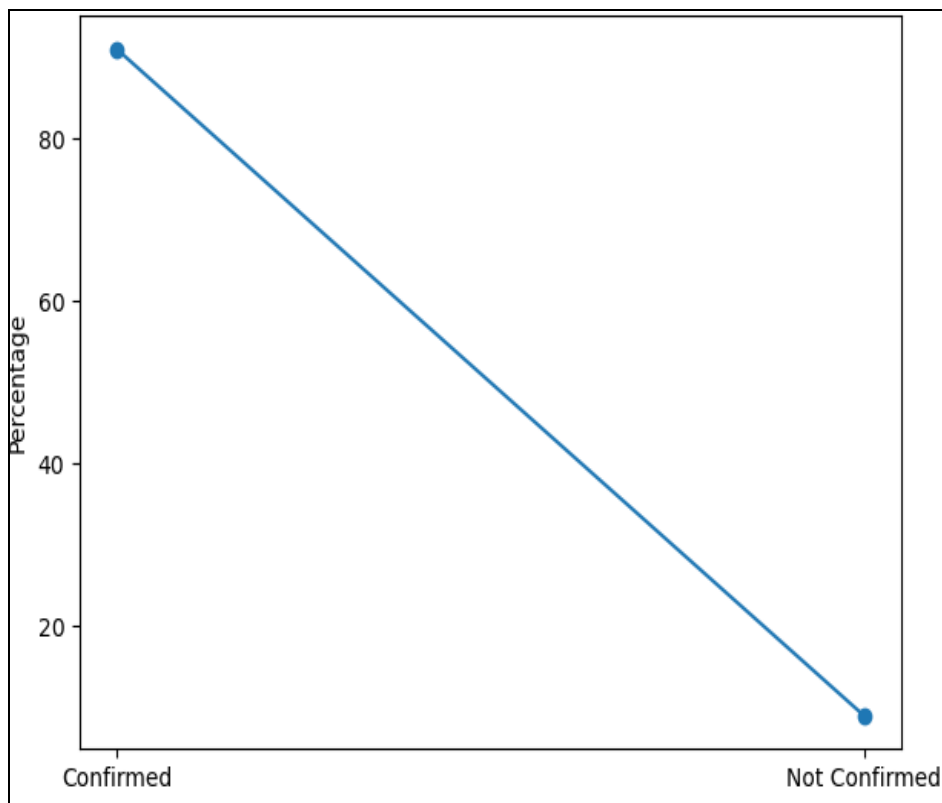


Fig 4: Existence of political interference

Fig 4 reveals that 91% of council officers surveyed confirmed the existence of political interference in revenue collection processes at Lusaka City Council; this indicates a high prevalence of partisan influence in technical operations.

This result reveals a high prevalence of political meddling in LCC’s technical revenue activities, as confirmed by officers directly involved in the processes. The near-unanimous acknowledgement that politics infringes on revenue collection is concerning, as it indicates systemic partisan influence that distorts operations; this could take many forms, including exemptions for politically connected Figs, resistance to enforcing obligations on supporters, appointments based on patronage rather than merit or qualifications, and interference in processes for self-interest.

The finding suggests that addressing political interference through governance reforms should be a priority for improving revenue performance by insulating essential functions like audit, enforcement and procurement from partisan agendas.

Table 3 summarises survey results on the most common forms of political interference that officers and taxpayers perceived as affecting Lusaka City Council’s revenue performance. Among 24 surveyed officers across revenue departments, 50% identified patronage in appointments of tax collectors and administrators as the top interference factor undermining revenue collection; this indicates a high degree of politicisation in staffing of technical functions, potentially leading to unqualified or partisan individuals placed in critical revenue roles.

Table 3: Top political interference factors

Top Factors	Officer Responses	Taxpayer Responses
Appointment patronage	50%	41%
Exemptions to allies	14%	17%
Autonomy constraints	14%	11%

As depicted in Table 3, officers and taxpayers identified appointment patronage as the most common manifestation of political interference, with exemptions to allies also rating highly; this suggests that meddling occurs across the revenue cycle.

The second most cited factor at 14% was exemptions given

to political allies and supporters, discouraging compliance among other taxpayers when obligations are not applied evenly. Another 14% pointed to a lack of autonomy for LCC in setting revenue policies due to central government influence as a constraint. Among 98 surveyed taxpayers, 41% similarly identified appointment patronage as the most significant political interference factor. Meanwhile, exemptions to allies were second at 17%, and constraints on policy autonomy were third at 11%. The convergence on appointing patronage as the primary interference form demonstrates a deep politicisation of the revenue administration system, necessitating reforms to safeguard critical posts from partisan agendas.

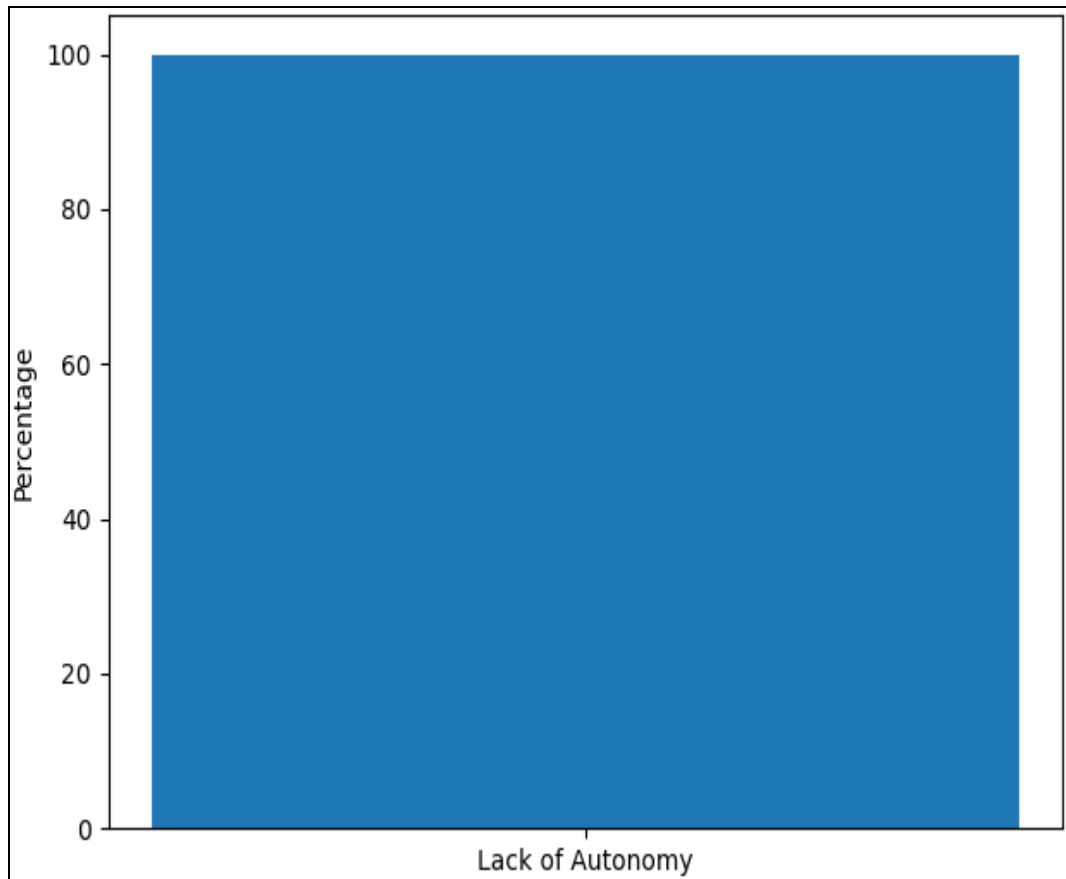


Fig 5: Local legal autonomy

Fig 5 shows that 100% of interviewed administrative officers highlighted LCC’s lack of autonomy in setting revenue policies constrained by central government legislation and oversight; this indicates that legal frameworks limit revenue policy flexibility.

Table 4 summarises expert perspectives from administrative officers on the key issues stemming from legal frameworks that undermine Lusaka City Council’s property tax enforcement and revenue collection. Among the main enforcement challenges cited based on 4 expert interviews, the most frequently referenced at 35% was unclear property tax codes that breed confusion and technicalities obstructing sanctions for non-payment. Closely following at 30% was the issue of ambiguous mandates governing LCC’s taxation powers and autonomy, which constrains enforcement actions. Central government oversight and discretion over LCC’s property tax regime were also highlighted as a constraint by 20% of experts.

Table 4: Property tax enforcement challenges

Issue	Frequency
Unclear codes	35%
Ambiguous mandates	30%
Central oversight	20%
Other	15%

As demonstrated in Table 4, the most frequently cited legal framework challenges were unclear property tax codes and ambiguous mandates governing LCC enforcement powers, indicating deficits in legislative reform.

These results indicate that deficiencies in the legal frameworks governing property tax authority for Zambia’s local authorities are a significant impediment to revenue mobilisation—vague legislative provisions open avenues for challenges of enforcement on technicalities that ultimately restrict collections. Furthermore, dependence on central government policy direction deprives LCC of the

institutional agility required to tailor property tax regimes and enforcement to local conditions. Tackling these legal impediments should be a priority through legislative reforms that provide unambiguous, context-specific property tax authority and autonomy to enhance enforcement capacity.

Conclusion

This study demonstrates that insufficient taxpayer knowledge, extensive political interference, and weaknesses in legal frameworks governing municipal taxation autonomy critically impede revenue mobilisation at LCC. It recommends public outreach campaigns to propagate awareness of obligations, governance reforms to limit partisan influence in revenue administration, and legislative measures to provide unambiguous municipal taxation powers. Further research should explore the impacts of awareness initiatives and quantify revenue lost to political interference.

Tailored solutions focused on the diagnosed local drivers of revenue underperformance can significantly strengthen LCC's fiscal position to extend public services. The findings give practitioners and policymakers an analytical foundation for municipal finance reforms in Zambia and other contexts exhibiting similar dynamics.

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