

**FACTORS INFLUENCING OWN SOURCE REVENUE
COLLECTION IN LOCAL GOVERNMENT AUTHORITIES IN
TANZANIA:
A CASE STUDY OF MPWAPWA AND KONGWA DISTRICT
COUNCILS**

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COLLECTION IN LOCAL GOVERNMENT AUTHORITIES IN
TANZANIA:
A CASE STUDY OF MPWAPWA AND KONGWA DISTRICT
COUNCILS**

By

Joseph Gaudence Malangalila

**A Dissertation submitted in partial/fulfillment of the requirements for the
award of the Degree of Master of Science in Accounting and Finance
(MSc. A&F) of Mzumbe University**

2019

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled *“Factors influencing the collection of own source revenue in Local Government Authorities in Tanzania: A Case Study of Mpwapwa and Kongwa District Councils”*, in partial/fulfillment of the requirements for award of the degree of Master of Science in Accounting and Finance of Mzumbe University.

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DEDICATION

This work is dedicated to my deceased parents Gaudenzio Abdalah Malangalila and Magdalena Muyovela and my late brother Davis Malangalila. Each time I encounter obstacle I remember their advices

LIST OF ABBREVIATIONS

AICPA	American Institute of Certified Public Accountants
ALAT	Association of Local Authorities of Tanzania
ATC	Air Tanzania Corporation
CAG	Controller of Auditor General
ICT	Information and Communication Technology
LGAs	Local government Authorities
LGCDG	Local government capital Development Grant
OECD	Organization for Economic Cooperation and Development
OSR	Own Source Revenue
PMO-RALG	Prime Minister's Office Regional Administration and Local Governments
REPOA	Research on Poverty Alleviation
RT	Republic of Tanganyika
TSCP	Tanzania Strategic Cities Project
ULGSP	Urban Local Government Strengthening Programs
UN	United Nations
UNHRC	United Nations Human Rights Council
URT	United Republic of Tanzania
WB	The World Bank

ABSTRACT

The study, which examined the factors that influence the collection of own source revenue in local government authorities, used survey and case study research strategies to achieve its objectives. Its specific objectives were; examining the impact of local government authorities initiatives to improve the collection of own source revenue, examining the factors against the success of initiatives to improve the collection of own source revenue in local government authorities and exploring the remedial measures against the challenges facing initiatives to improve the collection of own source revenue in local government authorities. Data were collected through questionnaires, interview and documentary review. This study was conducted because evidences showed that the local government own source revenue continued being poor despite a number of programs and initiatives to improve it.

Findings of the study were presented in line with the three research objectives and summarized in three categories. The first category of findings indicate that initiatives to improve the collection of own source revenue in local government authorities did not bring about the intended results. The two initiatives which were measured (outsourcing and ICT) did not bring about desired impact on revenue. The second category of findings indicated such factors as lack of feasibility study of own source revenue potential before outsourcing, shortage of ICT facilities, lack of autonomy to identify new sources of revenue to be among the factors influencing the success of initiatives to improve the collection of own source revenue in local government authorities in Tanzania. The third category of findings are in the form of remedial actions against challenges faced during implementation of initiatives to improve the collection of own source revenue in local government authorities. These remedial actions include a complete assessment of revenue potentials before outsourcing, procurement of enough ICT facilities for revenue collection and granting of more autonomy to local governments to identify potential sources of revenue. Among the study's recommendations include granting of more authority to local governments to expand revenue bases, feasibility study of revenue potentials should be done before outsourcing the collection of own source revenue and training of revenue collectors the application of ICT to collect revenue.

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CHAPTER ONE

INTRODUCTION AND PROBLEM SETTING

1.1 Introduction

This chapter portrays the nature of the problem under study by describing the background to the research problem, stating the research problem and outlining the research objectives and research questions. This chapter also describes the scope and significance of the study.

1.2 Background to research problem

The existence of local government authorities (LGAs) in Tanzania can be traced back from pre-colonial era when hereditary chiefs became the tribal leaders and the council of commoners represented the whole community (Ilfie, 1979). Local governments were also practiced in both German and British colonial rules. In the German colonial rule local governments were mainly established to assist the central administration to control the colony (Nyamsenga & Mushi, 2015). Hence the Imperial decree¹ of March 29, 1901 and the order of Imperial Chancellor² of 1910 did not serve interests of the African community (Nimtz, 1980). Under the British Colonial rule local governments reflected the colonial administration objectives which were a function of Tanganyika becoming a British Mandate under the League of Nations after World War I and a United Nations Trust Territory under British administration in 1947. The terms which were agreed internationally when a territory was a mandate of another territory under the League of Nations were non-annexation of the territory and administration to be regarded as a sacred trust of

¹ The Imperial decree established what were known as communal unions (Kommunal Verbandes) for the districts of Tanga, Pangani, Bagamoyo, Kilwa, Lindi, Lushoto(Wilhelmstall), Kilosa, Mbeya(Langenburg) and Dar es Salaam. These unions had duties to establish schools, installation of street lights, collection of refuse, draining of swampy and unhealthy areas, and construction of roads, distribution of seeds to natives and management of cooperative farms. (URT, n.d)

² The order of imperial Chancellor created municipal councils which the duties such as maintenance of roads and public places, supply of water to municipalities, cleaning and lighting of streets, disposing of refuse, maintenance of schools(URT, n.d)

civilization (Matz, 2005). Hence the Native Authority Ordinance of 1926³ reflected the mandatory terms under the League of Nations. The agreed upon terms when a territory became the United Nations Trust territory under colonial administration was to prepare that territory for self-rule (UN, 1945).

Thus, the Local Government Authority Ordinance of 1953 aimed at, among other objectives, preparing the people of Tanganyika for self-rule⁴.

Local governments in the post-colonial Tanzania mainland can be categorized into three phases namely: the first decade after independence, regional decentralization period, and local government reinstatement. In the first decade after independence local governments in Tanzania mainland were characterized by abolishment of tribal chiefdoms (RT, 1963) with an aim of eradicating tribalism and building nationhood. Local governments in the first decade after independence failed because there was a mismatch of responsibilities and resources and the argument of the central government that due to the fact that some local governments were more capable of collecting revenue than others this was the potential cause of unequal development in the country (Liviga, 1992). In 1972 the government implemented a policy of decentralization by de-concentration in which the Local Governments were replaced by District and Development Councils bureaucrats (The Association of Local Authorities of Tanzania (ALAT), 2011). One of the objectives of the policy of decentralization by de-concentration was to reorganize the government administration so as it conformed the socialist development (Mniwasa & Shauri, 2001). However, decentralization did not produce the intended results to the government⁵ which necessitated the reinstatement of Local Government Authorities

³ The Objects of the Native Authority Ordinance of 1926 were: to provide a form of local governments, close to the people, which the people themselves understood, using traditional leaders and to initiate participation by the indigenous people in the government of the country, such as could be expanded with their increasing education and experience into full integration(Reed, 1979)

⁴ The Local Government Ordinance of 1953 (cap 333) was enacted to introduce the structure of local government governance that lasted up to 1972.(URT, n.d)

⁵ The reasons that led to the failure of Decentralization by De-concentration policy were poor economic performance resulting into revenue from agricultural exports falling every year, a fast growing population(3.2 per annum) putting strain on already over-stretched social structures, pressure from the leading creditors(Liviga,2008) and the deteriorating urban conditions that culminated into an outbreak of cholera 1976(URT, n.d)

in 1984 which was preceded by the establishment of necessary regulatory framework of 1982⁶ in compliance with the section 145(2) of the Constitution (URT, 1977).

Section 146(1) of the constitution gives the local governments power to participate and involve people in the planning and implementation of development programs of their respective areas (URT, 1977). This is supported by the argument put forward by Uhunmwuango and Epelle (as cited by Uhunmwuango & Aibieyi, 2013) that local government authorities are created to provide services which the central governments cannot easily undertake because of their remoteness from the local communities. Also for the development programs to be effectively implemented the Central Government should use the local government authorities because according to Orewa (as cited by Uhunmwuango & Aibieyi, 2013), it is practically difficult for central government to conduct administration effectively through civil servants who are based at headquarters. This is due to the fact that the community problems are diverse and local in nature which the central government cannot understand and find solution easily because the Central government itself has big and unique tasks to be performed (Tonwe as cited by Uhunmwuango & Aibieyi, 2013).

Adeyemo (2005) identifies three schools of thought on the objectives of local government to community which include democratic participatory school, the efficiency service school and development school. Democratic participatory school of thought requires the existence of local government to meet three democratic objectives (Mills, 1975). The first democratic objective to be met by the existence of local government is to have representatives who manage or administer the local area affairs which are different from the national affairs. This is exhibited by the existence of Councilors and Village Chair persons in Local government in Tanzania. The second democratic objective which the local government should implement is to act as training ground for national politicians. For example according to Tony(2011), David Butler carried out a study in 1964's Britain General election which showed

⁶ The regulatory framework that allowed for the re-establishment of local government Authorities was the enactment of The Local Government (District Authorities) Act, 1982, No. 7 of 1982, The Local Government (Urban Authorities) Act, 1982, No. 8 of 1982, The Local Government Finances Act, 1982, No. 9 of 1982, The Local Government Service Act, 1982, No. 10 of 1982, and The Local Government Negotiating Machinery Act, 1982, No. 11 of 1982(REPOA, 2008)

that 53% of labour Party members of Parliament and 45% of defeated contestants for the Parliament seats from Labour Party had been local government politicians. The third democratic role to be played by local government is based on the fact that the short lines of communication between local officials and local voters enhance accountability. It is relative easy to exercise effective check or control over the representatives who originate from the community than over agents of the national government.

Efficient service School of local government is of view that local government purpose is to afford social services such as water, law and order, education and health and other services efficiently. Machenzie (1954) as noted by Adeyemo(2010) asserts that resources at local governments should be utilized in a manner that ensures the delivery of services to local people. According to Chukwuemeka, Ugwuanyi, Ndubuisi-Okolo, and Onuoha(2014) some scholars are of opinion that service delivery function of local government should override other functions of local government. Chukwuemeka et al., (2014) reiterates that as long as people are given efficient services by local government the issue of democratic participation has diminishing relevance. Development school of thought of local government argues that local governments should be effective agents through which the means of living can be improved (Adeyemo, 2011). Chukwuemeka et al., (2014) postulates that local governments are organs to be used by people at grass root level to bargain for better proportion of the wealth of the nation.

To implement these objectives local government authorities need financial resources. As far as local government authorities are concerned there are mainly two sources of local government authorities' funds: own source revenue and central government grants (Fjeldstastad , Katera, Msami, & Ngalewa, 2010). However local government authorities are also allowed to borrow from the Local Government Loans Board (URT (a), 1982). Sections 6, 7, 8 and 9 of local government Finance Act No.9 of 1982, identify the sources of own source revenue to be collected by local government authorities. However the status of own source revenue collection by local government authorities is far from being satisfactory (URT, 2011). The average percentage of local government authorities' own source revenue on the total Local

Government authorities expenditure is 9.59 (URT 2013,2014, 2015,2016,2017, 2018). Although there has been a rise in the amount of revenue collected by local government authorities its proportion on the local government authorities' total expenditure has not increased significantly (refer to appendix 3). The situation of own source revenue in the local government authorities continues being poor irrespective of various, reforms and/initiatives to improve it.

Programs like Tanzania Strategic Cities Project (TSCP) and Urban Local Government Strengthening Programs (ULGSP) aimed at, among other objectives, to improve the collection of own source revenue. Following the revealed situation that own source revenue could only cover less than 10% of local government recurrent expenditure(refer appendix 3) the Controller and Auditor General(CAG) recommended that that local government authorities should outsource the collection of own source revenue, improve revenue management and adhere to the approved budget in the collection of revenue(URT, 2014). The study by Prime Minister's Office Regional Administration and Local Governments(PMO-RALG), (URT, 2013) recommended that to improve own source revenue local government authorities should provide tax education⁷, improve social services so that tax payers can associate the services being offered by the council with the taxes they pay, establish taxpayer's own source revenue database, revise council's bylaws, harmonize local taxes, conduct studies on own source revenue, establish task forces, establish investment/business centers and establish tax payment centers. The PMO-RALG recommendations were based on the fact that local government authorities were performing poorly as far as the collection of own source revenue was concerned while the cost of service delivery and infrastructures for local government was increasing year after year.

On another development there has been a significant decline in the amount of central government grant transferred to local government authorities. For example there was under release of Local Government Capital Development Grants(LGCDG) by 61%

⁷ Education to political leaders on the their responsibilities to collect revenue; to tax payers on the importance of paying taxes and to Council' revenue officials on different revenue database systems,

(URT, 2017) in the financial year 2015/2016 while in 2016-2017 the Local Government capital development Grant was under released by 51% in 167 out of 172 local government authorities (URT, 2018). The under release of LGCDG was done despite the fact there has not been a significant rise of own source revenue collection which could compensate for under released fund (refer appendix 3). This implies that Local government Authorities have to increase efforts to collect own source revenue. The unimproved status of local government own source revenue regardless of the recommendations to improve it, and its ever growing significance to enable local government authorities to perform their constitutional duties, forms the focal point of this study.

1.3 Statement of the problem

The trends of own source revenue collection in the local government authorities have never been satisfactory (URT, 2011)). Local government own source revenue finances only 11% of local government recurrent expenditure and only 10% of local government total expenditure (refer appendix 3 1) (URT, 2013, 2014, 2015, 2016, 2017). Research evidences show that local government authorities are dependent on central government grant by more than 80% (Mbegu & Komba, 2017). The local government authorities' revenue continue being poor despite the fact that a number of programs to improve own source revenue collection have been formulated and the recommendations by studies and auditing have been provided to improve it.

According to URT (2013) the established programs to improve the collection of own source revenue in local governments in Tanzania include Tanzania Strategic Cities Project (TSCP) and Urban Local Government Strengthening Programs (ULGSP). TSCP through the program called financing II aimed at a number of aspects including urban planning and municipal finance (URT, 2013). ULGSP on the other hand aimed at improving institutional performance for urban service delivery whose end results included increased own source revenue (URT, 2013). Some studies have also come up with recommended solutions to the problem of own source revenue collection. The notable example of such studies is by PMO-RALG (2013) which

suggested that in order to improve the collection of own source revenue local government authorities should undertake such as measures like outsourcing the collection of own source revenue, improving own source revenue management, matching actual revenue collection with budgeted revenue, providing tax education, improving social services so that tax payers can associate the services being offered by the council with the taxes they pay, establishing taxpayer's own source revenue database, revising council's bylaws, harmonizing local taxes, conducting studies on own source revenue, establishing task forces, establishing investment/business centers and establishing tax payment centers.

Despite these programs and recommendations and the fact that the power to raise revenue is permissible by Local Government Finance Act no. 9 of 1982 evidence show that own source revenue collected by local government authorities still finances a small fraction of all the expenditure incurred by local government authorities annually (CAG, 2013, 2014, 2015, 2016 , 2017). It is against this background that the study attempts to explore the factors influencing own source revenue collection in local government authorities in Tanzania. In particular the study aimed to examine the reasons for persistent low revenue collection and recommends the possible ways to improve the local government own source revenue collection.

1.4 Research objectives

This study aims at exploring factors influencing own source revenue collection in local government authorities in Tanzania (a case study of Mpwapwa and Kongwa district councils) with the following specific objectives:

- i. To examine whether and to what extent measures to improve the collection of own source revenue in local government authorities in Tanzania have been effective
- ii. To examine the reasons the implementation of measures to improve own source revenue collection in local government authorities in Tanzania have not produced the intended results

- iii. To explore remedial actions for failed initiatives to improve own source revenue in local government authorities in Tanzania

1.5 Research questions

To explore these objectives, the following questions were addressed:

- i. How effective have the measures to improve own source revenue collection been in local government authorities in Tanzania?
- ii. Why has the implementation of measures towards improving own source revenue collection not been successful in local government authorities in Tanzania?
- iii. What should be done to enable initiatives for collection of own source revenue in local government authorities in Tanzania to succeed?

1.6 Significance of the study

Theoretically, the study adds knowledge on the factors that made the implementation of the recommendations of studies and/or measures to improve the collection of own source revenue not to produce the intended results and of the alternative measures to be taken to improve own source revenue collection. In case there is lack of initiatives to improve the collection of own revenue the study will recommend what should be done to improve the collection of own source revenue by local governments. Such a knowledge can be used by local governments to improve the collection of own source revenue in their respective areas.

Practically, the significance of local government own source revenue is rooted from the constitutional responsibilities of local government authorities. According to section 145 of the 1977 constitution of URT (URT, 1977) local governments in Tanzania have a duty to involve people in the planning and implementation process of the development programs. Implementing these development programs generally requires financial resources and particularly own source revenue. Therefore, the expanded base of own source revenue of local government authorities enhances the local government authorities' capacity to implement development programs. For

example, the improved own source revenue collection places the local government authorities in a better position to empower youth and women in their efforts of poverty eradication and making the Tanzania vision of industrialization a reality (URT, 1982)⁸.

On the other hand, it is the opinion of the researcher that improved collection of own source revenue increases the budgetary flexibility of the central government. This can be achieved by reducing the amount of development grants which the central government transfers to finance development programs in the local government authorities. The reduced amount of development grants can now be used to finance the fifth phase Government expanded role in the form of provision of free primary and secondary school education, reviving the Air Tanzania Corporation, securing sustainable source of electricity and reviving the railway networks. The improved own source revenue collection will also reduce dependence of Local Government Authorities on the transfer from the central government. This will enhance the Local government authorities' autonomy.

Last but not least, this study is a partial fulfillment of the requirements for the award of Master of Science in Accounting and Finance.

1.7 The scope of the study

The study will examine whether the implementation of the measures and/or recommendations to improve own source revenue have produced intended results, explore the factors that have led the implementation of measures and/or recommendations to improve own source revenue to fail or the factors for poor own source revenue collection, and come up with alternative measures to improve the collection of own source revenue in local government authorities.

⁸ 37A.-(1) The local government authorities shall set aside ten percent from collection of their own sources of revenue for purposes of funding registered groups of women, youth and persons with disabilities. (2) The funds so set aside under subsection (1) shall be appropriated as loans to registered groups of women, youth and people with disability by forty percent, forty percent for youth and twenty percent for people with disability.

Although there are many stakeholders of own source revenue in local government authorities, the study relied on perspectives of district treasurers, district planning officers, revenue accountants, revenue collectors, legal officers, ICT personnel and political leaders(councilors) to come to the conclusion. The study could not reach various groups of tax payers due to the limitation of time and resources. Furthermore, despite a fact that a number of measures have been put in place in an attempt to improve own source revenue collection, but the study will concentrate on the effectiveness of outsourcing of own source revenue collection, adhering to councils' approved revenue budget, improvement of social services, establishing taxpayers' database and updating of councils' bylaws on own source revenue due to shortage of time.

The study uses the district councils of Mpwapwa and Kongwa as case because the two councils are among the local government authorities with high level of dependence on the central Government grants for recurrent and development budget. According to the councils' budget report Mpwapwa District Council own source revenue could only cover 3%, and 5% and of the council's budget for the financial years 2017/2018 and 2018/2019 respectively while Kongwa District Council own source could only cover 5% and 4% for financial years 2016/2017 and 2017/2018 respectively.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The main purposes of literature review as put forth by Bhattacharjee (2012) are to evaluate the level of knowledge and establishing what is not yet known in area of study. Literature review for this study is divided into three, namely; theoretical literature review, empirical literature review and conceptual framework. Theoretical literature has attempted to provide conceptual definitions of the key terms namely, local government, public finance and own source revenue and review the theories which the current study is based upon. The establishment of what the previous researchers have attempted to do as far as the topic under investigation is concerned and the identification of the gap of knowledge have been done through empirical literature review while the description of the relationships between variables has been done through the conceptual framework

2.2 Definitions of local governments

Clarke (1960 , pp.1) defines local government as “ that part of the government of a nation or state which deals mainly with such matters as concern the inhabitants of the particular district of places, together with those matters which parliament has deemed it desirable should be administered by local bodies, subordinate to the Central Government” Broadway & Shah (2009, pp.242)define Local government to be “specific institutions or entities created by national constitutions (Brazil, Denmark, France, India, Italy, Japan, Sweden), by state constitutions (Australia, the United States), by ordinary legislation of a higher level of central government (New Zealand, the United Kingdom, most countries), by provincial or state legislation (Canada, Pakistan), or by executive order (China) to deliver a range of specified services to a relatively small geographically delineated area.” In the case of Tanzania mainland local government authority is any authority established in accordance with the section 145(1) of the Constitution of the URT of 1977. Despite the fact that

these definitions do not contradict each other but complement each other the relevant definition for this study is the one provided by the Constitutional of United Republic of Tanzania because the study is conducted in Tanzania.

2.2.1 Definition of own source revenue

Chigwata (2017) defines own source revenue as a source of revenue at the disposal of local government including property tax, user charges, fees and fines. Oplotnik and Brezovnik (2004) define own source as a revenue allocated to local government unconditionally and for an undefined period on which the local government can decide what to do with it.

As far as local governments in Tanzania are concerned own source revenue can be defined as all revenues derived in accordance with Local Government Finances Act, 1982, No. 9 of 1982(URT, 1982). For the purpose of this study the definition provided by the Local Government Finance Act No.9 of 1982 is more relevant to this study.

2.3 Theoretical literature review

Theoretical literature review is conducted on two phases: theoretical justification of the existence of local governments, the role own source revenue mobilization in local government and critical factors for successful local government own source revenue mobilization

2.3.1 Theoretical justification of the existence of local government authorities

Adeyemo (2005) identifies three schools of thought on the functional responsibilities of local government. These schools of thought are democratic participatory school, efficient service school and development school. Democratic participatory school affirms that local governments have responsibilities to bring about democracy and to provide opportunities for political participation to the citizen (Adeyemo, 2005). Sumbas and Koyoncu (2018) argued that local authorities are significant institution for women empowerment through which gender budgeting, gender sensitive labor

contracts and women support centers could serve as attitude transformation tools of society towards women.

Furthermore local government is established to perform the functions of respecting, protecting and fulfilling human rights (United Nations Human Rights Council (UNHRC), 2015). Respecting human rights is achieved by local government refraining from administrative activities which violate human rights, protecting human rights is achieved by local government fulfilling its peace and order maintenance duty so that citizens or residents and fulfillment of human rights is achieved by local government formulation and implementation of programs which enable their constituents to enjoy human at the maximum level possible.. Bradley (2017) reiterates that local authorities with effective democracy provide the basis upon which the national democracy will be founded.

Efficient service school suggests that it is a duty of local government to provide services whose quality is up the standard set by the central government (Adeyemo, 2005). One of the primary goals of local governments is to bring services closer to citizens (Maksimovska & Stojkov, 2016). Braathen, Chaligha and Fjeldstad, (2005) provide an argument that local government should give an effective and efficient response to locally identified priorities of services in a manner which is sustainable. The development school of thought views local government as an effective agent of better life, an improved means of living, socially and economically and a means to better share in the national wealth (Adeyemo, 2005). Some scholars like Morasan (1995) are of view that economic promotion and social development can only be efficiently done at local level while others like Ibietan (2010) add that in places where the principles and strategies for development are understood well local government is the focal point of government efforts to promote development. The three schools of thought are reflected in the general responsibilities of local

government authority in the Local Government Act, 1982 of Tanzania (URT, 1982a)⁹

2.3.2 The role of own source revenue mobilization in local government

Local governments require financial resources to achieve the objectives for which they were established. According to Adeyemo (2005) there are three schools of thought on the objectives of local government to community which include democratic participatory school, the efficiency service school and development school. Furthermore, according to local government act (URT, 1982a) local government have responsibilities of maintaining peace, order and good governance, promoting the social welfare and economic well-being of people and social and economic development of their respective areas. On the virtues of local governments' functional responsibilities finance provide the foundation local governments which perform their duties effectively (Ojo, 2009). According to Ojo (2009) the availability of adequate finances is one of the catalysts needed for timely implementation and completion of local government development projects.

Local governments in Tanzania, as is elsewhere, has three main sources of finances, namely; transfers from the central governments, own sources revenue as identified in the Local Government Finance Act, no. 9 of 1982 and borrowing from the Local Government Loans Board. Of the three sources of finances own source revenue should be given more emphasis on the following grounds:

Own source revenue enhances the local government authorities' budget flexibility and thus the ability of responding to the preferences of community on the quality and quantity of public services (World Bank (W.B), 2015). This is due to the fact that there is greater chance of the programs to be financed by own source revenue to have

⁹ (1)It shall be the responsibility of each local government authority, subject to this Act-(a) to maintain and facilitate the maintenance of peace, order and good government within its area of jurisdiction;(b) to promote the social welfare and economic well-being of all persons within its area of jurisdiction;(c) subject to the national policy and plans for rural and urban development, to further the social and economic development of its area of jurisdiction

rooms for inputs from local population than the programs financed by other sources of funds.

Own source revenue reduces the local government dependence on central government and hence promotes financial autonomy. This is due to the fact that own source revenue is only fund over which the local authority has full control (Olusola & Siyanbola, 2014). It should be borne in mind that programs financed by other sources of fund than own source revenue, are programs which the central government wants to implement through local governments. Therefore the existence of more projects in local government authorities financed by other sources of revenue than own source revenue jeopardizes the local government authorities' autonomy

Own source revenue collection by local government authority enhances transparency and accountability of local officials and local politicians to local community. This is supported by the argument that greater reliance on locally collected revenue (as opposed to other revenues) is associated with better governance (Moore, 2007). This is stemmed from the practices in many local governments, particularly in Tanzania of availing periodic revenue and expenditure reports.

The mobilization and effective use of own source revenue by local government authorities is the foundation upon which the efforts of the pursuit of local government sustainable development lies (World Bank (W.B), 2017).

2.3.3 Critical factors for successful mobilization of local government own source revenue.

The critical factors for mobilization of local government own source revenue can be described in terms of the criteria for identifying sources of revenue in local governments Kelly (2009) and Spahn (1995) put forward seven criteria for establishing revenue sources which the study assumes, if adhered to, will provide the basis upon which the collection of own source revenue by local government authorities will be improved. On the other hand the study also assumes that inability

to adhere to these criteria will lead to the local government authorities to fail to mobilize the required own source revenue. Those criteria are reviewed here under.

2.3.3.1 Revenue potential criterion

OECD (as cited by Alley & Bentley, 2005) put forward the flexibility principle of revenue collection system which requires revenue collection systems to be modified or adapted to keep pace with the constant developments in commerce and technology. Revenue collection rules should be designed in such a way that transactions which are carried out electronically are levied in the same manner as other transactions. Also revenue collection laws ought to be flexible to cope with the requirements and ambitions of different authorities. When making analysis and designing sources of revenue governments(central or local) must consider those sources which can form a base of revenue which is stable and which are capable to respond to changes in inflation, population and income (Kelly, 2009). Revenue collection policy and revenue collection administration determine the level of buoyancy of revenue sources.

2.3.3.2 Economic efficiency or non-distortion criterion

The revenue system of local government should not impede or reduce the production potentials of the economy (Alley & Bentley, 2005). The process of capital formation, economic growth and becoming competitive should neither be discouraged nor hindered by revenue collection system. Hence revenue collection system should be aligned in a manner that conform economic principles and goals of the authorities setting it. If revenue is designed in a manner that favors a particular type of investment or industry there is greater possibility of the economic productive resources to move to the tax favored sector. Since this shift of productive resources is not based on economic factors the economic growth and efficiency will be adversely affected.

2.3.3.3 The equity criterion

The equity criterion is based on two principles which are the benefit principle and ability to pay principle. The benefit principle as put forward by Adam Smith (2005) reiterates that citizens should support the government in proportion to the revenue they enjoy under the state protection.

Hence it could be rightly argued that constituents of local government should be levied in accordance with revenue they enjoy in conducive environment which the local government has created for them. The ability to pay principle requires that the amount of revenue to be collected by the local government should not exceed the revenue contributors' ability to pay. Hence the rate and the amount of revenue to be levied should consider the tax/levy/ charge payers ability to pay.

2.3.3.4 Administrative feasibility criterion

Adam Smith (2005) suggested that tax/levies/fee/cess and charges should be imposed in a way that suits the revenue contributors. The principle was modified by AICPA (as cited Alley & Bentley, 2005) by requiring that revenue collection should be done in a manner that is most likely to suit the revenue contributors. This principle of revenue collection requires that the amount, period and/procedure of remitting revenue should most likely be convenient to the tax payers. Hence taxes like produce cess should be charged at a time when the producer harvests and sells his/her produces. This canon emphasizes that the revenue collection authority should avoid unnecessary troubles with tax payers. Convenience of tax payment principle also takes into account the minimization of compliance costs and administrative costs for tax payers and tax authorities respectively. The payment procedures should be made simple because if payment of tax is rendered difficult chances are that payment will not be effected. The normal payment procedures which cater the adherence to the convenience of payment principle are withholding tax and payment of an estimated amount of tax in installments (Alley & Bentley, 2005). The procedure of tax payment is determined by the amount of tax liability, the collectability of tax, and how the procedure covers all tax payers. This principle also takes into account the application

of tested and secure technology in the payment and collection of taxes. Emphasizing on this criterion Local governments Norregaard (1997) argued local governments should not impose local taxes on revenue bases which are very mobile to avoid the migration of taxpayers

2.3.3.5 Political acceptability criterion

The identified (new and existing) revenue sources should be acceptable politically by stakeholders of a particular local government authority. Acceptability of revenue sources by taxpayers is very important because it has an effect on tax payers voluntary compliance. The stakeholders which must accept a particular source of revenue are government officials and local councilors, other related agencies and the judiciary.

2.3.3.6 Local accountability criterion

The availability and the quality of social services(health, education, water, electricity, infrastructure, and drainage system) provided by local government authorities should match the local tax burden carried by the local population. This can be readily achieved if the exportation of tax burden to tax payers of other local government authorities is minimum or nonexistent. Thus, local accountability is enhanced by the fact that local voters want to achieve equivalence between what they pay as taxes and the services the local governments offer on one hand and the short lines of communication that exist between local voters and local officials on the other hand.

2.3.3.7 Regional or national equity criterion

In the identification of sources of revenue for local governments, care should be taken so that the national or regional uniform pattern of revenue is not violated. For these reason sources of revenue whose bases are not evenly distributed (like natural resources revenue bases) should not be available for local government because they are likely to cause unequal national development

2.4 Empirical literature review

Empirical literature review is about looking into the previous studies whose objectives are somehow similar to the current study. The primary objective being to identify the knowledge gap which the current study is attempting to fill.

2.4.1 Empirical reviews on the impact of initiatives to improve revenue collection

Some of the measures to boost the collection of own source revenue by local governments are outsourcing the collection of revenue , updating of revenue related bylaws, identifying potential new sources of revenue, modernizing the methods of the own source revenue collection (eg use of ICT) and strengthening the internal control related to revenue collection (PMO- RALG,2013). This particular sub topic will attempt to review empirically the above mentioned measures.

The perspectives of scholars differ on the impact of outsourcing the collection of revenue on the status of own source revenue in local government authorities. Mrutu and Mganga,(2016) present empirical argument that despite the fact that outsourcing can reduce the cost of revenue collection of local government authorities, it benefits the collecting agents more than the local government authorities. Mrutu and Mganga, (2016) used secondary data in an attempt to examine the impact of outsourcing on the total own source revenue. Fjeldstad, Katera and Ngalewa,(2008) argued that while outsourcing has resulted into some councils' revenue being more predictable in other councils it has been associated with corruption which has led to collecting agents obtaining high margins of profits while the local governments receive less revenue. Fjeldstad et al., (2008) used the data from seven local government authorities to examine the impact of outsourcing on revenue collected from property rates, market fee, forestry levy, livestock auction and abattoir fee, bus stand fee and parking fee.

Furthermore Fjeldstad and Heggstad, (2012) reiterates that the existing evidence is not conclusive if outsourcing has improved the performance of revenue administration. Fjeldstad and Heggstad, (2012) collected data from urban settings of Anglophone African countries to examine the opportunities and challenges of mobilizing revenue. It is on these grounds that the current study wants to establish whether outsourcing is still a valid measure to boost the collection of own source revenue.

Several studies have attempted to examine the impact of updating own source revenue related bylaws on collected revenue. Mbegu and Komba, (2017) argue that to prevent slippage and hence boost the collection of own source revenue, councils' bylaws should be updated periodically. Mbegu and Komba, (2017) collected primary data from Magu district council and secondary data from other local government authorities to examine the challenges, impact and trend of the slippage of own source revenue in local government authorities in Tanzania. The updating of councils' bylaws which involve the revision of revenue rates should take into account the Laffer curve¹⁰ to avoid setting the revenue rates too high which may discourage production and consequently reduce the collected revenue (Blinder, 1981). It is the intention of this study to explore the impact of updating bylaws on revenue collected.

Coker and Agishi (2015) suggest that all revenue sources that can be collected should be identified so as to boost local government own source revenue. This recommendation by Coker and Agish(2015) resulted from their study, which used secondary data, to examine the challenges of expanding internally generated revenue in local government councils in Nigeria. PMO- RALG (2013), which used semi structured questionnaires and documentary review to collect data from regional secretariats and local governments authorities in Tanzania to evaluate the collection of own source revenue, adds that to improve own source revenue local government authorities should be at constant efforts of identifying potential new sources of

¹⁰ According to Arthur Laffer at 0% tax rate and 100% tax rate no revenue will be received by the government. Hence there must be an optimum point between the tax rate of 0% and 100% which enables the government to receive enough revenue and which motivates the tax payers to continue working and producing.

revenue. The current study attempt to examine the extent to which updating revenue sources through identification of new sources of revenue and updating the existing sources of revenue has had an impact on the collected own source revenue. Otieno, Oginda, Obura, Aila, and Siringi, (2013) made a study to establish whether there is a relationship between information systems and efficiency of revenue collection. A structured cross section survey revealed that information systems and internal control systems have strong positive relationship with revenue collection. Mutua and Wamalwa, (2017) added more weight on the role of Information and Communication Technology (ICT) on local government own source revenue. Their study sought recommendations on how local government own source revenue could be improved. In the analysis of data gathered from questionnaires' respondents Mutua and Wamalwa (2017) revealed that automation will be useful to eliminate the problem of revenue leakages which is normally associated with local government officials handling cash. The current study seeks to establish the extent of the usage and impact of usage of ICT as an initiative to improve own source revenue in the collection of own source revenue in local government authorities.

2.4.2 Empirical reviews on the effectiveness of initiatives towards improving revenue collection

The implementation of the outsourcing, the application of ICT and updating of revenue bases to improve the collection of own source revenue in local governments have been encountering successes and challenges on which some scholars have conducted studies.

Jang and Eger (2018) concluded that outsourcing revenue collection to private collectors reduces revenue collecting costs in the study which used state panel data between the year 2000 and 2011 to examine the effects of outsourcing revenue collection on administrative effectiveness, efficiency and procedural fairness. Furthermore, outsourcing revenue collection reduces the local government authorities' revenue collection stress. This was established by Asamoah (2015) in the

study which used primary data from a sample 100 respondents and documentary review to evaluate the impact of outsourcing on revenue generation.

Mtasigazy (2018) revealed that weaknesses in the formulation and management of contracts resulted into bigger portion of revenue collected entering the revenue collecting agents' pockets while the local governments received a smaller portion of revenue. Okrah (2016) made a study to find out challenges associated with outsourcing revenue collection. The analysis of findings revealed that collecting agents lacked necessary logistics for revenue collection. Fjeldstad, Katera and Ngalewa (2009) examined how the systems of revenue collection which were privatized were performing in relation to revenue collected. Fjeldstad et al., (2009) concluded that irrespective of the fact that outsourcing brought about successes of revenue collection in some of the councils, in other councils it was associated with corruption and revenue collecting agents' high margins of profits at the expense of local government authorities.

Identification of potential new sources of local government own sources revenue is faced with the challenges of lack of autonomy for identification of local governments potential revenue sources of their choice, prevalence of poverty among the local government dwellers and lack of necessary expertise and experience among local government personnel. The study by Vazquez and Smoke (2011) showed that local governments possess inadequate or no authority to bring about new types of taxes decide on some or all rates of taxes, fees and user charges. Coker and Agishi (2015) pointed out that prevalence of poverty and lack of qualified staff are factors against successful identification of new sources of own source revenue. According to Coker and Agishi, (2015) poverty prevalence is the factor against identification of new sources of revenue because the level of income of the population is one of the determining factors when reviewing the existing sources of revenue and identifying the new sources of revenue. Lack of qualified staff of local government is also an obstacle towards identifying new sources of own source revenue because the process of identifying new sources of revenue requires revenue officers who can use their

skills and initiatives to come up with practical programs and strategies for effectively exploitation all revenue potentials in the area(Coker & Agishi, 2015).

Some scholars report success in the use of ICT in revenue collection. One of such scholars is Rawas(2013) who concluded that the use of ICT in revenue collection can improve the generation of revenue through the study in which semi structured and structured questionnaires, documentary review and observation were used to collect data needed to examine the impact of ICT in revenue collection. Otiemo et, al. (2013) established the existence of relationship between the information systems and effectiveness and efficiency in revenue collection in the survey in which primary data were collected through questionnaires to examine the effects of information systems on revenue collection in local governments. On the other hand the use of ICT in revenue collection faces three challenges in the form of non-integration of ICT systems, installation of improper ICT systems and reluctance by some local government authorities to install and use ICT. Mutua and Wamalwa, (2017) noted that the majority of counties were using ICT systems which were fragmented in the collection and management of revenue. Mutua and Wamalwa(2017) complementarily used primary and secondary data to explore the ways through which Nairobi city county could enhance its own source revenue.

Tahiru, Agbesi and Osei-Owusu (2014) argued that some local governments installed outdated ICT systems to collect own source revenue through the study which used questionnaires, observation and interviews to collect data needed to investigate the challenges and constraints of property rates collection. Consensually, Darison, (2011) is of a view that there is reluctance by some of local governments to install and use ICT systems to increase own source revenue collection. This was established by Darison(2011) through questionnaires, observation and documentary review to collect data to investigate the use of ICT systems in improving revenue mobilization in Accra Metropolitan Assembly.

2.4.3 Empirical reviews on critical factors for successful initiatives to improve own source revenue collection

This part of literature review is attempting to gather empirical evidences of the remedial actions for challenges encountered in the implementation of initiatives to improve the collection of own source revenue in local governments. These remedial actions include investment in contract management, complete assessment of revenue potentials to be done before outsourcing, granting of fiscal autonomy to local governments, investment in projects that increase productivity of local population, integrate the Information Communication systems for revenue collection, revise revenue collection policies, train and/ or hire the accounting staff and impose adequate fraud controls and prevention systems. The above remedial actions are reviewed below.

Romzek and Johnston (2002) argued that the effectiveness of contract implementation and management requires an extraordinary amount of advance planning, negotiation and ongoing collaboration between contracting parties. Romzek and Johnston (2012) established this in the study that used data from state contracting for social services for the elderly to assess the effectiveness of the implementation and management of state contracts. Due to that fact local governments should make investment contract management through training their personnel in contract management (Brown & Potoski, 2003). Contract management skills is vital in the process of outsourcing the collection own source revenue. Fjeldstad, Katera, Msami and Ngalewa, (2010) added that local governments should make a complete assessment of revenue sources before outsourcing.

According to Aurangzeb and Haq(2012) investment activities have positive impact on economic growth. This was established by Aurangzeb and Haq(2012) through the study which used data gathered from 1981 to 2010 and analyzed by multiple regression to assess the impact of investment activities on economic growth of Pakistan. This finding by Aurangzeb and Haq (2012) and the ability to pay principle of taxation by Adam Smith provide the basis upon which the argument that

investment in the projects that increase the productivity of local population provide revenue bases for local governments is formulated

Wamalwa and Mutua, (2017) recommended that local governments should use Information and Communication Technology (ICT) systems which are integrated. This should be done because it was found that the use of fragmented ICT systems adversely affected the collection of own source revenue. Mutua and Wamalwa(2017) complementarily used primary and secondary data to explore the ways through which Nairobi city county could enhance its own source revenue.

2.5 Research gaps

One of the purposes of literature review as highlighted by Randolph (1996) is identifying research possibilities that have been overlooked by previous researchers. There is an argument by some scholars that it is a common phenomenon in management researches to exist the gap between what researches recommend and what is actually being implemented (Bensal, Berterl, Ewart, MacConnachie & O'Brien, 2012). It is on these grounds that the current research has been able to identify the following gaps of research.

There is a disagreement of scholars on the impact of outsourcing revenue collection on revenue collected. Some like Mrutu and Mganga,(2016) argue that outsourcing reduces the cost of revenue collection while others like Fjeldstad, Katera and Ngalewa,(2008) are of opinion that outsourcing results into benefits of collecting agents at the expense of local governments. The current study sought to examine the impact of outsourcing the collection of revenue on local governments' own source revenue in Tanzania using Mpwapwa and Kongwa district council as a case study.

The use of ICT in revenue collection and updating revenue bases increased the collected revenue in Magu district council (Mbegu & Komba, 2017) and Nairobi city county (Mutua & Wamalwa, 2017). The current study seek to examine the impact of the use of ICT in collecting revenue and updating revenue bases on local

governments' revenue in Tanzania with Mpwapwa and Kongwa district councils as a case study.

The reviewed literature revealed that outsourcing faced the challenges of weakness in contract management in the part of local government (Mtasigazya, 2018) and corruption in awarding of outsourcing contracts (Fjeldstad, et al., 2009). The current study seeks to examine whether outsourcing still faces the same challenges as portrayed by literature or some new challenges have emerged.

Lack of skills among the councils' staff and prevalence of poverty are factors against identification of new sources of revenue and updating the existing sources of revenue (Coker & Agish, 2015). The current study seeks to examine whether there are some more other factors in addition to lack of skills and poverty against identification of new sources of revenue.

Mutua and Wamalwa (2017) argued that the use of ICT in collecting revenue faced the application of fragmented ICT systems. This study attempts to get the respondents' view on general challenges facing the application of ICT in collecting revenue.

The reviewed literature has some recommendations on how to overcome the challenges of initiatives to improve the collection of own source revenue. These recommendations include training of personnel on the management of outsourcing contracts (Brown & Potoski, 2003), complete assessment of revenue sources before outsourcing (Fjeldstad, Katera, Msami, & Ngalewa) and investing to promote economic growth of local population (Aurangzeb & Haq, 2012) which according to Adam Smith expands revenue base for the local governments. The current study seeks to establish whether or not the recommendations provided by the literature could still provide solution to the current own source revenue challenges and if there are some new solutions to the challenges facing own source revenue in local governments in Tanzania.

2.6 Conceptual framework

Regoniel (2015) defines conceptual framework to be the way the researcher understands the manner in which the variables in a phenomenon being studied relate to each other. Other authors like Jabareen (2009) define it as a plane or a network of interrelated concepts which together give a wide understanding of the phenomenon. In looking at the studies objectives the following variables were identified and the manner they related to each other was described.

2.6.1 Independent variables

These are variables which are predictors of other variables (Kothari, 2004). In this study's objectives the predictor variables were the programs and/or recommendations to improve the collection of own source revenue, factors for poor own source revenue collections and recommended solutions for problem of poor revenue collection.

2.6.2 Dependent variables

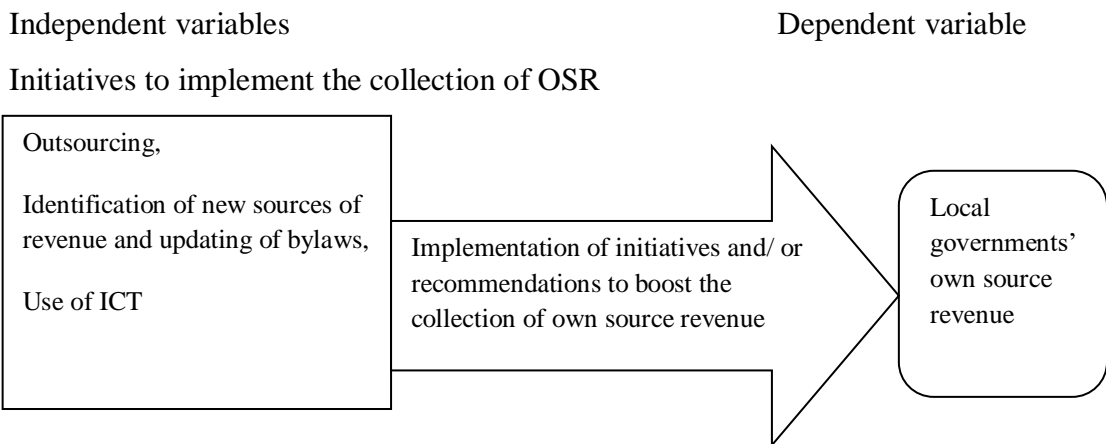
These are variables which depend on a consequence of other variables (Kothari, 2004). Sometimes these variables are referred to as outcome variables. All objectives of this study were centered upon a single dependent variable which is the collection of own source revenue

2.6.3 The relationship between variables

According to Spirkin (1983) all phenomena are effects and causes of other phenomena. The rationale of intervention as asserted by Roger (2008) is to bring about the desired results. The relationship between independent variables and dependent variables was based on the above arguments. The conceptual framework is derived from the studies' objectives. In the first objective the independent variables were initiatives implemented to improve the collection of local governments' own source revenue (OSR). On the other hand the local government's own source revenue is the dependent variable in the first objective of the study. The

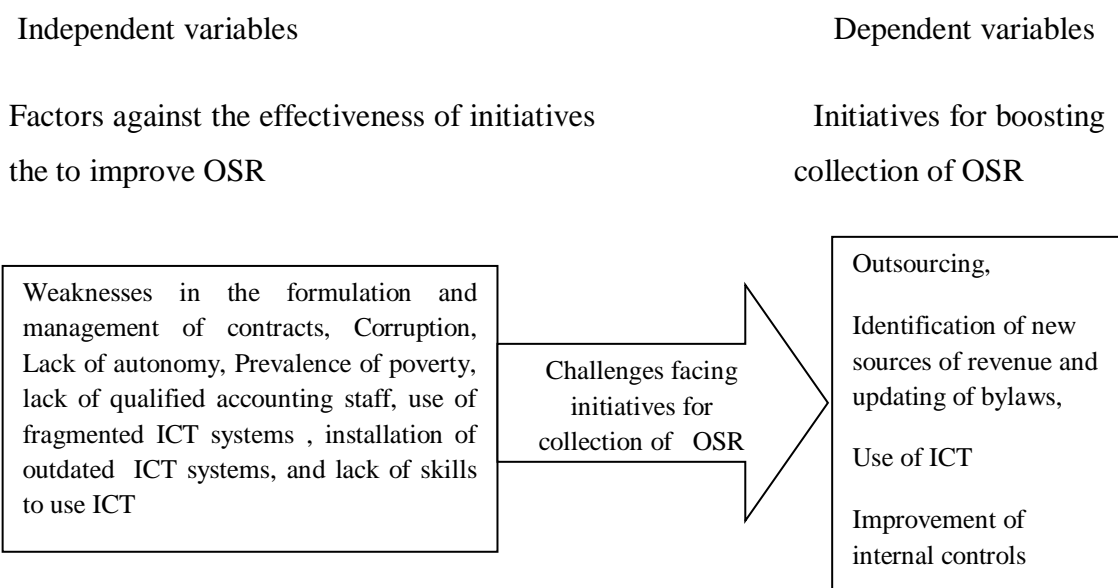
assumption is based on the theory of change which implies that intervention is expected to bring about a desired change (Dhillon & Vaca, 2018). Diagrammatically this relationship is illustrated below

Figure 2.1: Diagrammatically illustration of the first research objective



In the second objective factors against or challenges for the failure of initiatives and/recommendations to improve the collection of local governments' own source revenue became independent variables while initiatives and/or recommendations to improve the collection of own source revenue became dependent variables.

Figure 2.2: Diagrammatically illustration of the second research objective



In the third objectives the remedial actions for the challenges facing the initiatives to boost the collection of own source revenue became independent variables while the challenges facing the initiatives to boost the collection of local governments' own source revenue became dependent variables.

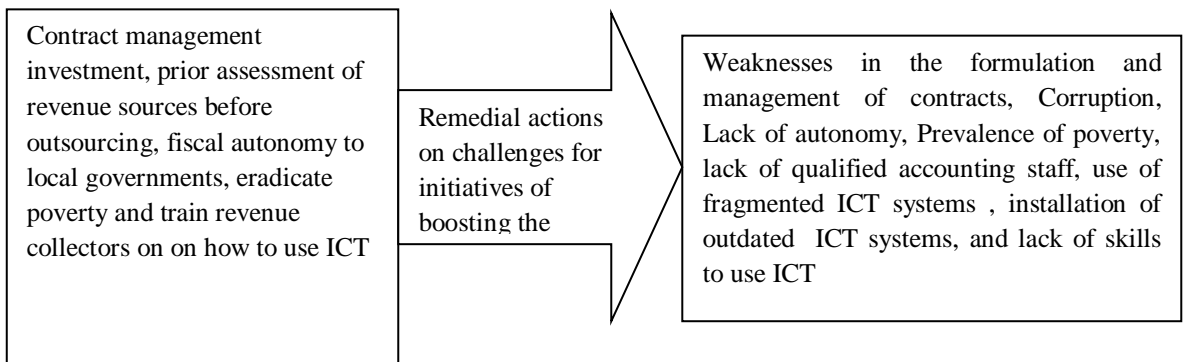
Figure 2.3: Diagrammatically illustration of the third research objective

Independent variables

Remedial actions on challenges facing initiatives to boost the collection of OSR

Dependent variables

Challenges facing initiatives boost the collection of OSR



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter the research design and methodology are presented within which philosophical beliefs of the study, data collection methods and data analysis techniques are discussed. The guiding principle is the research 'onion' developed by Saunders, Lewis and Thornhill (2007). Each layer of the research onion represents a detailed research stage of research process (Saunders et al, 2007). The stages as indicated by the research onion are research philosophy, research approach, research strategies, and time horizon and data collection method

3.2 Research philosophy

A research philosophy is a set of assumptions about the characteristics of the reality which is being studied (Bryman, 2012). The beliefs so created by a research philosophy justify the manner in which the research will be undertaken (Flick, 2011). This study adopted pragmatism philosophy. The philosophy of pragmatism was adopted because according to Saunders (2009) if the research requires different types of knowledge and consequently different research methods, it is recommended that pragmatic approach should be adopted. This study requires both qualitative and quantitative data. In the pragmatic research approach what determines the research philosophy are the research questions and research objectives

3.3 Research design

Research design is a master plan of what a researcher will do to answer the research questions and achieve the research objectives (Saunders et al., 2007). It is the leading map for collecting, measuring and analyzing data. According to Saunders et al., (2007) research design must indicate the research design's objectives, specify data sources and portray the limitations to the accessibility of data.

3.3.1 Objectives of research design

The study's research design's objectives, as derived from the study's research questions, are to examine whether and to what extent measures and/or recommendations to improve the collection of own source revenue in local government authorities in Tanzania have been effective, to examine the reasons the implementation of measures and/or recommendations to improve own source revenue collection in local government authorities in Tanzania have not produced the intended results to explore remedial actions for failed initiatives to improve own source revenue in local government authorities in Tanzania.

3.4 Research strategies

A research strategy is the researcher's general plan to answer the research questions (Saunders, et al., 2007). To answer the questions for the study two research strategies, namely; case study research strategy and survey strategy were used. These strategies were used together in order to enable the study answer the research questions of how, why and what and research strategies are not mutually exclusive (Saunders et al., 2007): the use of one strategy did not preclude the use of another strategy.

Survey research strategy involves the highly organized gathering of data from a fairly large population preferably through questionnaires, though structured observation and structured interviews can also be used (Saunders et al., 2007). It is a relevant research strategy to answer research questions of who, what, where, how much, and how many (Saunders et al., 2007).

According to Yin (1994) case study strategy is used when the why and how questions are being answered, the researcher has no control over the phenomenon being studied and the contemporary phenomenon in its real life context is being studied. Also case study strategy uses multiple sources of evidence to draw conclusion. The relevance of this strategy to this study is stemmed from the fact that the study intends to explore why the efforts to improve the own source revenue has

not produced the intended results and how should the own source revenue collection be improved (Why and How) and own source revenue is the contemporary issue over which the researcher has no control.

3.5 Time horizon

This refers to the period which the study covers (Saunders, et al., 2007). Researches can be categorized into two types according to their time horizons, namely cross sectional studies and longitudinal studies. This study is a cross sectional because achievement of all objectives of the study requires the respondents' responses to be taken at particular time.

3.6 Data and methodology

3.6.1 Population

According to Friedman, Furberg, DeMets, Reboussin, and Granger (2015) population of the study should be defined beforehand by indicating the criteria for an element to be included in the population. Saunders, et al., (2007) asserts that population of the study is a set of units of inquiry out of which a sample is drawn. Asiamah, Mensah and Oteng-Abayie (2017) distinguish general population, target population and accessible population. According to Asiamah et al., (2017) general population includes objects, members or units of inquiry which the study considers incapable of providing information relevant to the study objectives, objects, members or units of inquiry which are capable of providing information relevant to the research objectives but for one reason or the other cannot participate in the study and objects and members or units of inquiry which are capable of providing relevant information to the research objectives and can participate in the study. The set of objects or units of inquiry made up of potential respondents with relevant information (eligible) but some of the respondents are willing to participate in the study and others are not is referred to target population while the sets of objects or units of inquiry made up potential respondents with relevant information to the study objectives and such

potential respondents can participate in the study is referred to as accessible population (Asiamah et al., 2017)

The population for this study is made up of all the employees at Mpwapwa and Kongwa District Councils and the residents in the Districts of Mpwapwa and Kongwa. The target population for this study is made up of individuals capable of providing information with regards to own source revenue collection. This population is made up of district treasurers, district planning officers, revenue accountants, revenue collectors, internal auditors, ICT personnel and political leaders (Councilors). Accessible population is made up of district treasurers, district planning officers, revenue accountants, revenue collectors, internal auditors, ICT personnel and political leaders who will be willing to participate in the study at Mpwapwa and Kongwa district Councils. The criterion of inclusion of these individuals in the population is the role played by each of them in issues related to own source revenue.

3.6.2 Sources of data

Sources of data for this study can be explained in terms of the place where data were collected and the individuals making up a population from which a sample was selected. The area of study is limited to the District Councils of Mpwapwa and Kongwa. These two have been picked specifically because they are among of the Councils with higher dependence ratio on the transfers from the central Governments for their expenditure. The population for this study is made up of all the own source revenue stakeholders in Mpwapwa and Kongwa district councils. The district treasurers, the revenue accountants, revenue collectors, ICT personnel, internal auditors and political leaders (councilors and village chair persons), district planning officers.

3.6.3 Sampling and sampling procedure

The sampling procedure adopted for this study is non-probability sampling in which purposive sampling technique is used. This is the sampling design which does not need a basis for approximating the chances which a subset of a population has to be selected in a sample (Kothari, 2004). This sampling procedure was relevant for this study because according to Lincoln and Ghuba (as cited in Kiria, 2017) purposive sampling has an advantage of maximizing information. Akorsu (2015) adds that purposive sampling technique is relevant sampling method to enable the study to obtain respondents who have a better understanding of the phenomenon being studied. For this reason the selection of district treasurers, district planning officers, revenue accountants, revenue collectors, internal auditors and the political leaders was based on the assumed level of insights these individuals had on own source revenue. The length of period a respondent has been in a particular department or constituency was also very important.

3.6.3.1 Sample selection for questionnaire

The target population for this study is made of district treasurers, district planning officers, revenue accountants, revenue collectors, internal auditors, ICT personnel, legal officers and political leaders. The district treasurers will be administered with a questionnaire to collect data on whether there is any program and/recommendation to improve the collection of own source revenue in their councils. In the district planning office the individuals involved in the process of budgeting for own source revenue will be administered with a questionnaire specifically designed for planning officers.

In the department of accounting and finance the questionnaire will be administered to revenue accountants who according to their duties are likely to be conversant with own source collection in the council. The revenue collectors will be obtained through the assistance of revenue accountants who are in a better position of identifying the significant and insignificant revenue collectors in the council. From the internal audit office the staff assigned to audit the collection of own source revenue will be

administered with a questionnaire. The study attempted to include in the sample the political leaders from both poor and best performers as far as collection of own source is concerned.

3.6.3.2 Sample selection for interview

Since the main part of the respondents of this study was made up of revenue collectors (WEOs and VEOs) and political leaders (councilors) and interview aimed at complimenting the questionnaires 10 revenue collectors and 6 political leaders were selected for interview

3.6.4 Data collection methods

The study adopted data triangulation¹¹ in collecting data through which several methods of data collection were employed and data from a variety of individuals were collected. These individuals are district treasurers, district planning officers, revenue accountants, revenue collectors, internal auditors and political leaders. The use triangulation in the study is vital because as the number of sources of data increases in a study so is the confidence in observed findings (Denzin, 1973). The data from this variety of sources will be gathered by use of self-administered questionnaires to answer the third and fourth research questions. The study also needed some documentary data to answer the first research question as well as interview method to compliment data obtained through questionnaire and documentary methods.

3.6.4.1 Questionnaires

Questionnaires were used as the primary method of data collection in this study. The reason for adopting this method of data collection was the fact that the respondents prefer this method to other methods because it consumes less time to respond (Kiria, 2017). In order to achieve the requirements of each research objective the study uses likert scale and open ended.

¹¹ Data triangulation is the application of multiple sources of data within a single study (Denzin, 1973)

The rationale of using likert scale questions is based on the fact that such questions are useful to assess respondent' perception about a specific phenomenon, the use of open ended questionnaire aims at giving respondents more room to contribute towards the achievement of the study's objective. With the exception of the questionnaire to district treasurers which intends to get information of whether the councils received any program and/or recommendation to improve the collection of own source revenue and the date the implementation of such programs or recommendations started, the rest of the questionnaires' questions are designed to collect information on the factors for low revenue collection and the recommended solutions to the problem of own source revenue collection.(refer to appendix 1(a-h))

3.6.4.2 Pre- testing of questionnaires

Prior to administering to respondents questionnaires should be tested so that they can be refined to enable the respondents get the clear meaning of the questions in the questionnaires and collect data to answer the research questions (Saunders, et al., 2007). Pre- testing of questionnaires results into questions which are unbiased, understandable and consistent to all respondents (Komba, 2016). In addition to the above relevance of pre-testing of questionnaires Kiria (2017) asserts that pre-testing of questionnaires is of particular importance for new developed questions and self-administered questionnaires. Questionnaires were distributed for pilot survey to the staff at Mpwapwa District Council headquarters on March 25, 2019 and collected on March 30, 2019. 10 revenue collectors and 5 political leaders were administered questionnaires for pilot survey. The purpose of pilot study was to ensure questionnaires' questions were understood by the respondents in a manner which the study intended them to understand and redesigning of questionnaires was done to respond to pilot survey. The respondents who participated in pilot survey were excluded from the main study to avoid bias.

3.6.4.3 Distribution and collection of questionnaires

Due to the fact that questionnaires were self-administered, they were distributed to and remain with the respondents for at least two weeks. The distribution of questionnaires was as follows: councilors (25), revenue collectors (WEOs and VEOs) (25), ICT Personnel (2), planning officers (2), district treasurers (2), legal officers (2), revenue accountants (2) and internal Auditors (2). Hence a total of 62 questionnaires were distributed. The respondents' responses to questionnaires were as follows: councilors (20), revenue collectors (WEOs and VEOs) (22), ICT personnel (2), Planning officers (2), District Treasurers (2), legal officers (2), revenue accountants (2) and internal auditors (2). Hence, out of 62 respondents 54 respondents returned the questionnaires making the questionnaires' response rate of 87%.

The questionnaires whose questions were in the form open ended and likert scale were returned from respondents between April 15, 2019 and April 30, 2019. After collecting the questionnaires examination of respondents' responses was conducted to check which respondents addressed the key aspects of the questions and which respondents did not. Since the respondents were accessible through mobile phone numbers, clarification on matters which were not well understood was sought and issues of questions which were not given proper attention were addressed.

3.6.5 Documentary review

The study used documentary review to answer the research question number 1 which sought to know the impact of the implementation of the measures and/ or recommendations to improve own source revenue in the local government authorities. To answer that question documentary data in the form of budget implementation reports and council revenue reports for at least three years before and after implementation of measures were collected to evaluate the status of own source revenue collection before and after the implementation of measures to improve the collection of own source revenue. These documents were preferred because they contain information which is useful for the evaluation of the council's

performance as far as revenue collection is concerned. The documentary review collected data on the impact of two measures to improve the collection of own source revenue. These measures were the use of ICT and outsourcing the collection of own source revenue. The two measures were preferred because their impact could easily be measured separately from the impact of other measures. The data gathered through documentary review are presented below.

3.6.6 Interview

Interview method of data collection involves presentation of questions and responses to such questions orally (Kothari, 2004). According to Gray (2004) interviews are preferable methods of collecting data when the study intends to probe the underlying factors and when there is doubt of questionnaires' getting good return rate.

It is on this basis that the study used interview as one of the methods for data collection. The interview guiding questions are presented in appendix 2 which were directed to political leaders, preferably the councilors, and revenue collectors. These two groups of respondents were subjected to interview because their questionnaire is made up of many questions which might cause some of the respondents from these two groups to develop some sort of reluctance in responding to questionnaires. Hence the interview was used to compliment the questionnaires in data collection. Ten (10) revenue collectors and six (6) political leaders were subjected to interview.

3.7 Data analysis

After being collected, data, which were in the forms of documents and respondents' responses in the questionnaires and interview, were then subjected to the process of data analysis. Data analysis refers to a series of operations which are performed with the view of summarizing and organizing collected data in a way that ensures that such data provide answers to the study's question (s) (Kothari, 2007). After processing data which entails activities such as editing, coding and classification collected data were analyzed.

3.7.1 The analysis of data from documentary review

Data from documentary review were to address the requirements of the first research question, which sought to examine the impact of initiatives to improve the collection of own source revenue in local government authorities. To achieve this research objective the study conducted a review of the councils' financial statements and councils' revenue reports to collect data on own source revenue three years before and after the introduction of initiatives to improve the collection of own source revenue. From these collected data average growth rate of own source revenue was calculated. Then the paired t-test was conducted through the aid of an SPSS software to compare the own source growth rate before and after the introduction of initiatives to improve the collection of own source revenue.

3.7.2 The analysis of data from questionnaires

The respondents' responses to questionnaires were to address the second and third research questions. The questionnaires to address the second and third research objectives were made up of open ended and likert scale question. The responses from the sampled revenue collectors, councilors, district treasures, planning officers, revenue accountants, legal officers and ICT personnel were transferred from the returned questionnaires into excel software which the study used as an analyzing tool.

3.7.3 The analysis of data from interview

The interview method of data collection obtained data to compliment the data collected through questionnaires. Data obtained through interview were entered into excel software which the study used as an analyzing too.

3.8 Reliability and validity of the study

The ability of data collection methods and data analysis procedures to produce consistent findings is referred to as reliability of study while the ability of findings to represent what they should represent accurately is the validity of study (Saunders et al., 2007).

To ensure reliability and validity the study used three methods of data collection namely; questionnaires, interviews, and documentary reviews. Also the study used quantitative data as well as qualitative data. The use of different approaches and methods in one study enables the study to overcome the deficiency in one approach or method through other approaches or methods. Furthermore, to maintain high level of reliability and validity the study had several sources of data which include the revenue accountants, revenue collectors, district treasurers, and internal auditors, planning officers, legal officers and ICT personnel. Also the pilot who was conducted before administering the questionnaires aimed at ensuring that the study acquired the high level reliability and validity.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the findings which provide the responses to research questions in chapter one. The collection and analysis of data to answer those research questions was conducted in chapter three. The findings are mainly presented in the form of tables and charts.

4.2 Findings from documentary review

The analysis of data from documentary review produced findings which were relevant to examine the impact of the implementation of initiatives to improve local government authorities' own source revenue. The presentation of such findings is conducted in two parts, namely; the impact of using outsourcing as a revenue collecting strategy and the impact of using ICT in revenue collection.

4.1. The impact of outsourcing on revenue collected.

The findings from the documentary review show that the status of own source revenue did not improve to reflect the introduction of outsourcing as a revenue collection strategy as indicated in table 4.1 and figures 4.1 and 4.2 below

Table 4.1: Own source revenue status before and after outsourcing

The trend of own source revenue before and after outsourcing the collection of own source revenue indicate that the average increase of own source revenue before outsourcing (Tshs.75, 245,565.50) is greater than average increase of own source revenue after outsourcing (Tshs.16, 169,576). The average increase of revenue before outsourcing is obtained by dividing the sum of the differences of own source revenue between the preceding and succeeding period before outsourcing by 2 years before outsourcing own source revenue collection. The average increase of revenue after outsourcing is obtained by dividing the sum of the differences of own

source revenue between the preceding and succeeding period after outsourcing by 3 after outsourcing own source revenue collection.

Own source revenue status before outsourcing			Own source revenue status after outsourcing		
Periods			Periods		
3 years before outsourcing	2 years before outsourcing	1 before outsourcing	1 year after outsourcing	2 years after outsourcing	3 years after outsourcing
Amount in Tshs			Amount in Tshs		
241,453,086	329,867,205	391,944,217	419,118,636.38	583,666,947.08	424,283,369

Source: Notes to financial statements of Mpwapwa and Kongwa District Councils

Figure 4.1: The status of own source revenue before and after the introduction of outsourcing

Figure 4.1 shows that 3 years before outsourcing the collection of own source revenue there was a steady increase of own source revenue. After the introduction of outsourcing as a revenue collection strategy revenue increased significantly in second year after outsourcing and then declined sharply in the third year after outsourcing.

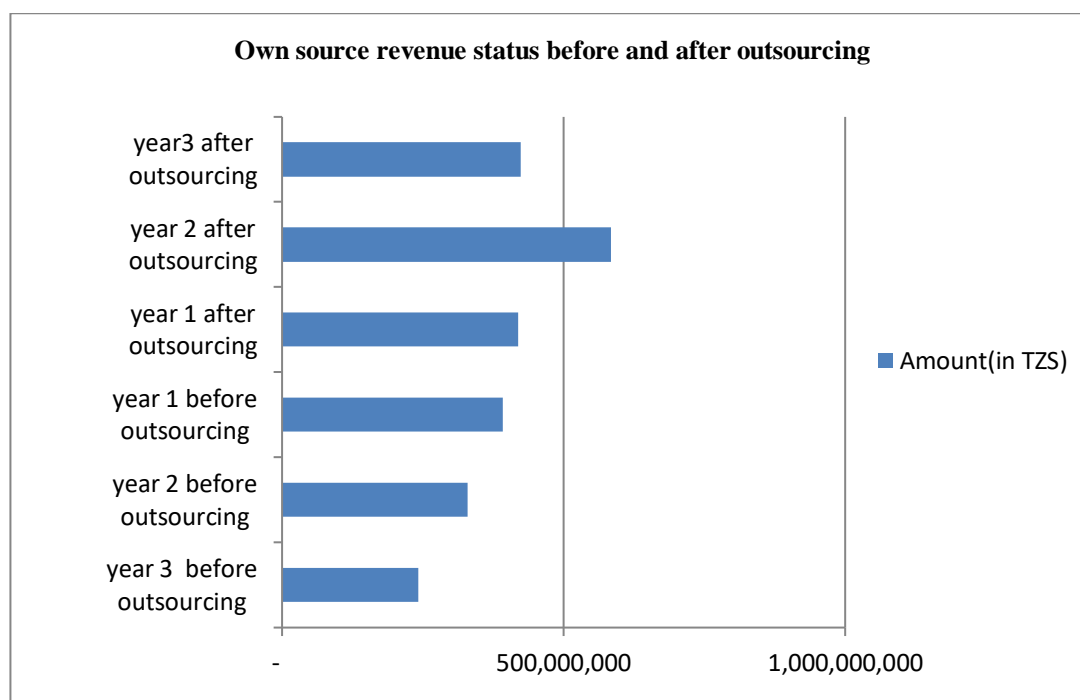
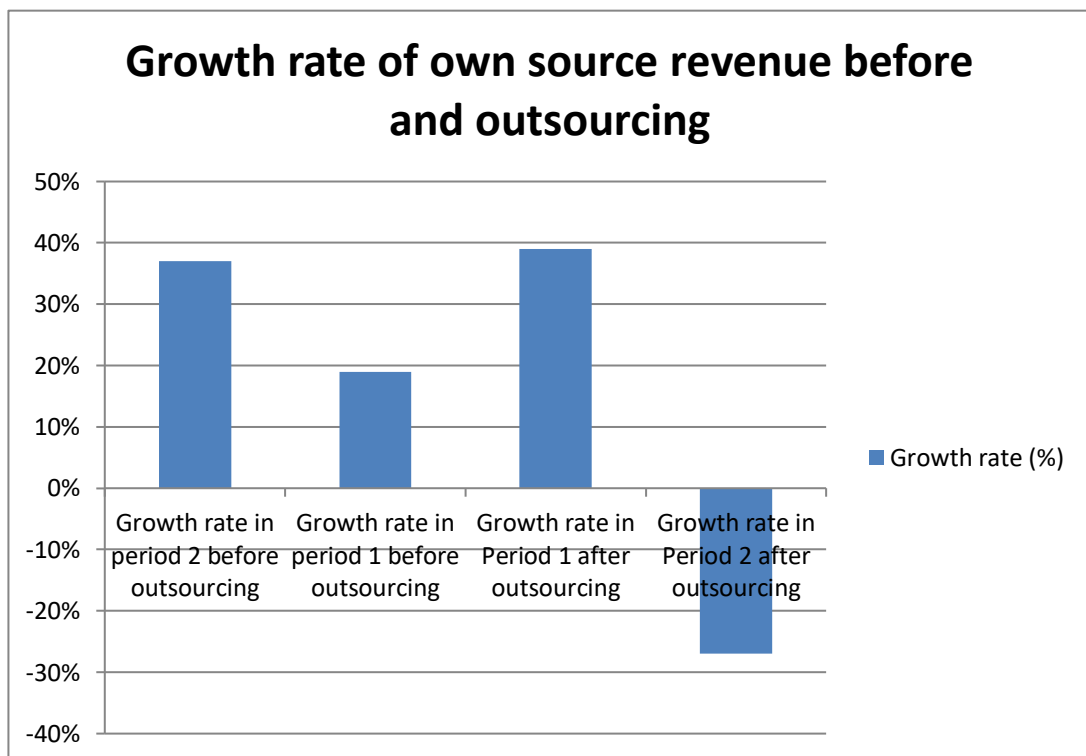


Figure 4.2: Growth rate of own source revenue before and after outsourcing

The impact of outsourcing the collection of own source revenue on the growth rate of own source revenue there was almost a constant growth before outsourcing the collection of own source revenue but after outsourcing the collection of own source revenue there was a significant negative growth.



4.2. The impact of the use of ICT in revenue collection

The use of ICT in revenue collection seems to have a positive impact on own source revenue collected for the councils. After the introduction of ICT in revenue collection the figures are rising as indicated by table 4.2 and figures 4.3 and 4.4 below.

Table 4.2: Own source revenue status before and after the use of ICT in the collection of revenue

The trend of own source revenue before and after the introduction of ICT in collection of own source revenue indicate that the average increase of own source

revenue before introduction of ICT (Tshs. 120,089,438.5) is lesser than the average increase of own source revenue after introduction of ICT (Tshs. 252,799,358.40). The average increase of revenue before the introduction of ICT in revenue collection is obtained by dividing the sum of the differences of own source revenue between the preceding and succeeding period before the introduction of ICT by 2 years. The average increase of revenue after the introduction of ICT in revenue collection is obtained by dividing the sum of the differences of own source revenue between the preceding and succeeding period after the introduction of ICT in revenue collection by 3 years.

Own source revenue status before the use ICT in the collection of revenue			Own source revenue status after the use ICT in the collection of revenue		
3 years before the use of ICT	2 years before the use of ICT	1 year before the use of ICT	1 year after the use of ICT	2 years after the use of ICT	3 years after the use of ICT
Amount in Tshs			Amount in Tshs		
778,367,027	984,233,287	1,018,545,904	1,410,624,256	1394,962,990	1776,943,979.05

Source: Notes to financial statements of Mpwapwa and Kongwa District Councils

Figure 4.3: Own source revenue status before and after the use of ICT in the collection of revenue

Figure 4.3 is the graphical representation of table 4.2. It indicates that the introduction of ICT in the collection of Own source revenue led to sharp increase in the own source revenue collected.

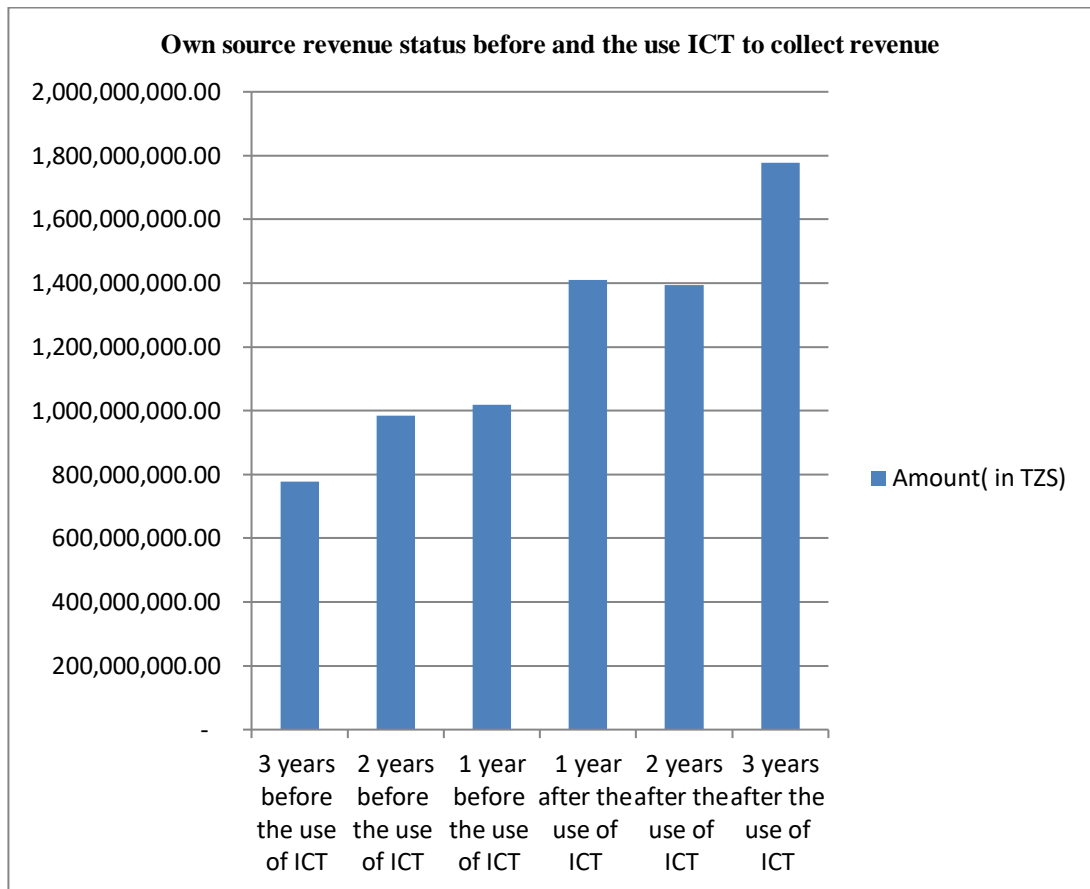
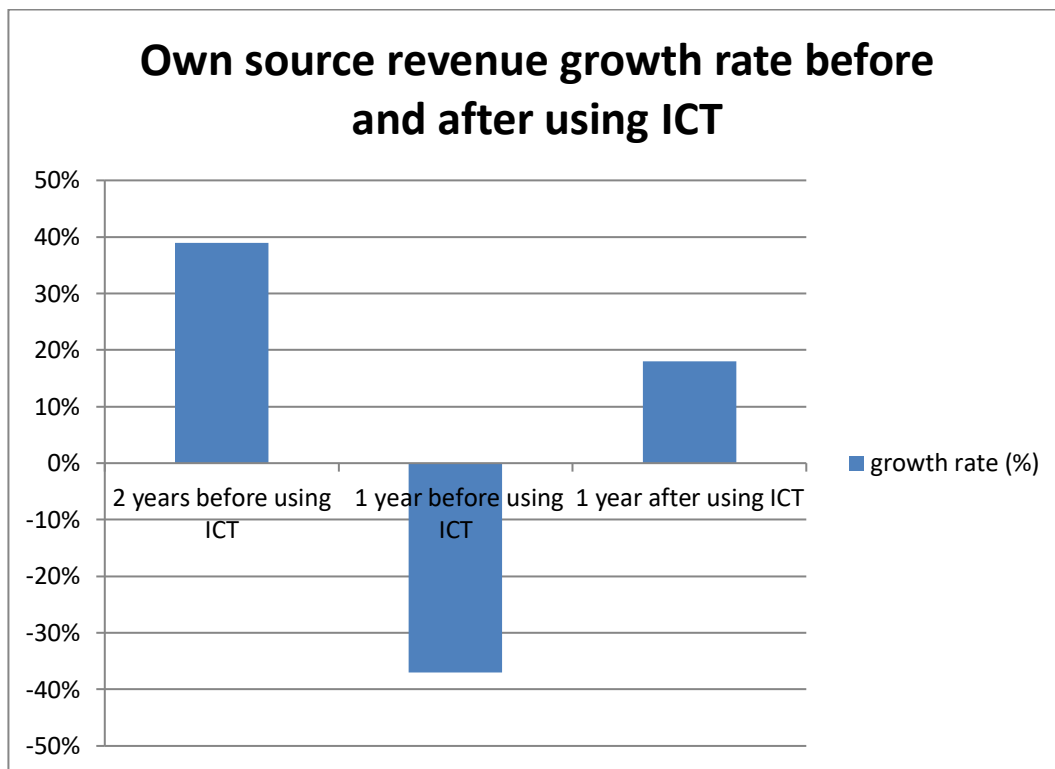


Figure 4.4: Own source revenue status before and after the use of ICT in the collection of revenue

Figure 4.4 below is the graphical representation of own source growth rate before and after the introduction of ICT in revenue collection. The figure shows that there was significant positive growth of own source revenue at period 2 years before the introduction of ICT and negative growth of own source revenue at period 1 year before the introduction of ICT. After the introduction of ICT in revenue collection the rate of growth of own source revenue begins to rise again



4.3 Presentation of findings from questionnaires and interview

The findings from questionnaires and interview are presented in three parts. The first part presents the respondents' responses general information questions. The second part of the findings includes respondents' responses to questionnaires and interview which sought the respondents' opinion and perceptives on the challenges facing initiatives to improve the collection of own source revenue in local government authorities in Tanzania and the third part is about the respondents' to questionnaires and interview that enquired the respondents opinions and perspective on how to overcome the challenges of initiatives to improve the collection of own source revenue local government authorities in Tanzania.

4.3.1 The respondents' responses to the general information questions in questionnaires

The respondents responded to two general information questions which required them to provide information on the length of time they had been in their posts and their responsibilities as far as own source revenue collection is concerned. These questions were asked so as to get information on the ability of respondents to have insights on issues pertaining own source revenue and examine which activities related to revenue collection were given more priorities by the council than other activities. Table 4.3 and figure 4.5 show distribution of respondents in terms the length of period they have been in one post or constituency and table 4.4 and figure 4.6 show the distribution of respondents in terms of their responsibilities as far as own source revenue is concerned.

Table 4.3: Years in present post or constituency

Table 4.3 shows the lengthy period the respondents have been in the current post or constituency. Current post applies to respondents who are employees and current constituency applies to respondents who are political leaders (Councilors). The purpose of this analysis was to ascertain whether the respondents are in better position to have insights of own source revenue issues of the two councils under study

Period	Frequency	Percentage (%)
1-2.9 years	12	24
3-4.9 years	26	52
5 and above years	16	32
Total	50	100

Figure 4.5: The respondent's period of stay in one post or constituency

Figure 4.5 shows the lengthy period the respondents have been in the current post or constituency. Current post applies to respondents who are employees and current constituency applies to respondents who are political leaders (Councilors). The purpose of this analysis was to ascertain whether the respondents are in better position to have insights of own source revenue issues of the two councils under study

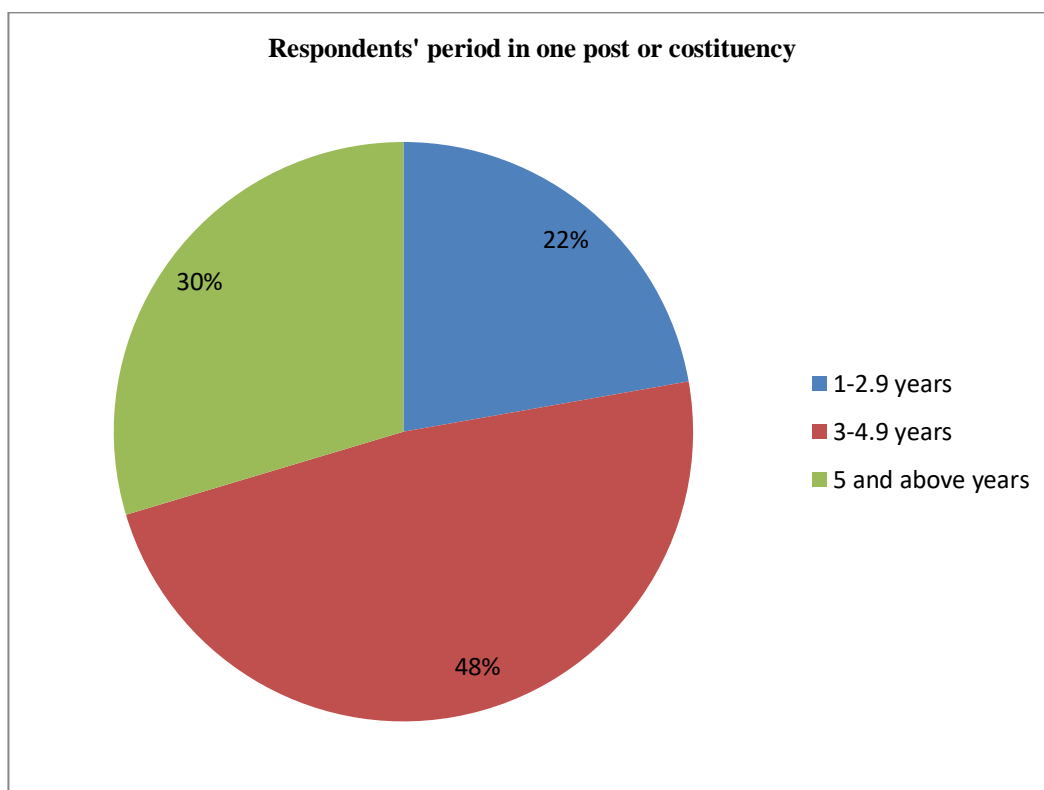


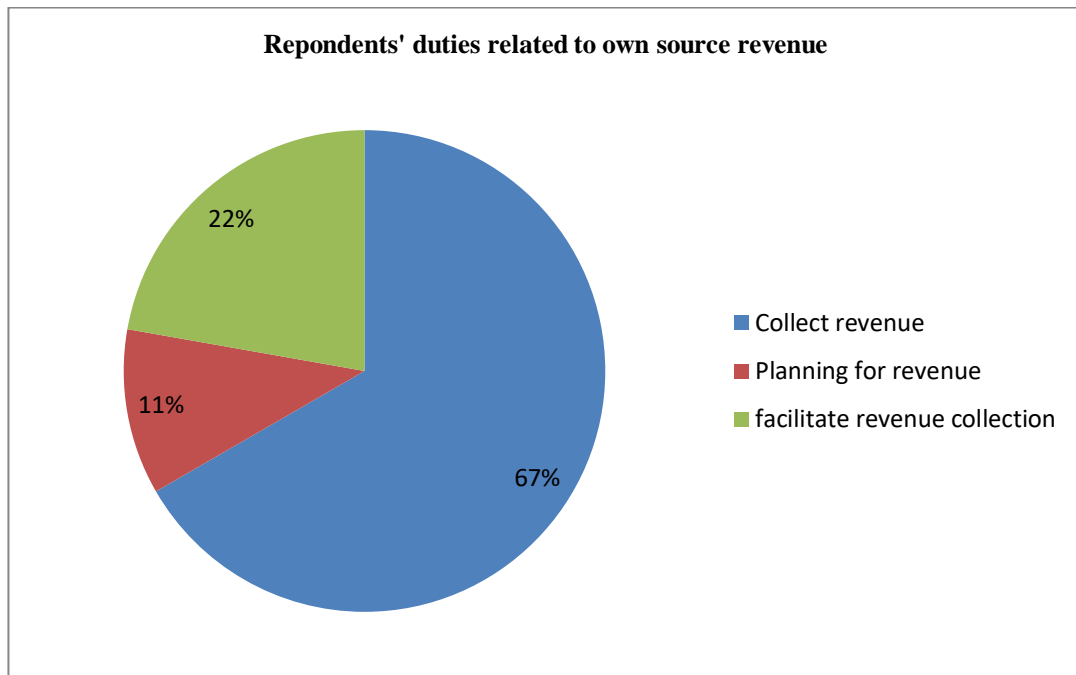
Table 4.4: Respondents' duties as far revenue collection is concerned

Table 4.4 shows the respondents' duties in the activity of collecting own source revenue in the two councils. The purpose of this analysis was to know how the responsibilities related to own source revenue collection are distributed.

Duty pertaining to revenue collection	Frequency	Percentage (%)
Collect revenue	36	66.67
Planning for revenue	6	11.11
Facilitate revenue collection	12	22
Total	54	100

Figure 4.6: Respondents' duties as far revenue collection is concerned

Figure 4.4 shows the respondents' duties in the activity of collecting own source revenue in the two councils. The purpose of this analysis was to know how the responsibilities related to own source revenue collection are distributed.



4.3.2 Presentation of respondents’ responses to questionnaires on the challenges facing initiatives to improve the collection of own source revenue.

The findings from the respondents’ responses to questionnaires on the factors against the effectiveness of initiatives to improve the collection of own source revenue in local government authorities in Tanzania are presented in three phases: namely, factors against outsourcing as a revenue collecting strategy, factors against the effectiveness of using ICT in revenue collection and factors against expansion of revenue sources through identification of potential new sources of revenue and updating the existing sources of revenue.

4.3.2.1 Factors against the effectiveness of outsourcing as a revenue collecting strategy

The presentation of findings under this sub topic is done in two parts, namely; findings from the analysis of respondents’ responses to Likert scale questions and findings of the analysis of respondent’s responses to open ended questions. The findings from the respondents’ responses to likert scale questions are presented in

table 4.5 and figures 4.7 to 4.9 below while the responses to open ended questions are presented in table 4.6 and figure 4.10 below.

Table 4.5: Factors against the effectiveness of outsourcing as a revenue collecting strategy

Table 4.5 shows a summary of respondents’ responses to questionnaire’s question on the effectiveness of outsourcing as a revenue collecting strategy.

S/N	Factor against outsourcing as a revenue collection strategy	Total number of respondents	Respondents’ responses			
			Strongly Agree	Agree	Disagree	Strongly Disagree
1	Lack of skills of council’s personnel in contract formulation and management	44	28	10	2	4
2	Corruption in the evaluation and award of tender	44	18	16	6	4
3	Lack of feasibility study of the potential of revenue sources before outsourcing	44	12	18	7	7

Figure 4.7: The effects of lack of skills on outsourcing contract management

Figure 4.7 is the pictorial presentation of some of the data presented in table 4.5 above. Most respondents agreed to the fact that lack of skills of council’s personnel affects outsourcing as revenue collection strategy.

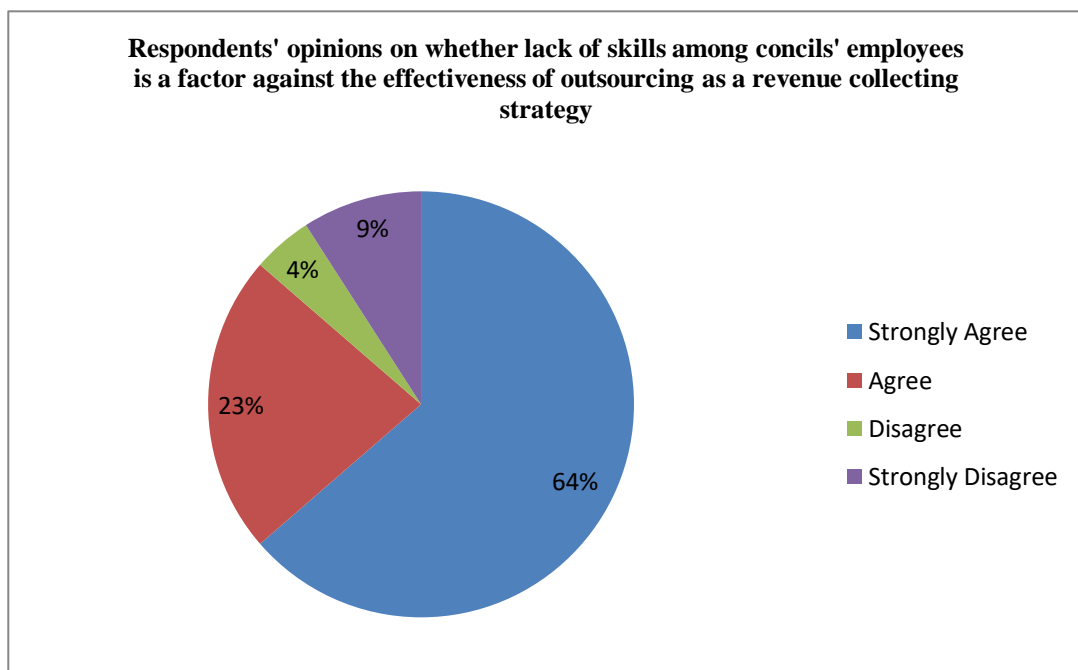


Figure 4.8: The effects of corruption in the award of outsourcing revenue contract.

Figure 4.8 pictorially presents some of the data in table 4.5. The figure shows that the majority of the respondents agreed to the fact corruption in the evaluation and award of tender is the factor against the effectiveness of outsourcing as a revenue collection strategy

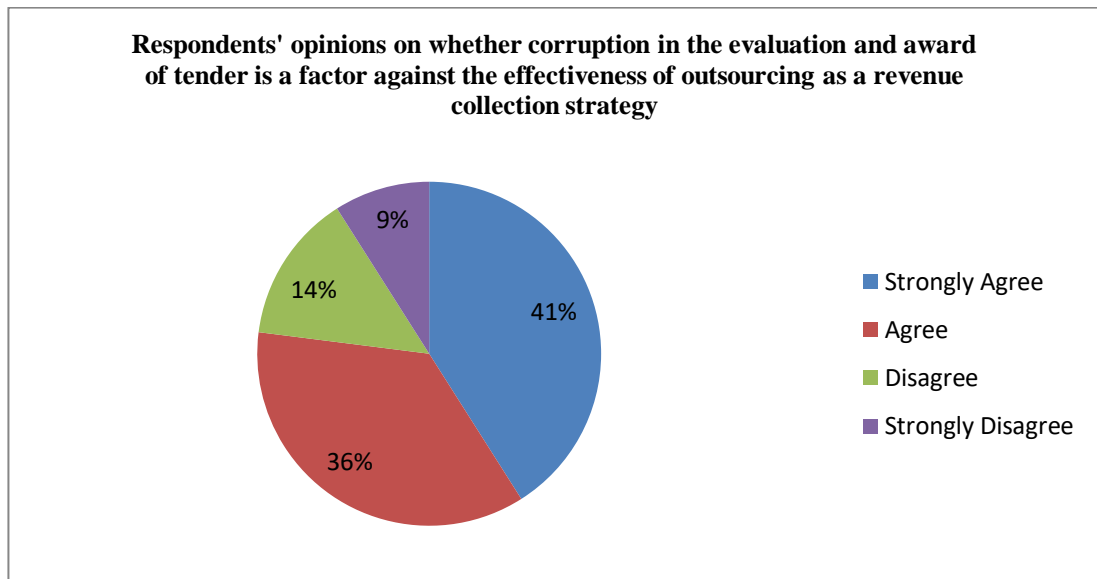


Figure 4.9: The effects of Lack of feasibility study of revenue potentials before outsourcing

Figure 4.9 pictorially presents some of the data presented in table 4.5 above. The figure shows that the majority of the respondents agreed(some of them strongly) that failure to conduct feasibility study of revenue potential before outsourcing revenue collection affected adversely the effectiveness of outsourcing as a revenue collecting strategy.

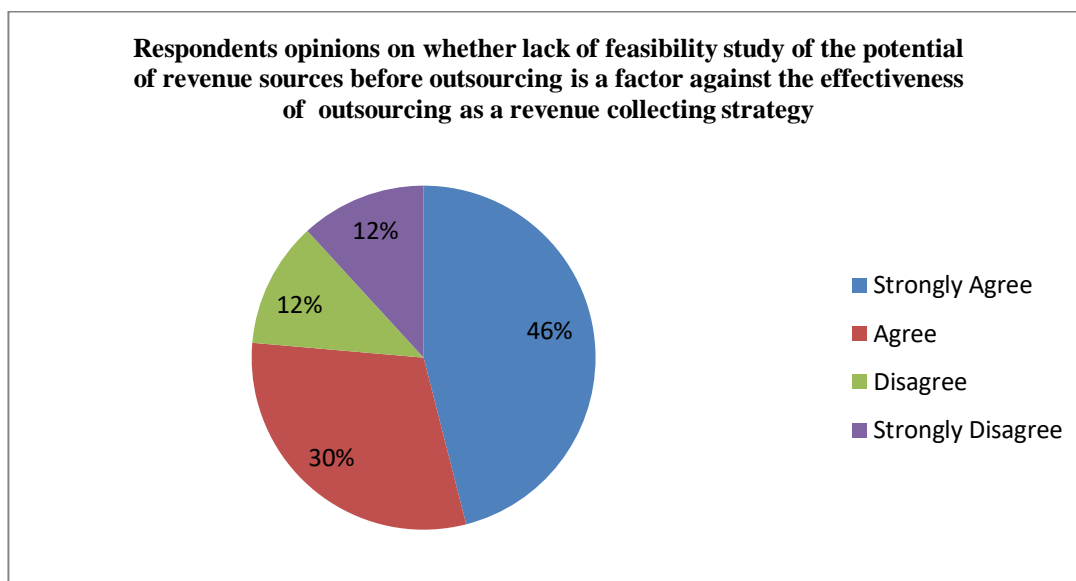


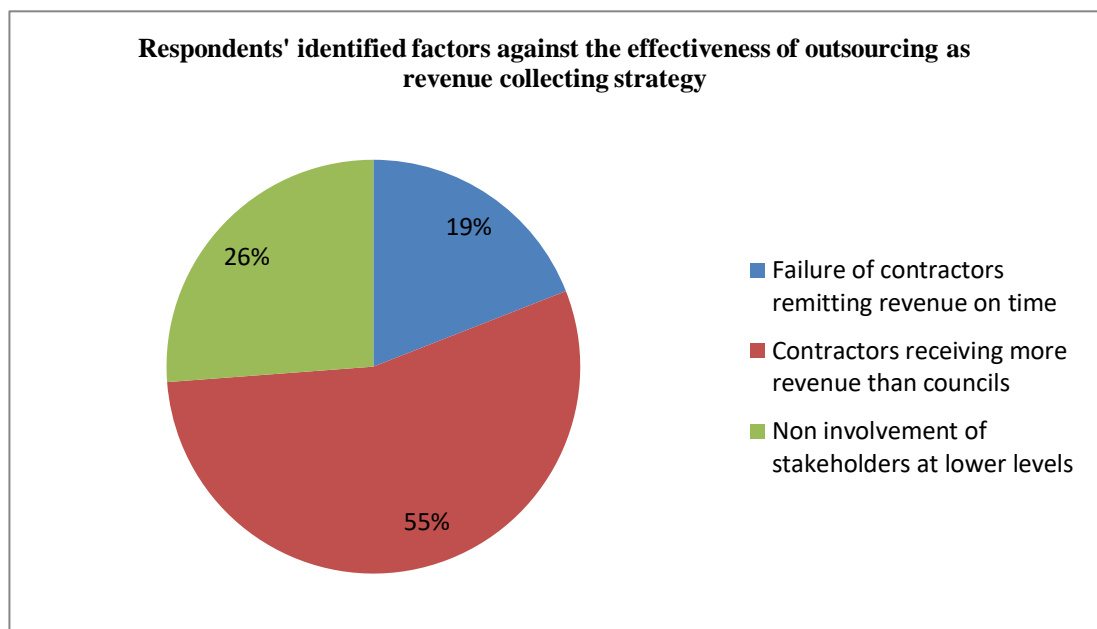
Table. 4.6: General respondents' views on the challenges facing own source as a revenue collecting strategy

Table 4.6 summarizes the respondents' responses to open ended questions on what they considered to be the challenges facing outsourcing as a revenue collection strategy. The majority of the respondents suggested that contractors were receiving more than the councils and stakeholders at lower level were not involved in the process of outsourcing.

S/N	Respondents' opinions on the challenges facing outsourcing as revenue collecting strategy	Frequencies of the theme	Percentage of the frequencies of the theme
1	Failure of contractors remitting revenue on time	8	19.05
2	Contractors receiving more revenue than councils	23	54.76
3	Noninvolvement of stakeholders at lower levels	11	26.19
	Total	42	100

Figure 4.10: Factors against the effectiveness of outsourcing as a revenue collecting strategy

Figure 4.10 is the pictorial presentation of the data presented in table 4.6 above. The majority of the respondents suggested that contractors were receiving more revenue at the expense of councils and stakeholders at lower levels were not involved in the process of outsourcing.



4.3.3 Factors against the effectiveness of using ICT in collecting own source revenue

The presentation of findings in this sub topic is divided into two parts, namely the presentation of findings from the analysis of respondents' responses to Likert scale questions and respondents' responses to open ended questions. The respondents' responses to likert scale questions are presented in table 4.7 and figures 4.11 to 4.12 below.

Table 4.7: The respondents’ responses to likert scale questions on the challenges of using ICT in revenue collection

Table 4.7 summarizes the respondents’ responses to likert scale questions on the challenges facing the use of ICT in revenue collection. The majority of the respondents agreed to the fact that two challenges were facing the application of ICT in revenue collection; namely inability of revenue collectors to use ICT and shortage of ICT facilities.

S/N	The challenges of using ICT in revenue collection	Total number of respondents	Respondents’ responses			
			Strongly Agree	Agree	Disagree	Strongly Disagree
1	Inability of revenue collectors to use ICT	44	22	14	5	3
2	Shortage of ICT facilities	44	30	10	4	-

Figure 4.11: The distribution respondents’ opinions on whether inability to use ICT adversely affect the collection of own source revenue

Figure 4.11 presents pictorially some of the data presented in table 4.7 above. In this figure it shown the majority of the respondents agreed to the fact that inability of revenue collectors to use ICT is a factor against the effectiveness of using ICT to collect revenue.

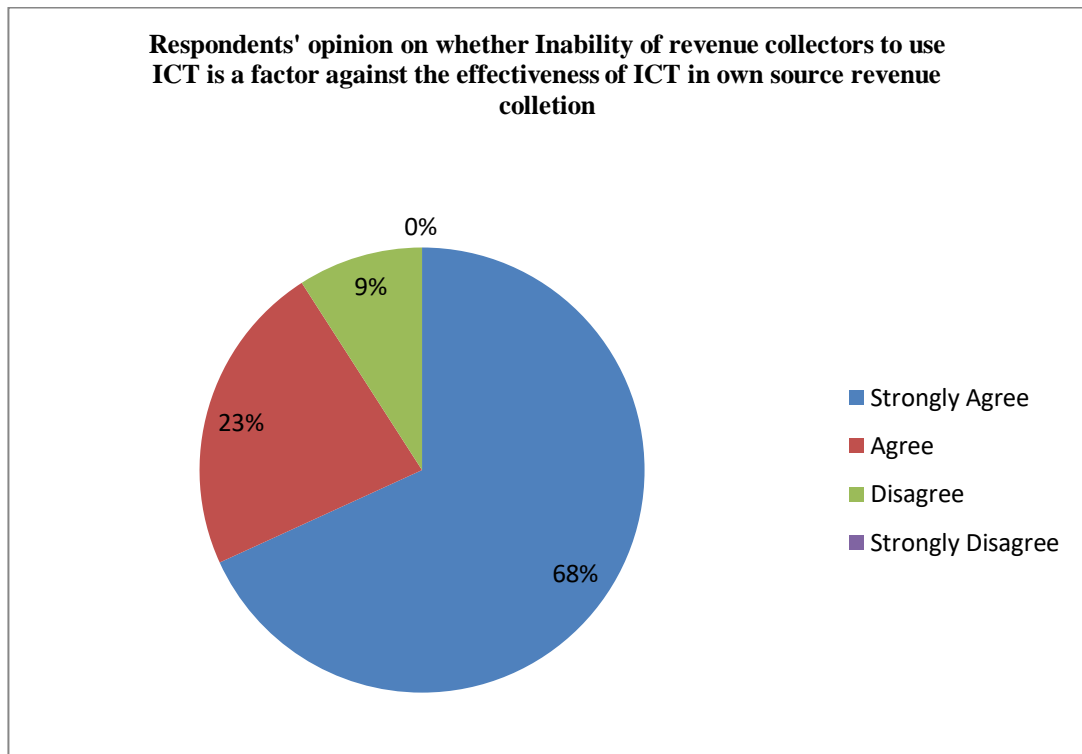
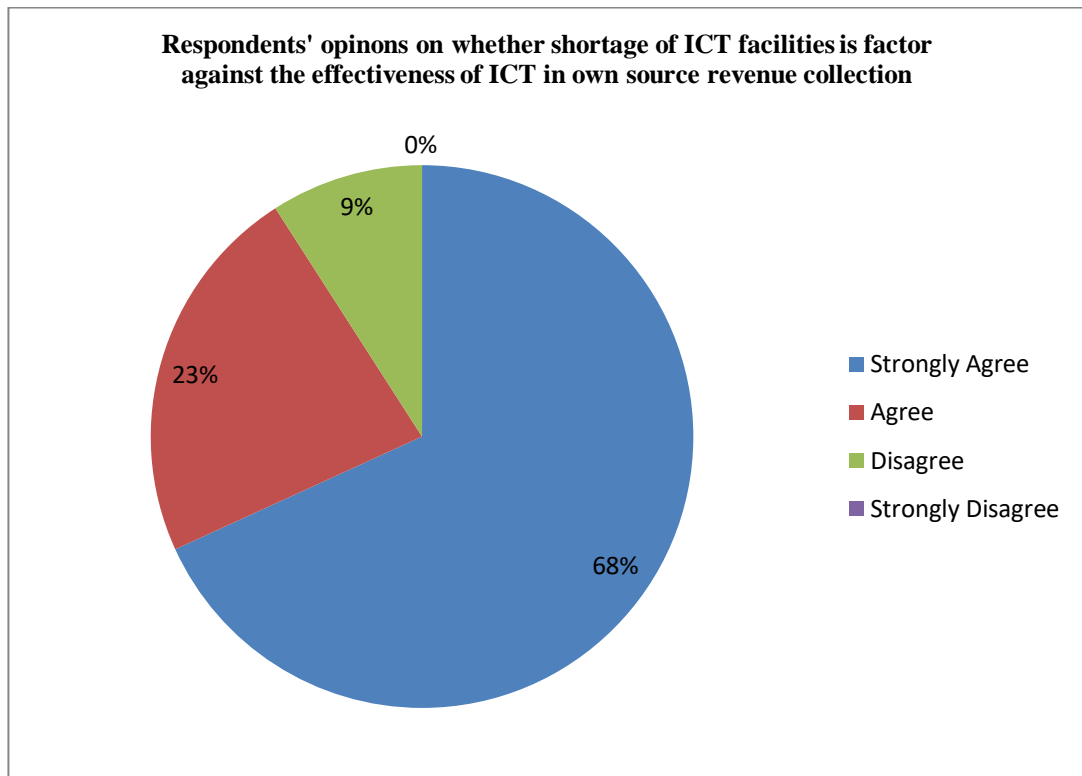


Figure 4.12: The distribution of respondents' opinions on whether shortage of ICT facilities adversely affect the collection of own source revenue

Figure 4.12 pictorially presents the distribution of respondents' views on whether the inadequacies of ICT facilities adversely affect the collection of own source revenue. The majority of respondents agreed to the fact that the shortage of ICT facilities negatively affects the collection of own source revenue



4.3.4 Factors against expansion of own source revenue base

The presentation findings under this sub topic is done in two parts, namely; the findings from the analysis of respondents responses to open ended questions and the findings from the analysis of respondents' responses to Likert scale questions. The findings from the respondents' responses to open ended questions are presented in table 4.8 and figure 4.13 below while the respondents responses to likert scale questions are presented in table 4.9 below and figures 4.14 to 4.15 below.

Table 4.8: Findings from the respondents' responses to open ended questions

Table 4.8 summarizes the respondents' responses to open ended questions which sought their opinions on which were factors against expansion of own source revenue base. The respondents came up with two major challenges which they considered to be the challenges against expansion of own source revenue bases. These challenges are lack of autonomy to establish new revenue rates and low investment in project that expand own source revenue base.

SN	Respondents' responses	Frequencies	Percentages
1	Lack of autonomy to establish new rates	18	42.86
2	Low investment in project that expand own source revenue base	17	40.48
3	Others	7	16.67
	Total	42	100

Figure 4.13: Respondents' perspectives on the challenges faced by LGAs to expand own source revenue base

Figure 4.13 pictorially summarizes the respondents' responses to open ended questions which sought their opinions on which were factors against expansion of own source revenue base. The respondents came up with two major challenges which they considered to be the challenges against expansion of own source revenue bases. These challenges are lack of autonomy to establish new revenue rates and low investment in project that expand own source revenue base.

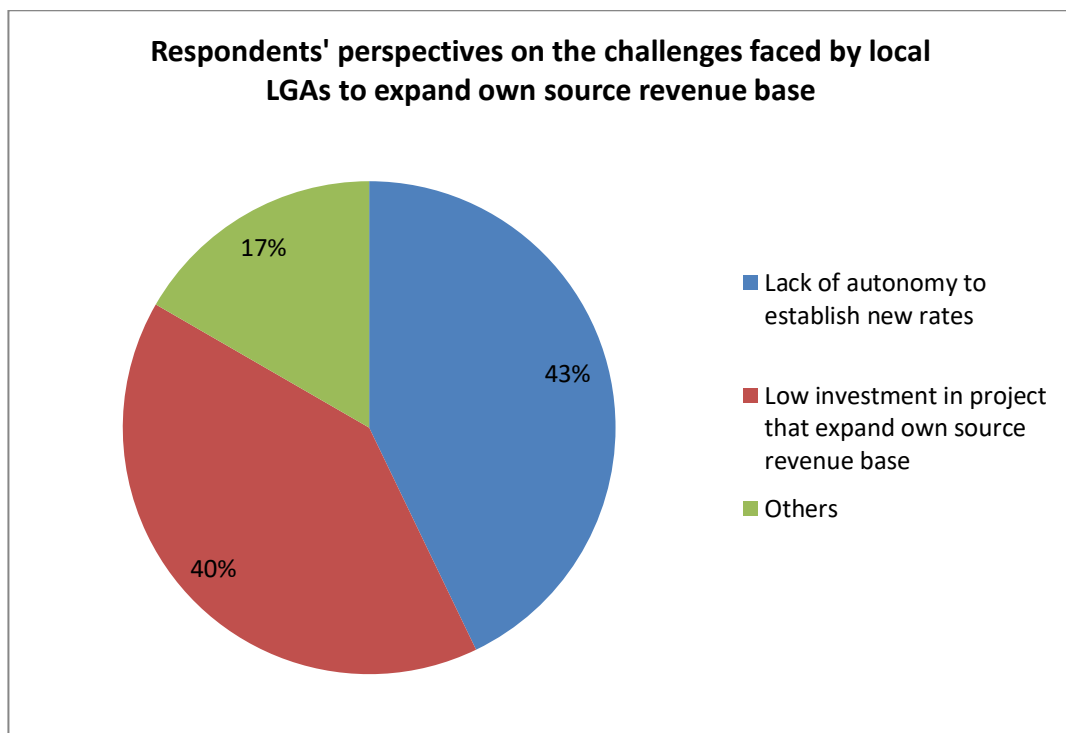


Table 4.9: Respondents’ responses to Likert scale questions

Table 4.9 summarizes the respondents’ opinions on whether lacks of technical knowhow to expand revenue bases and the use of outdated bylaws and rates adversely affect the expansion of revenue bases.

S/N	Factors against expansion of own source revenue base	Total number of respondents	Respondents’ responses			
			Strongly Agree	Agree	Disagree	Strongly Disagree
1	Lack of technical knowhow to expand revenue base	42	27	8	2	5
2	Use of outdated bylaws and rates on own source revenue	42	33	7	0	2

Figure 4.14: Distribution of opinions on whether lack of skills to expand new revenue bases adversely affects the expansion of revenue bases.

Figure 4.14 pictorially presents the respondents’ opinions on whether lack skill to expand revenue bases is a factor against expansion of revenue bases. The majority of respondents agreed to the fact that lack of technical knowhow to expand revenue bases adversely affect the councils’ efforts to expand own source revenue bases

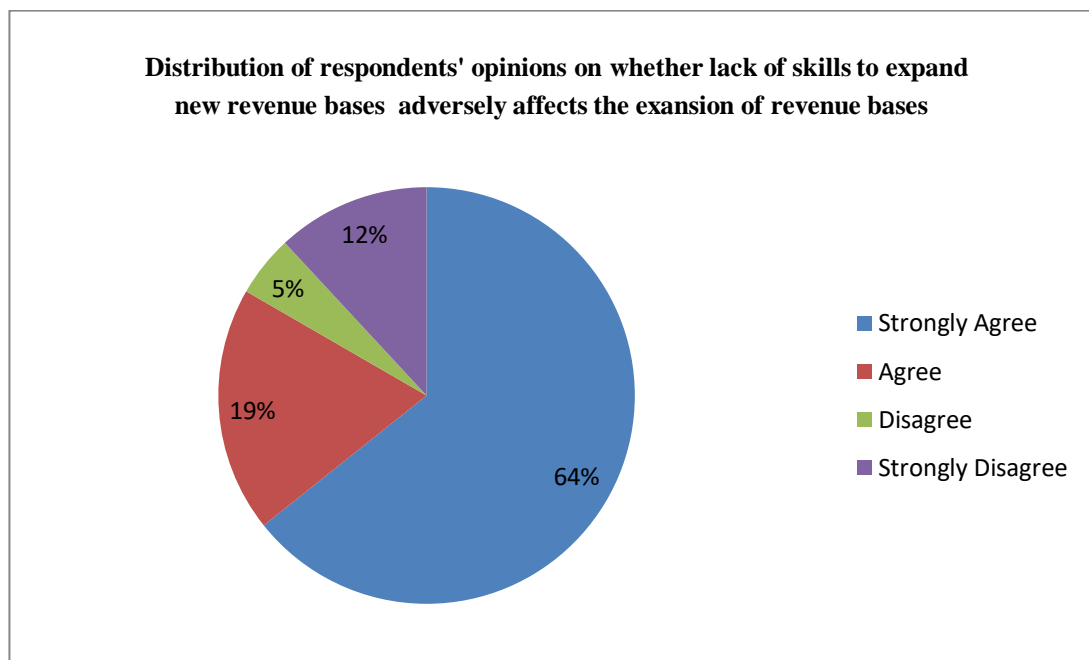
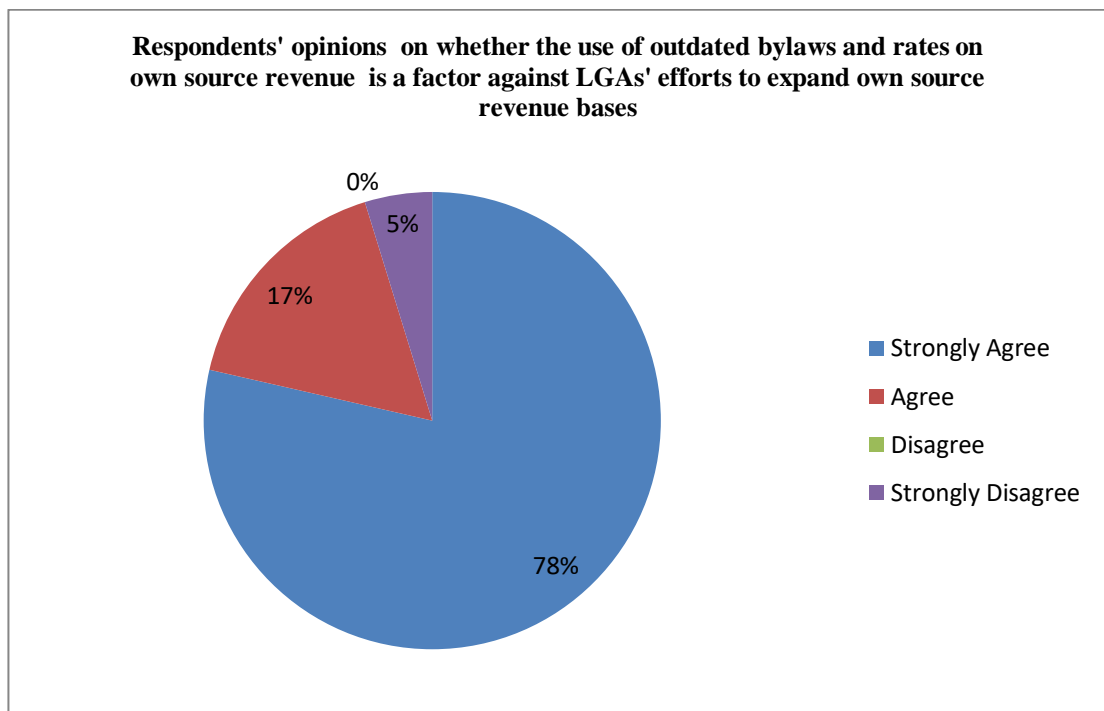


Figure 4.15: Distribution of opinions on whether the use of outdated bylaws adversely affects the LGAs’ expansion of own source revenue bases

Figure 4.15 pictorially presents the respondents’ opinions on whether the use of outdated own source revenue bylaws is a factor against expansion of revenue bases. The majority of respondents agreed to the use of outdated own source revenue bylaws adversely affect the councils’ efforts to expand own source revenue bases



4.3.5 Presentation of respondents’ responses to interview on the challenges facing initiatives to improve the collection of own source revenue.

The interview questions aimed at obtaining the respondents’ views on the challenges facing initiatives to improve the collection of own source revenue. The findings from analysis of interview’s respondents are presented in table 4.10 and figure 4.16 below.

Table 4.10: Respondents’ responses to interview on the challenges faced by initiatives to improve the collection of own source revenue

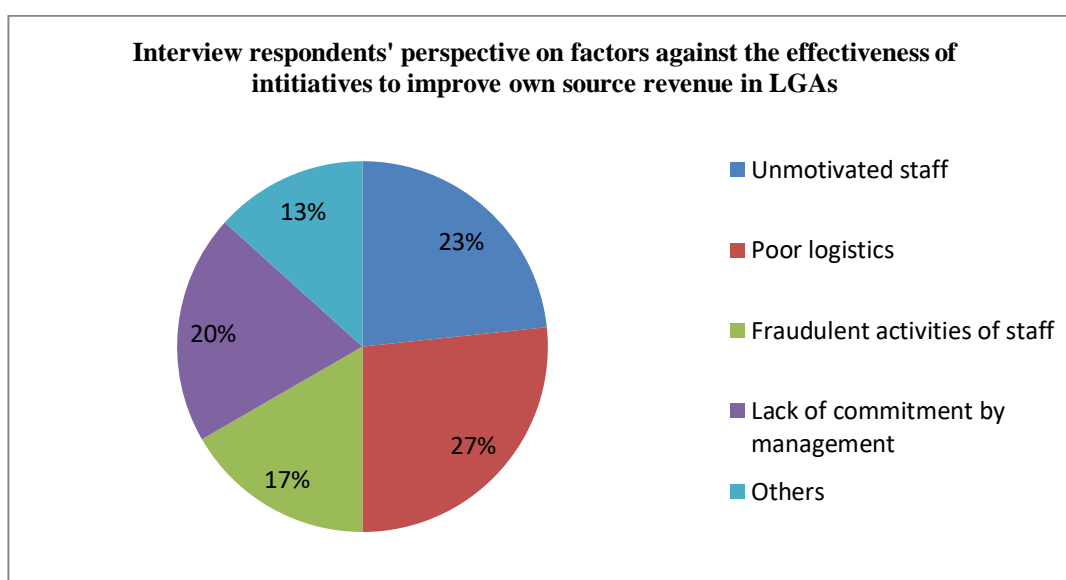
Table 4.10 summarizes the respondents’ responses to interview questions which sought to understand the challenges faced by initiatives to improve the collection of own source revenue. The respondents came up with four (4) challenges which

adversely affect the LGAs’ initiatives to improve the collection of own source revenue. these challenges include unmotivated staff, poor logistics, fraudulent activities of staff and lack of commitment by management.

S/N	Themes from respondents’ responses	Frequencies of the theme	Percentage of the frequencies of the theme
1	Unmotivated staff	7	23.33
2	Poor logistics	8	26.67
3	Fraudulent activities of staff	5	16.67
4	Lack of commitment by management	6	20.00
5	Others	4	13.33
	Total	30	100

Figure 4.16: Interview respondents’ perspective on the factors against the effectiveness of initiatives to improve own source revenue in LGAs

Figure 4.16 pictorially summarizes the respondents’ responses to interview questions which sought to understand the challenges faced by initiatives to improve the collection of own source revenue. The respondents came up with four (4) challenges which adversely affect the LGAs’ initiatives to improve the collection of own source revenue. These challenges include unmotivated staff, poor logistics, fraudulent activities of staff and lack of commitment by management.



4.3.6 The presentation of findings from questionnaires on the factors for effectiveness of initiatives to improve own source revenue

The presentation of findings from questionnaires on the factors for the effectiveness of initiatives to improve the collection of own source revenue is divided into three parts, namely the findings from the analysis of likert scale questionnaires on suggested solution to overcome the challenges against the effectiveness of outsourcing as a revenue collecting strategy, the findings from the analysis of likert questionnaires on suggested solutions to overcome the challenges against the effectiveness of using ICT in revenue collection and the findings from the analysis of respondents responses to Likert scale questionnaires on suggested solutions to the factors against LGAs' efforts to expand own source revenue bases.

4.3.6.1. Factors for the effectiveness of outsourcing as a revenue collection strategy.

The findings from the respondents' responses on the factors for successful implementation of outsourcing as a revenue collection strategy are presented in table 4.11 and figures 4.17 to 4.19 below. These findings were obtained from the analysis of likert scale questions.

Table 4.11: Remedial actions against the challenges facing outsourcing as a revenue collection strategy

Table 4.11 summarizes the respondents' responses on the remedial actions against the challenges facing outsourcing. In this table two (2) remedial actions (periodic review of revenue outsourcing contracts and assessment of revenue sources potentials before outsourcing) were put forward by the study for respondents to strongly agree, agree, disagree or strongly disagree.

S/N	Suggested solutions to problems of outsourcing revenue sources	Total number of respondents	Respondents' responses			
			Strongly Agree	Agree	Disagree	Strongly Disagree
1	outsourcing contracts should be periodically reviewed to reflect economic reality	44	31	9	1	3
2	Assessment of revenue sources' potentials before outsourcing	44	16	23	4	1

Figure 4.17: Distribution of opinions on whether periodic review of outsourcing will increase the effectiveness of outsourcing to collect revenue

Figure 4.17 pictorially summarizes the respondents' responses to likert scale question which sought to understand their views on whether periodic review of revenue collecting outsourcing contracts to reflect economic reality will increase the effectiveness of outsourcing as a revenue collection strategy. 71% of the respondents strongly agreed to the fact that to improve the effectiveness of outsourcing as a revenue collection strategy outsourcing contracts should be periodically reviewed to reflect economic reality

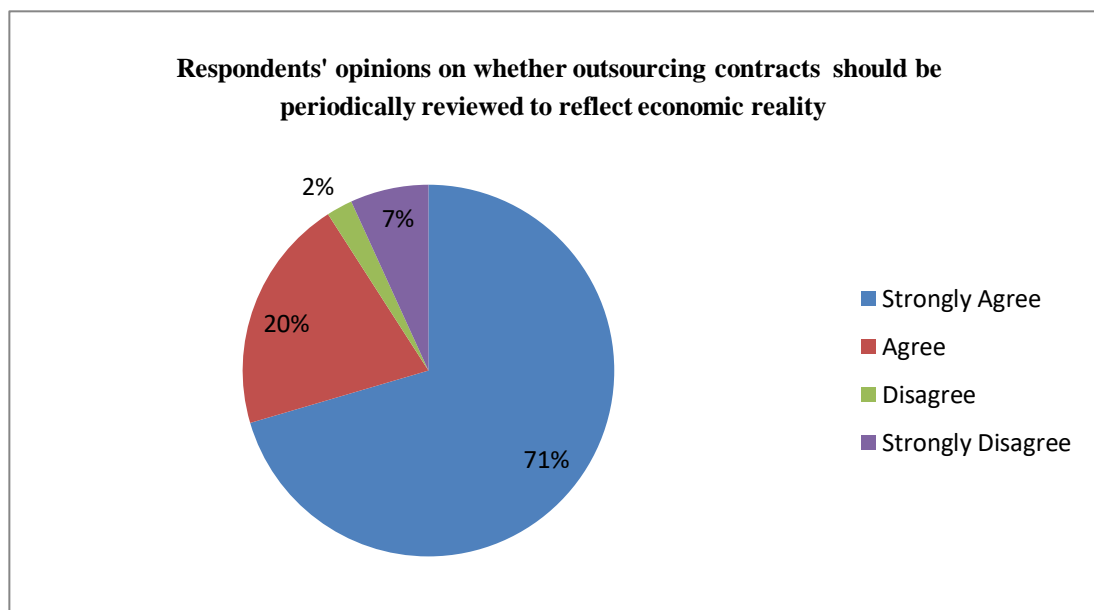
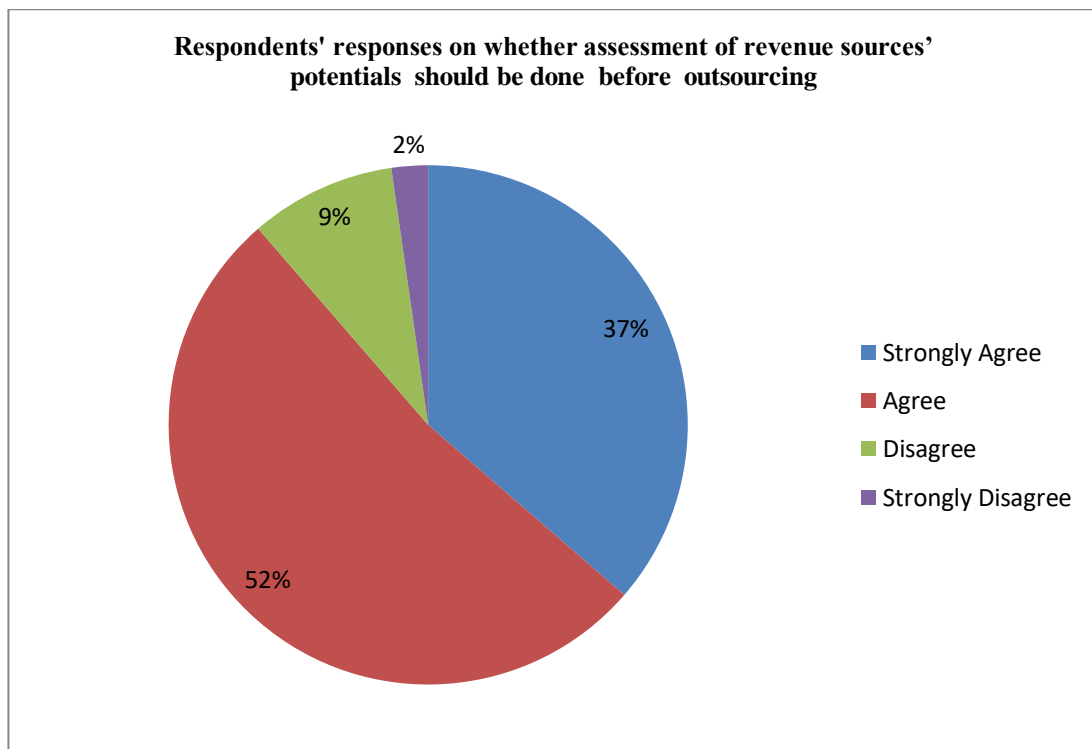


Figure 4.18: Respondents' on whether assessment of revenue source should be done before outsourcing

Figure 4.18 pictorially summarizes the respondents' responses to likert scale question which sought to understand their views on whether assessment of revenue sources' potentials before outsourcing will increase the effectiveness of outsourcing as a revenue collection strategy. The majority of the respondents agreed (Some of the strongly) to the fact that improve the effectiveness of outsourcing as a revenue collection strategy revenue sources' potentials should be assessed before outsourcing.



4.3.6.2. Factors for the effectiveness of ICT application in revenue collection

These findings were obtained from the analysis of likert scale questions. The respondents' responses on the effectiveness of ICT application the collection of own source revenue are presented in table 4.12 and figures 4.19 to 4.20 below

Table 4.12: Recommended remedial actions against the challenges facing use of ICT in revenue collection

Table 4.12 summarizes the respondents' responses to likert scale questions which sought respondents' opinions on the two recommended remedial actions to the challenges facing ICT in revenue collection. The two recommended remedial actions include training of revenue collectors on the proper use of ICT in revenue collection and procurement of enough ICT facilities for revenue collection.

S/N	Remedial measures to the problems faced in the collection of revenue by ICT systems	Number of respondents	Respondents' responses			
			Strongly Agree	Agree	Disagree	Strongly Disagree
1	Training revenue collectors on proper use of ICT	44	22	15	4	3
2	Procurement of enough ICT facilities for revenue collection	44	35	5		4

Figure 4.19: Respondents opinions on whether training revenue collectors on proper use of ICT is remedial action against the challenges facing in own source revenue collection

Figure 4.19 pictorially presents the respondents' opinions on whether training of revenue collectors on proper use of ICT is remedial action against challenges facing ICT application in revenue collection. The majority of the respondents agreed and strongly agreed to the fact that training of revenue collectors on proper use of ICT is the remedial action against factors against the effectiveness of ICT in revenue collection.

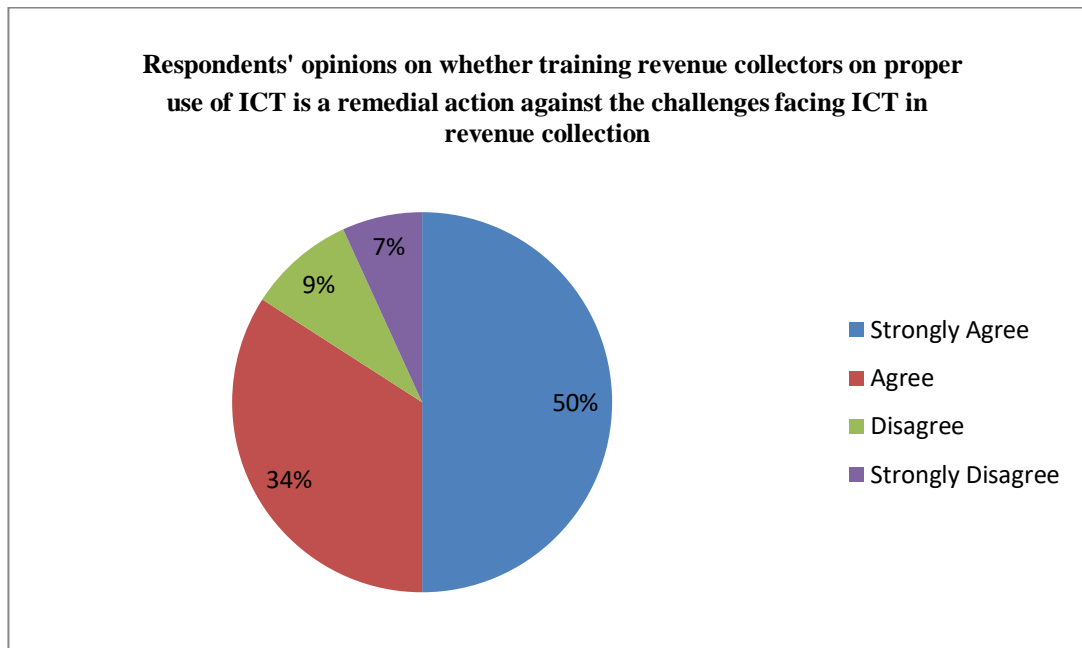
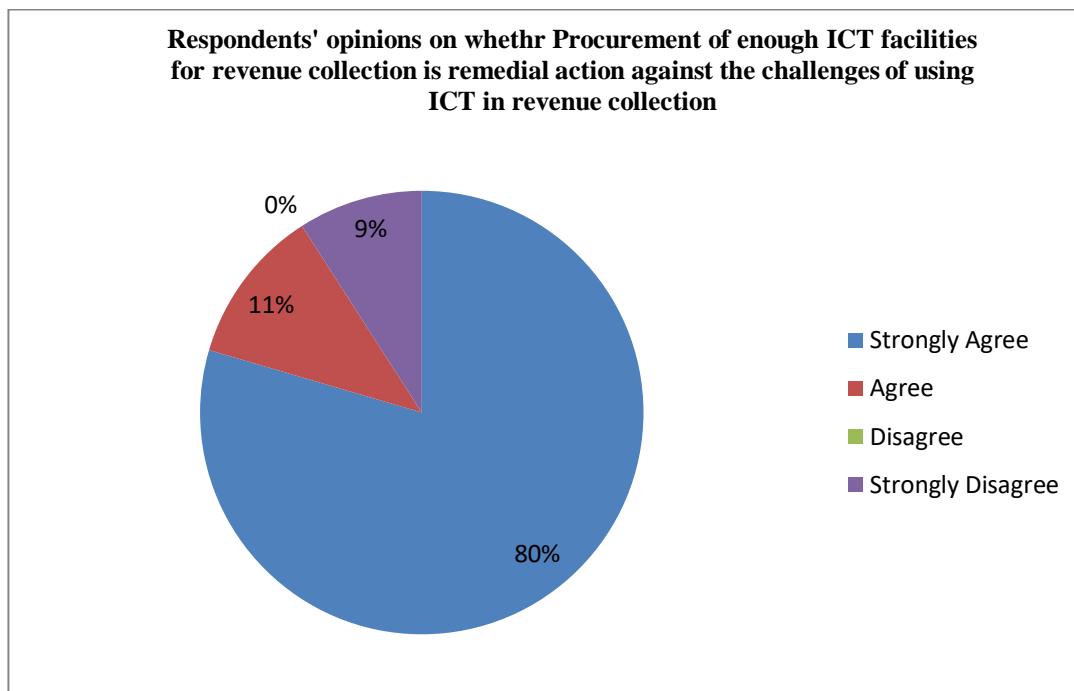


Figure 4.20: Respondents' opinions on whether procurement of enough ICT facilities is a remedial action against the challenges facing ICT in revenue collection

Figure 4.20 pictorially presents the respondents' opinions on whether procurement of enough ICT facilities for collection of revenue is a remedial action against challenges facing ICT application in revenue collection. The majority of the respondents strongly agreed to the fact procurement of enough ICT facilities for revenue collection is a remedial action against the challenges facing ICT in revenue collection.



4.3.6.3. Factors for the effectiveness of expansion of own source revenue bases and rates.

These findings were obtained from the analysis of likert scale questions and open ended questions. The findings from the analysis of respondents' responses to likert scale questions are presented in table 4.13 and figures 4.21 to 4.24 below while the findings from the analysis of respondents' responses to open ended question are presented in table 4.14 and figure 4.25 below.

Table 4.13: Recommended remedial actions against the challenges facing LGAs' efforts to expand revenue bases

Table 4.13 summarizes the respondents' opinions to the recommended remedial actions against the challenges facing LGAs to expand revenue bases. The four (4) recommended remedial actions to which the respondents were supposed to Strongly agree, Agree, Disagree and Strongly Disagree included; Granting more autonomy to local governments to establish new rates and identify potential new sources of revenue, Investment in projects which increase productivity of local population, Periodic review of bylaws and rates to reflect economic realities and Training of staff on skills to identify potential sources of revenue

S/N	Remedial measures to challenges faced by councils in identifying new sources of revenue and expanding revenue bases	Total number of respondents	Respondents' responses			
			Strongly Agree	Agree	Disagree	Strongly Disagree
1	Granting more autonomy to local governments to establish new rates and identify potential new sources of revenue	46	20	19	3	4
2	Investment in projects which increase productivity of local population	46	6	37		3
3	Periodic review of bylaws and rates to reflect economic realities	46	18	26		2
4	Training of staff on skills to identify potential sources of revenue	46	35	4	7	

Figure 4.21: Respondents' opinions on whether granting of more autonomy to local governments to establish new rates and identify potential new sources of revenue will expand LGAs' revenue bases

Figure 4.21 pictorially presents the distribution of respondents' opinions on whether granting of more autonomy to local governments to establish new rates and identify potential new source of revenue will expand LGAs' revenue bases. 43% of the respondents agreed and 41% of the respondents strongly agreed to the fact that granting autonomy to local governments to establish new rates and identify potential new source of revenue will expand LGAs' revenue bases.

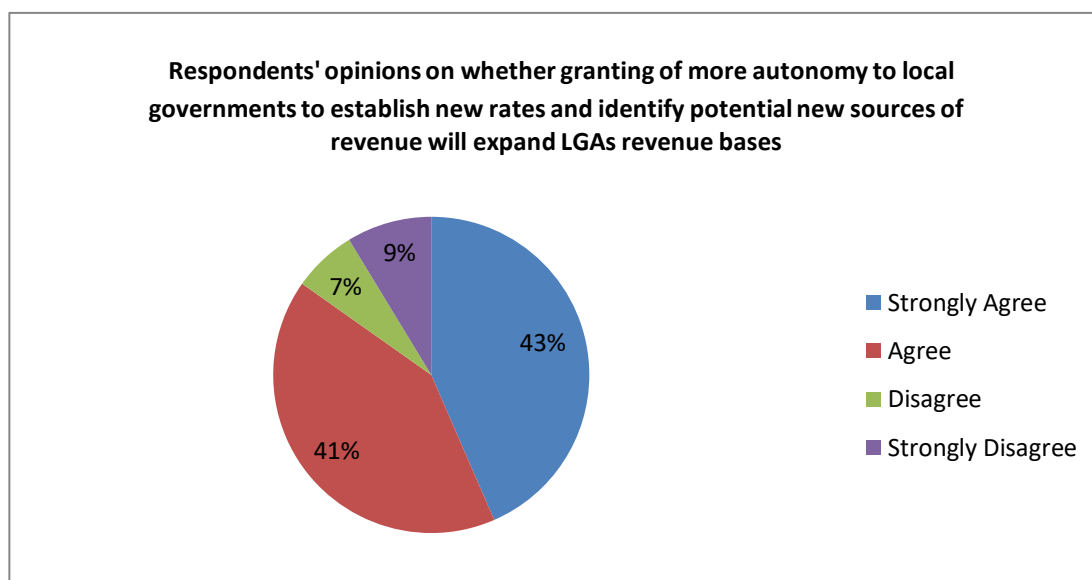


Figure 4.22: Respondents' opinions on whether investment in projects which increase productivity of local population will expand revenue bases

Figure 4.22 pictorially presents the distribution of respondents' opinions on whether investment in projects which increase productivity of local population will expand revenue bases. 80% respondents agreed to the fact that investment in projects which increase productivity of local population will expand revenue bases.

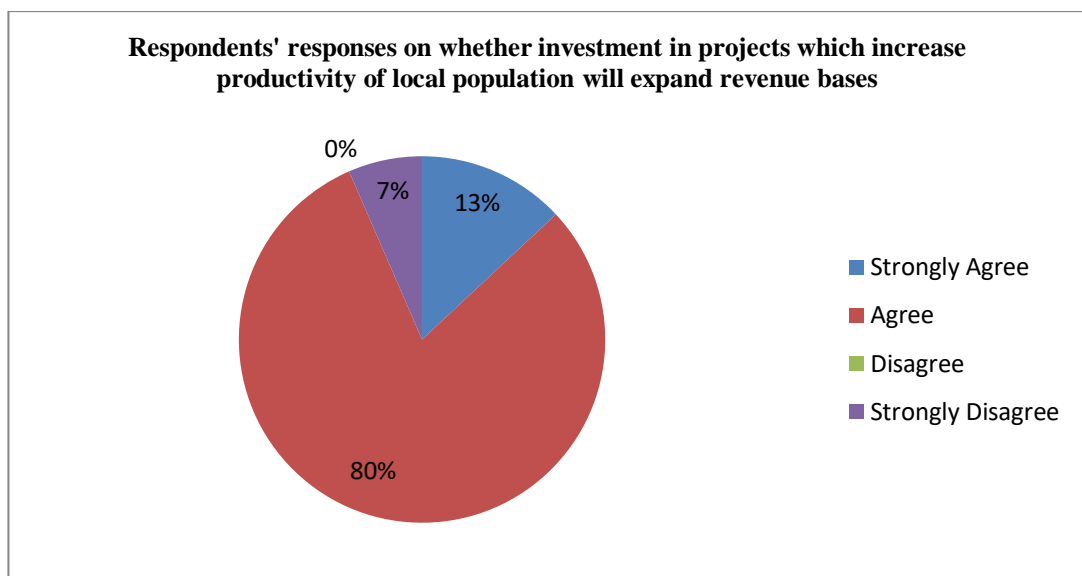


Figure 4.23: Respondents' opinions on whether periodic review of councils' bylaws will expand revenue bases

Figure 4.23 pictorially presents the distribution of respondents' opinions on whether periodic review councils' bylaws will expand revenue bases. 57% of respondents y agreed to the fact that periodic review of councils' bylaws will expand new revenue bases and 39% of respondents strongly agreed to the fact periodic review of councils' bylaws will expand new revenue.

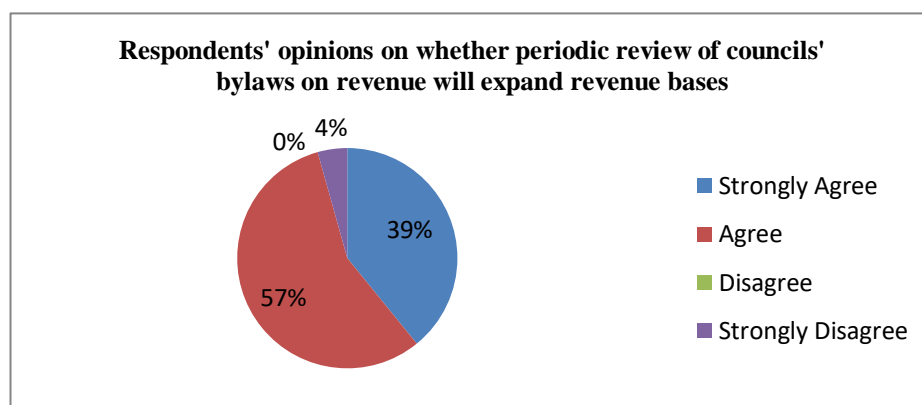


Figure 4.24: Respondents’ opinions on whether training of staff on skills to identify potential sources of revenue will expand revenue bases

Figure 4.24 pictorially presents the distribution of respondents’ opinions on whether training of staff on skills to identify potential sources of revenue will expand revenue bases. 76% of respondents strongly agreed to the fact that training of staff on skills to identify potential sources of revenue will expand revenue bases.

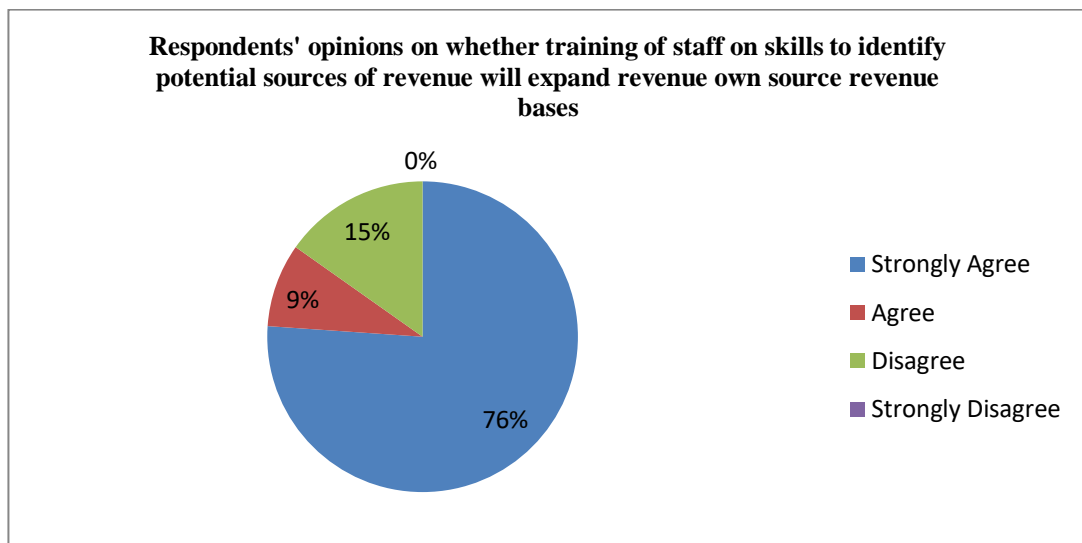


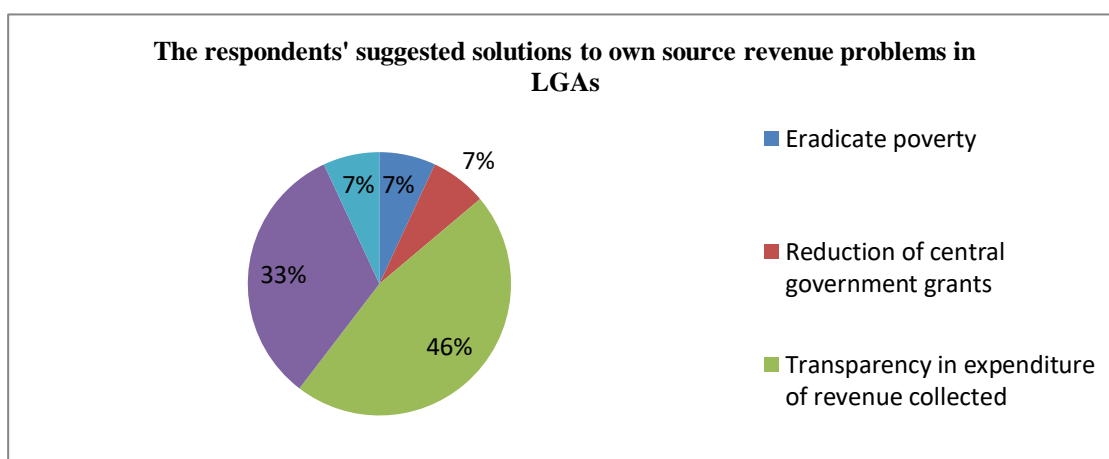
Table 4.14: Findings from the analysis of respondents’ responses to interview on the recommended solutions for own source revenue problems

Table 4.14 summarizes the respondents’ responses to interview questions which sought respondents’ suggested solutions on the challenges facing the collection of own source revenue. The respondents’ responses to interview came up with 5 suggested solutions to problems facing the collection of own source revenue. the recommended solution to own source revenue problems include; eradicate poverty, reduction of central government grants, transparency in expenditure of revenue collected and financing of local tangible projects by own source revenue and political willingness of local leaders

S/N	Themes from respondents' responses	Frequencies of the theme	Percentage of the frequencies of the theme
1	Eradicate poverty	2	7
2	Reduction of central government grants	2	7
3	Transparency in expenditure of revenue collected	14	47
4	Financing of local tangible projects by own source revenue	10	33
5	Political willingness of local leaders	2	7
	Total	30	100

Figure 4.25: Findings from the analysis of respondents' responses to interview on the recommended solutions for own source revenue problems

Table 4.25 pictorially summarizes the respondents' responses to interview questions which sought respondents' suggested solutions on the challenges facing the collection of own source revenue. The respondents' responses to interview came up with 5 suggested solutions to problems facing the collection of own source revenue. the recommended solution to own source revenue problems include; eradicate poverty, reduction of central government grants, transparency in expenditure of revenue collected and financing of local tangible projects by own source revenue and political willingness of local leaders



CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Introduction

This chapter presents the study findings with its detailed discussion. The presentation and discussion of findings follow the order of research objectives. Hence, the chapter is divided into three parts, namely; the impact of the implementation of the initiatives to improve the collection own source revenue, challenges faced by the initiatives to improve the collection of own source revenue and remedial actions for challenges faced by initiatives to improve own source revenue.

5.2 The impact of the implementation of initiatives to improve the collection of own source revenue

The impact of the implementation of initiatives to improve the collection of own source revenue is divided into two parts, namely; the impact of outsourcing the collection of revenue on the status of own source revenue and the impact of the use of ICT in revenue collection.

5.2.1 The impact of outsourcing on own source revenue

The analysis of data gathered from documentary review (refer to Table 4.1) show that outsourcing did not have an impact on own source revenue. In fact the own source revenue seems to decline after the introduction of outsourcing as revenue collecting strategy. The declining of own source after the introduction of outsourcing explains the reason why the two councils, Mpwapwa and Kongwa no longer use outsourcing as a revenue collecting strategy. This contrary to the findings of the study by Fjeldstad et al., (2008) which indicated that outsourcing leads to predictable own source revenue.

5.2.2 The impact of using ICT on own source revenue

Table 4.2.2 shows there is no difference between the rates of growth of own source revenue before and after the introduction of ICT in revenue collection. However the revenue figures seem to increase after introduction of ICT in revenue collection, and if the study were to compare the own source revenue growth rate one year before and year after introduction of ICT the impact of using ICT in revenue collection would have been conclusively positive. Hence, the application of ICT to collect revenue is a relevant strategy as far as revenue collection is concerned. This consistent with the findings of Otieno et al. (2013) which showed that there a relationship between the use of information technology and the efficiency in the collection of revenue.

5.2.3 Period spent in one post or one constituency

70% of respondents have been in one post or constituency for at least 3 years (refer to Table 4.3 and Figure 4.5). The relevance of the analysis of respondent's time in one post or constituency to this study is rooted from the fact that the longer the period the respondents stay in one working station or constituency the more informed those respondents become of the issues concerning that area.

5.2.4 Respondents' duties related to own source revenue

Figure 4.6 show the distribution of duties as far as own source revenue is concerned. This distribution shows that 22% of respondents deals with facilitation of revenue collection, 11% of respondents deal with planning for revenue and 67% deal with the collection of revenue. The relevance of respondents' own source revenue related duties is have a picture of the distribution of own source related duties in the council. Understanding the respondents' distribution of duties related to own source revenue collection helped the study to plan which type of information to be gathered from which group of respondents after pilot study.

5.3 Challenges faced in the implementation of initiatives to improve the collection of own source revenue

The findings in this sub chapter is presented in four parts, namely; the challenges faced in the implementation of outsourcing as a revenue collection strategy, the challenges faced in using ICT system to collect revenue, the challenges faced in councils' attempts identify new sources of revenue and the general challenges faced by local government authorities to improve the collection of own source revenue.

5.3.1 The challenges faced in the implementation of outsourcing as a revenue collection strategy.

The analysis of data from questionnaires (refer to Table 4.5 and Table 4.6) came up with six factors against outsourcing as a revenue collection strategy. These factors include lack of skills of councils' personnel in contract formulation and management, corruption in the evaluation and award of revenue collecting tender, lack of feasibility study of revenue potentials after outsourcing, failure of contractors to remit revenue in time, contractors receiving more revenue than councils and non-involvement of stakeholders at lower level.

5.3.1.1 Lack of skills of council personnel to formulate and manage contracts

Out of 44 respondents 28 strongly agreed and 10 agreed to the fact that lack of skills of council personnel to formulate and manage contracts is a factor against success of outsourcing as a revenue collection strategy. Lack of skills in contract formulation and management can lead to poorly designed revenue collection contracts which might result into more revenue for the collecting agents at the expense of local government authorities (Haas & Manwaring, 2017). This is consistent to the findings by Mtasigazya(2018) who argued that the failure of outsourcing as a revenue collection strategy was due weakness in contract management in the local government authorities.

5.3.1.2 Corruption in the evaluation and award of revenue collecting tender

In responding to likert scale question out of 44 respondents, 18 respondents strongly agreed and 16 respondents agreed to the fact that corruption in the evaluation and award of tender was a factor against the success of outsourcing as a revenue collection strategy. This is consistent with what Fjeldstad et al., (2008) argued that despite the fact that outsourcing enable the councils to have predictable revenue it is associated with corruption which results into high profit margins to collecting agents at the expense of local government authorities. Corruption in the evaluation and award of tender results in bidding firms without required qualifications to be awarded the tender at the expenses of bidding firms with qualifications (Clarke, 2010).

5.3.1.3 Lack of feasibility study of revenue potentials after outsourcing

Out of 44 respondents 30 respondents agreed to the fact that lack of feasibility study of revenue potential after outsourcing was a challenge facing outsourcing as a revenue collection strategy. This is consistent with findings of the study by the Prime Minister's Office Regional Administration and Local Governments (PMO-RALG) which showed that outsourcing the collection of own source revenue before assessment of the councils' revenue potentials causes councils to enter contract with revenue collecting agents which results in councils receiving less revenue than the potentials of revenue bases available (URT, 2013).

5.3.1.4 Noninvolvement of stakeholders at lower level

Respondents to open ended questions came up with the results of challenges faced by outsourcing as a revenue collection strategy instead of the challenges. They cited failure of contractors to remit collected revenue in time and the collecting agents receiving more revenue than the councils. The only challenge picked up by open ended questions was noninvolvement of revenue stakeholders at lower level. Since the revenue stakeholders at lower levels monitor the day to day of all activities at lower levels chances are that they could provide reliable information on revenue

potentials after outsourcing. This finding was not anticipated in the reviewed literature.

5.3.2 Factors against the use of ICT systems in revenue collection

The analysis of respondents' responses to likert scale questions produced two factors against the use of ICT systems in revenue collection. The two factors are inability of revenue collectors to use ICT systems to collect revenue and the shortage of ICT facilities.

5.3.2.1 Inability of revenue collectors to use ICT systems

82% percent of the respondents agreed to the fact that inability of revenue collectors to use ICT systems to collect revenue is a challenge facing the application of ICT systems to collect revenue. Probably this could be attributed to the level of education of revenue collectors. The group of revenue collectors is made up of Village Executive Officers (VEOs) and Ward Executive Officers (WEOs) the majority of whom have primary education level. This finding was not anticipated by the reviewed literature.

5.3.2.2 Shortage of ICT facilities

91% of respondents agreed to the fact that shortage of ICT facilities is factor against the use ICT systems in revenue collection. The shortage of ICT facilities for revenue collection renders the councils unable to collect revenue in places where there are no ICT revenue collecting facilities. Furthermore, the geographical set up of the two councils makes it difficult for revenue collectors with ICT revenue collecting facilities to frequently move from one place to another. This finding was not anticipated by the reviewed literature.

5.3.3 Factors against expansion of own source revenue bases

Expansion of revenue bases includes such councils' initiatives as identification of new potential revenue sources and updating the existing revenue bases. The analysis

of respondents' responses produced four factors against the councils' initiatives to expand own source revenue bases. These factors include lack of autonomy to establish new revenue rates and bases, low investment in projects that expand own source revenue bases, lack of technical knowhow to expand revenue bases and the use of outdated bylaws and rates on own source revenue.

5.3.3.1 Lack of autonomy to establish new rates and bases

43% of 42 respondents to open ended questions suggested that lack of autonomy for local government authorities to establish new sources and rates of revenue was a factor against the councils' initiatives to expand revenue bases. Lack of autonomy of local government is provided by the law. This is consistent with study's findings by Vazquez and Smoke (2011) which showed that local governments possess limited authority to expand their revenue bases. Furthermore, Section 13(1) of Local Government Finance Act of 1982 gives the local government powers to impose rates and taxes subject to Local Government Finance Act, any other relevant law, and the rules made by the minister responsible for local governments. The law would have given the local government authorities full autonomy to impose rates and taxes if it had provided that imposition of rates and taxes should be subject to local government finance Act and any other relevant laws. The law also undermines the autonomy of local government to expand revenue through the procedures it sets for making council's bylaws. Section 148(1) of Local Government (District Authorities) Act of 1982 puts a condition that the council should make bylaws in accordance with the Act and any relevant laws and such bylaws should get consent of the Minister responsible for local governments. The autonomy of Local Government would have been protected had the condition requiring a minister's consent for the bylaws to become operational not been there. Observing the Local Government (District Authorities) Act and any relevant laws should be enough requirements to be fulfilled after the councils' bylaws become operational. Furthermore the Constitution of United Republic of Tanzania should specify the sources of revenue for the local government authorities. The inability of the constitution to specify the sources of revenue for local government authorities creates room for the central government to

interfere whenever it deems fit with the proceedings of revenue in local government authorities. For instance the current entrepreneurs' identity cards affect the revenue to local governments despite the fact it brings revenue to the central government.

5.3.3.2 Low investment in projects that increase own source revenue bases

41% of respondents' views on factors against the expansion of revenue sources suggested that councils were investing very little in projects that increase the own source revenue base. This is consistent with the finding of Coker and Agish(2015) whose study attributed the narrow base of own source revenue to poverty prevalence of local pollution. The respondents' suggestions on factors against the expansion of own source revenue base could be attributed to the fact that local government authorities in Tanzania is predominantly made up of rural population and according to Suttie(2019) rural population is more likely to suffer from poverty and deprivation than the urban population. Hence according to Adam Smith (2015) ability to pay principle of taxation rural local population is more likely to be a poor revenue base. Thus, deliberate measures to eradicate poverty in rural areas should be taken. These measures include investment in projects which eradicate poverty in rural areas and consequently increasing the ability of rural local population to pay taxes.

5.3.3.3 The use of outdated revenue bylaws

40 out of 42 respondents agree to the fact that the use of council outdated bylaws on revenue collection is a challenge against expansion of own source revenue base. These findings are consistent with what Mbegu and Komba, (2017) revealed that the use of outdated bylaws on revenue was a factor for the own source revenue slippage in local government authorities. The use outdated bylaws on revenue could be a product of the bureaucratic procedures the local government authorities have to observe to establish them. Section 150(1), (2) and (3) of Local Government (District Authorities) Act of 1982 lays procedures for district councils to establish councils' bylaws. According to this law the district councils should first give the notice to the people which will be affected by the bylaws and receive the stakeholders' view on

the proposed bylaws. After the expiration of the notice and the incorporation of the stakeholders' views on the proposed bylaws the district councils make the bylaws. The councils bylaws made will then be lodged with Regional Commissioner who, as soon as practicable, submits the bylaws to the minister responsible for local governments. The minister may give or withhold his consent. On giving consent for the proposed bylaws the minister may fix the date for the bylaws to become operational. The law does not specify the length of period to be used in collecting stakeholders' views on the proposed bylaws, the time which the Regional Commissioner will use to comment and submit the proposed bylaws to the minister responsible for local governments. The inability of the law to specify the length of time to be used in the procedures for district councils making bylaws creates the room for unnecessary delay of proposed bylaws to become operational.

5.3.3.4 Lack of technical knowhow to identify revenue sources

35 out of 42 respondents agreed to the fact lack of technical know how to identify new sources of revenue is a factor against the expansion of own source revenue bases. Revenue planning in district councils is normally done by staff in the council planning departments which is made up of graduates in economics and statistics. There is no subject in the courses outline of economics and statistics which deal specifically with revenue identification. In most cases planning for revenue in district councils is done by district treasurers and revenue accountants whose academic background is specifically concerned with measurement, processing and communication of financial information about the council. Therefore, basically the people entrusted with revenue planning and collection in district councils, have no background knowledge on revenue sources identification. Furthermore, there is no program at the council or President's Office, Regional Administration and Local Government which provide training on how to identify revenue source. This finding was not anticipated by the reviewed literature.

5.3.4 The general challenges by local government authorities to improve the collection of own source revenue

At this the stage the results of the analysis of respondents' responses to interview are presented and discussed. The discussion and discussion of findings are in three parts, namely; unmotivated staff, lack of councils' logistics, fraudulent activities of staff, lack of commitment by councils' management

5.3.4.1 Unmotivated staff

23% of respondents who were subjected to interview were of an opinion that initiatives to improve revenue collection were not effective enough because the staff dealing with revenue collection were not motivated. Revenue collection is a vital undertaking as far as local government authorities are concerned. However, the revenue collectors' motivation does not match the significance of own source revenue in the district councils. They always receive an allowance which is in accordance with number of days they use in revenue collection rather than the amount of revenue collected in a specified period of time. This finding was not anticipated by the reviewed literature.

5.3.4.2 Lack of logistics

27% of interview's respondents suggested that lack of logistics for revenue collection was a factor against the success of initiatives to improve revenue sources. In both district councils Mpwapwa and Kongwa there are vehicles specifically set for revenue collection but the fuel for these vehicles is always a challenge. This finding was not anticipated by the reviewed literature.

5.3.4.3 Fraudulent activities of staff

17% of interview respondents suggested that fraudulent activities of staff is a challenge against the success of initiatives to improve the collection of own source revenue. Fraudulent activities staff can be categorized into two types, namely; failure

to remit the collected amount and collusion between the revenue collectors and revenue payers to deprive the council of the would have been collected revenue.

5.3.4.4 Lack of commitment of council management

20% of respondents to interview suggested that lack of commitment by council management was factor against initiatives to improve the collection of own source revenue in local government authorities. Lack of commitment by council management can be evidenced by councils' management reluctance to implement recommendations on how to control the loss of revenue given by the councils' external auditors.

5.4 remedial actions for failed initiatives to improve own source revenue in local government authorities in Tanzania

At this stage the respondents' recommendations on how to overcome the challenges faced by initiatives to improve the collection own source revenue are presented and discussed in four part, namely; remedial actions against the challenges faced by outsourcing as a revenue strategy, remedial actions against the challenges faced by users of ICT in revenue collection, remedial actions against the challenges faced by local governments in the expansion of revenue bases and the general respondents' recommendations on how to improve the collection of own source revenue in local governments.

5.4.1 Remedial actions against the challenges faced by outsourcing as a revenue strategy

The analysis of respondents to questionnaires produced two recommendations on how to overcome the challenges faced by outsourcing as a revenue collection strategy. These recommendations include periodic review of outsourcing contracts to reflect the existing economic reality and feasibility study of revenue sources after outsourcing.

5.4.1.1 Periodic review of revenue collecting outsourcing contracts to reflect the existing economic reality.

40 out of 44 respondents agreed to the recommendation that revenue collecting outsourcing contracts should be reviewed periodically to reflect the economic reality. This is necessary because the revenue collecting outsourcing contract specifies the fixed amount which the revenue collecting agents should remit to the council regardless of the changes in economic realities. Hence, due to the fact that economic realities are dynamic, and not constant, revenue collecting contracts should be periodically reviewed to reflect economic realities.

5.4.1.2 Assessment of revenue sources after outsourcing

39 out of 44 respondents agreed to the recommendation that revenue potentials should thoroughly assessed after using outsourcing as a revenue collection strategy. A complete assessment of revenue sources after outsourcing puts councils in favorable position as far as revenue collecting outsourcing contract amount to be set is concerned. The feasibility of revenue sources after using outsourcing as a revenue collection strategy will prevent the likelihood of revenue collecting agents getting more revenue at the expense of the councils.

5.4.2 Remedial actions against the challenges faced in using ICT in revenue collection

The respondents to questionnaires provided two recommendations on how to overcome the challenges faced in using ICT to collect revenue. These recommendations include training of revenue collectors on proper use of ICT to collect revenue and procurement of enough ICT facilities for revenue collecting activities.

5.4.2.1 Training of revenue collectors on proper use of ICT to collect revenue

37 out of 44 respondents to questionnaires agreed to the fact the training of revenue collectors on proper use of ICT to collect revenue will overcome the challenges of

using ICT to collect revenue. Since most revenue collectors are primary school leavers, whose academic background did not provide ICT training, periodic training on how to use ICT to collect revenue will be of significant use. The council should periodically train these revenue collectors through council's ICT personnel or if budget allows it should send some of the revenue collectors to attend training on how to use ICT to collect revenue at PO-RALG.

5.4.2.2 Procurement of enough ICT facilities for revenue collection

40 out of 44 respondents to questionnaires agreed to the fact that procurement of enough ICT facilities for revenue collection will assist to overcome the challenges of using ICT in revenue collection. As noted in 4.2.2.2 above that the geographical set up of the two councils does not allow the frequent movement of revenue collectors from one place to the other, procurement of enough ICT facilities for revenue collection will provide solution to the problem of revenue loss because of lack of ICT facilities for collecting revenue. At least each village should have one ICT facility for revenue collection instead of a current distribution of an ICT facility for each ward.

5.4.3 Remedial actions against the challenges faced in expansion of revenue bases.

Expansion of revenue bases includes deliberate actions of local government authorities to identify new sources of revenue and updating the existing revenue sources. The respondents to questionnaires came up with four recommendations on how to overcome the challenges faced by local government authorities in the expansion of revenue bases. These recommendations include granting of more autonomy to local governments to establish new rates and identify new sources of revenue, investments in projects which increase productivity of local population, periodic review of bylaws and rates to reflect economic realities and training of staff on how to identify new sources of revenue.

5.4.3.1 Granting of more autonomy to local governments to establish new rates and identify new sources of revenue

39 out of 46 respondents to questionnaires agreed to the recommendation that the local government authorities should be given more autonomy to establish new rates of revenue and identify new sources. The granting of autonomy should have its roots in the law. The constitution should give the local governments its sources of revenue in a way that ensures that local governments have permanent sources of revenue. Also section 13(1) the local government finance act of 1982 should be amended to omit the requirement of the Minister's rule in the imposition of revenue rates. The appropriate requirements should be the compliance of local government finance act 1982 and any other relevant laws.

5.4.3.2 Investment in projects that increase the productivity of local population

43 out of 46 respondents to questionnaires agreed to the fact that investment in projects that increase the productivity of local population can expand the councils' revenue bases. This is based on the Adam Smith's ability to pay principle of taxation which suggests that people should pay taxes in proportion to their level of income. By investing in projects that increase the productivity of people in the local governments, the revenue bases for local governments will be enhanced. Therefore, the government (central and local) should allocate fund specifically aimed at improving farming and livestock keeping in rural areas. Improvement of farming can be in the form of establishing irrigations schemes so that rural population can avoid the challenges of relying on rains for farming. Improvement of livestock keeping can be in the form of provision of drugs and vaccines for livestock. In urban areas the government (central and local) should support the youth to establish their entrepreneurial undertakings which can be in the form of small scale business and industries.

5.4.3.3 Periodic review of bylaws and rates to reflect economic realities

44 out of 46 respondents to questionnaires agreed to the fact periodic reviews of bylaws should be done to expand the councils' revenue bases. For example the councils charge fixed amounts on revenue bases instead of percentage rates on revenue bylaws. The fixed amounts charges on revenue rates which have been use for a significant period of time, does not easily accommodate the market values changes in the revenue bases. For example fixed charge of Tshs 3000 for a bag of rice does not accommodate the market value changes of the price of one bag of rice. Hence, periodic review of bylaws and rates is necessary so that the existing bylaws and rates reflect the economic realities of revenue rates.

5.4.3.4 Training of staff on skills to identify potential sources of revenue

39 out of 46 respondents to questionnaires agreed to the fact that to expand revenue bases training on skills to identify potential sources of revenue should be provided to the councils' staff. This is due to the fact that the responsibility of identifying potential sources of revenue for the council is entrusted to the staff of planning and finance department whose academic background does not provide knowledge for revenue sources identification. To bridge this gap in knowledge of staff, the council should seek training centers which provide such knowledge and send the planning and finance department staff to such centers.

5.4.4 The general recommendations of respondents on how to improve the collection of own source revenue.

The general recommendations on how to improve the collection of own source revenue in local government authorities include the analysis of respondents' suggested ideas that does not aim at overcoming the challenges of a specific initiative to improve the collection of own source revenue, but the implementation of which will result into improved status of own source revenue for the councils. The respondents' perspective on how to improve the collection of own source, which were extracted from the analysis of respondents' responses to interview, are made of

two ideas, namely; transparency in expenditure of revenue collected and tangible development projects to be financed by own source revenue.

5.4.4.1 Transparency in expenditure of revenue collected

47% of the respondents to interview suggested that in order for the council to improve its own source revenue there be a transparency in expenditure of revenue collected. The tax payers should have a full and clear picture of what the revenue collected is being used for. If tax payers are aware of the expenditure on which the revenue collected is put to use and there is relevance in such expenditure, chances are that taxpayers will provide willing compliance in remitting revenue and the community in general will assist in identifying the tax evaders. This in return will result into reduced costs of revenue collection in local government authorities.

5.4.4.2. Financing tangible development projects by own source revenue

33% of respondents to interview were of opinion that own source revenue should finance tangible development projects in local governments. The tangible development projects can be in the form of construction of health facility infrastructures and construction of classrooms or teachers houses. This will in turn change the community mindset that own source revenue is collected to finance recurrent expenditure by the councils' management.

CHAPTER SIX

SUMMARY, CONCLUSION AND POLICY RECOMMENDATIONS

6.1 Summary

The study to explore the factors influencing the collection of own source revenue, found out that there are several factors that prevents initiatives to improve own source revenue from bringing about the desired results. These factors include lack of autonomy for local government authorities to expand their revenue bases, lack of feasibility study of revenue sources' potentials before outsourcing and lack of skills among revenue collectors to ICT in revenue collection.

The study came up with a number remedial actions against the challenges faced by initiatives to improve the collection of own source revenue. These remedial actions include complete assessment of revenue sources before outsourcing the collection of own source revenue and periodic review of outsourcing contracts so that the problem of revenue collecting agents receiving a lion's share of revenue at the expense of local government authorities, can be overcome. The study also suggests that the Constitution of Tanzania, the Local Government (District Authorities) Act of 1982 and The Local Finance Act of 1982 should provide more autonomy to local government authorities to identify potential new sources of revenue and update the existing revenue bases.

6.2 Conclusion

Based on the findings of study it is possible to conclude that initiatives to improve the collection of own source revenue have not been able to produce the intended results- improving the collection of own source revenue. The evaluation of the impact of two initiatives (outsourcing and the use of ICT) to improve the collection of own source revenue did not conclusively result in the increase of own source revenue. The study's findings indicate a number of factors are against the success of initiatives to improve the collection of own source revenue. These factors include

corruption in awarding the outsourcing contracts, lack of skills in management of revenue outsourcing contracts, corruption in evaluation and award of revenue outsourcing tenders, lack of feasibility study of revenue potentials before outsourcing, noninvolvement of own source stakeholders at lower level during outsourcing, shortage of ICT facilities for revenue collection, lack of skills to use ICT in revenue collection, lack of autonomy to expand revenue bases in local government authorities, low investment in project that increase the productivity of local population.

The study findings recommend that the challenges against initiatives to improve the collection of own source revenue can be overcome through remedial actions such as giving more autonomy to local governments to expand revenue bases, complete assessment of revenue sources' potentials before outsourcing, training of revenue collectors on proper use of ICT to collect revenue and investment in projects that increase the productivity of local population.

6.3 Policy Recommendations

The study recommends that local government authorities should address the specific challenges facing initiatives to improve the collection of own source revenue. The remedial actions against challenges faced by initiatives to improve the collection of own source revenue as recommended by the study, include periodic review of revenue collecting outsourcing contracts, complete assessment of revenue sources before outsourcing, training of revenue collectors on proper use of ICT systems to collect revenue, procurement of enough ICT facilities for revenue collection, granting of more autonomy to local governments to establish new rates and identify new sources of revenue, investment in projects that increase the productivity of local population, periodic review of bylaws on revenue to reflect economic realities, training of staff on skills to identify potential sources of revenue, transparency in expenditure of collected own source revenue, and financing tangible development projects by own source revenue.

6.4 Limitations of the study

These are properties of a research design that are likely to have impact on the study's interpretation of findings (Price & Muman, 2004).

The study's scope is limited by factors such as time, resources, access to data and area of study. Time becomes a limiting factor because Mzumbe University policy requires academic studies to be completed within eighteen (18) months. Hence, given the time at the study's disposal the study could not get the perspectives and opinions of taxpayers on the challenges facing them in their efforts to comply with the local governments' tax laws and how such challenges could be overcome.

Accessibility of data limited the scope of the study because the study depended on the respondents' discretion to respond to questions: there was no way a study could force a respondent to respond to questions. Some of the respondents, who were selected through purposive sampling, which took into consideration the respondents' assumed level of insights on issues related to own sources revenue, declined from responding to enquiry. This affected the study adversely because in most case such respondents were not substitutable.

Resources (financial resources) were also a challenge for this study. Had the financial resources allowed, the study would have been able to go for respondents in their areas of destination. Due to lack of financial resources the study had to wait for respondents at councils' headquarters whenever they to deliver reports. Therefore, the respondents who in one way or the other did have reasons to come to councils' headquarters could not be reached and hence their opinions and perspectives on issues related to own source revenue could not be obtained.

6.5 Areas for further studies

Due to the fact that the scope of the study was subjected to various limitations in terms of resources and time, several key areas could not be addressed, which the current study suggests that it should be a focal point for further studies. These key areas, which should be addressed by future studies, include an assessment of impact

of other measures besides outsourcing and use of ICT in revenue collection on own source revenue, the taxes and rates payers' perspective on the challenges they face in complying with laws to pay taxes and rates to the local governments and what the tax and rates payers suggest should be done to overcome the challenges they face in complying with the laws to pay rates and taxes to the local governments.

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APPENDICES

APPENDIX: 1 QUESTIONNAIRES

APPENDIX 1(A) QUESTIONNAIRE TO DISTRICT TREASURER

Dear respondent

My name is Joseph G. Malangalila an MSc finance and Accounting student of Mzumbe University. In the fulfillment of the requirements of this course a study on the factors influencing the collection of own source revenue in the local government in Tanzania is conducted. Using the information requested from you this study will be able to meet the three research objectives, namely; to explore the effects of the implementation of the programs and/or recommendations to improve the collection of own source revenue, to examine the factors behind the failure of the implemented programs/recommendations to improve the collection of own source revenue or factors for poor collection of own source revenue and recommending the

means through which own source revenue collection can be improved. By answering these questions you will be providing information which will enable the study's objectives to be met. The questions are fairly easy and will not take much of time.

The findings of the study will be useful to improve the collection of own source revenue which is of vital significance in the facilitation of local government duties which are to promote democracy, provision of services and foster development. It should be emphasized that information which you will provide will handle in the high degree of confidentiality

Thanking you in advance for devoting your time and attention to participate in this study

Yours sincerely

Joseph G. Malangalila

SECTION A: GENERAL INFORMATION

- a. When were you promoted into the Head of Department?
- b. When did you start working with this council?
- c. Briefly explain your duties as far as the collection of revenue is concerned.....
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SECTION B: SPECIFIC INFORMATION

- i. What are initiatives to improve the collection of own source revenue in your council?.....
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- ii. Which of those initiative have more impact on revenue collection and why?
 - a) Initiatives with more impact on revenue collection
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 -
 - b) The reasons for those initiatives having more impact on revenue collection.....
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- iii. Outsourcing did not produce the intended results because the council lacked personnel with skills in contract formulation and management
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree

- iv. Corruption in tender evaluation and tender awarding led to council losing revenue from outsourcing
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree

- v. What are other challenges faced by outsourcing in the collection of own source revenue?.....
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- vi. What are the factors against the expansion of own source revenue for the council?.....
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- vii. Lack of autonomy to charge new taxes and impose new rates prevent the council from expanding its revenue base
- a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- viii. Lack of qualified staff in accounting and planning departments is a challenge towards the council expanding its revenue base.
- a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- ix. Poverty in the council's population is factor against the council efforts to expand its revenue base.
- a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- x. Lack of trained staff to deal with revenue recognition and recording causes the loss of own source revenue
- a) Strongly agree
 - b) Agree
 - c) Disagree

- d) Strongly disagree
- xi. Inadequate fraud prevention and detection mechanism causes the loss of revenue
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- xii. The council should invest in contract management through training of personnel
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- xiii. Complete assessment of the potentials of revenue sources should be done after outsourcing
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- xiv. What should be done to overcome challenges faced by outsourcing in revenue collection?

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- xv. Investment in projects which aim at eradicating poverty in local population can expand the council revenue bases
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree

- xvi. There should provision of training on identification and expansion of new sources of revenue
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- xvii. Bylaws and rates on revenue should be periodically reviewed to reflect economic changes
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly agree
- xviii. The council should invest in projects that increases productivity of local population to provide bases for council revenue
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- xix. Granting more authority and autonomy to local governments to introduce new types of taxes and impose new rates will expand revenue base for local governments
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- xx. The council should train the existing revenue collectors on revenue recording and recognition
 - a) Strongly agree
 - b) Agree

- c) Disagree
 - d) Strongly disagree
- xxi. Fraud prevention and detection mechanisms should be established to minimize the problem of revenue loss
- a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree

APPENDIX 1(B) QUESTIONNAIRE TO DISTRICT PLANNING OFFICERS

Dear respondent

My name is Joseph G. Malangalila an MSc finance and Accounting student of Mzumbe University. In the fulfillment of the requirements of this course a study on the factors influencing the collection of own source revenue in the local government in Tanzania is conducted. Using the information requested from you this study will be able to meet the three research objectives, namely; to explore the effects of the implementation of the programs and/or recommendations to improve the collection of own source revenue, to examine the factors behind the failure of the implemented programs/recommendations to improve the collection of own source revenue or factors for poor collection of own source revenue and recommending the means through which own source revenue collection can be improved. By answering these questions you will be providing information which will enable the study's objectives to be met. The questions are fairly easy and will not take much of time.

The findings of the study will be useful to improve the collection of own source revenue which is of vital significance in the facilitation of local government duties which are to promote democracy, provision of services and foster development. It

should be emphasized that information which you will provide will be handled in the high degree of confidentiality

Thanking you in advance for devoting your time and attention to participate in this study

Yours sincerely

Joseph G. Malangalila

MSc(Finance and Accounting) student

SECTION A: GENERAL INFORMATION

- a. When were you promoted into the Head of Department?
- b. When did you start working with this council?

Briefly explain your duties as far as the collection of revenue is concerned.....
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SECTION B: SPECIFIC INFORMATION

- xxii. What are initiatives to improve the collection of own source revenue in your council?

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xxiii. Which of those initiative have more impact on revenue collection and why?

c) Initiatives with more impact on revenue collection

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.....
.....

d) The reasons for those initiatives having more impact on revenue collection

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xxiv. Lack of qualified staff in accounting and planning departments is a challenge towards the council expanding its revenue base

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

xxv. Poverty in the council's population is factor against the council efforts to expand its revenue base

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

xxix. Complete assessment of the potentials of revenue sources should be done after outsourcing

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

- xxx. What should be done to overcome challenges faced by outsourcing in revenue collection?
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- xxvi. There should provision of training on identification and expansion of new sources of revenue
- a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- xxvii. Bylaws and rates on revenue should be periodically reviewed to reflect economic changes
- a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly agree
- xxviii. The council should invest in projects that increases productivity of local population to provide bases for council revenue
- a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- xxix. Granting more authority and autonomy to local governments to introduce new types of taxes and impose new rates will expand revenue base for local governments
- a) Strongly agree
 - b) Agree
 - c) Disagree

d) Strongly disagree

APPENDIX 1(C) QUESTIONNAIRE TO REVENUE ACCOUNTANTS

Dear respondent

My name is Joseph G. Malangalila an MSc finance and Accounting student of Mzumbe University. In the fulfillment of the requirements of this course a study on the factors influencing the collection of own source revenue in the local governments in Tanzania is conducted. Using the information requested from you this study will be able to meet the three research objectives, namely; to explore the effects of the implementation of the programs and/or recommendations to improve the collection of own source revenue, to examine the factors behind the failure of the implemented programs/recommendations to improve the collection of own source revenue or factors for poor collection of own source revenue and recommending the means through which own source revenue collection can be improved. By answering these questions you will be providing information which will enable the study's objectives to be met. The questions are fairly easy and will not take much of time. The findings of the study will be useful to improve the collection of own source revenue which is of vital significance in the facilitation of local government duties which are to promote democracy, provision of services and foster development. It should be emphasized that information which you will provide will handle in the high degree of confidentiality

Thanking you in advance for devoting your time and attention to participate in this study

Yours sincerely

Joseph G. Malangalila

MSc(Finance and Accounting) student

SECTION A: GENERAL INFORMATION

- a. When were you employed?
- b. When did you start working in this department?
- c. When did you start working with this council ?
- d. Briefly explain your duties as far as the collection of revenue is concerned.....
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SECTION B: SPECIFIC INFORMATION

- 1. Identify the council's significant sources of revenue
 - a)
 - b)
 - c)
 - d)
 - e)
 - f)
- 2. Does your council use private agents in the collection of own source revenue?
 - a) Yes
 - b) No

- 3. Has outsourcing led to council collecting more own source revenue?
- 4. Outsourcing has led to the reduction of the cost of revenue collection?
 - 1) Strongly agree
 - 2) Agree
 - 3) Disagree
 - 4) Strongly disagree

5. What is the impact of the change of revenue related bylaws on the council's revenue?

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6. How many sources of revenue have been identified in the past three years?.....

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7. What is the impact of the new identified sources of revenue on the council's revenue?.....

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8. The application of ICT systems in revenue collection has reduced to revenue losses caused by revenue collectors handling cash manually

- 1) Strongly agree
- 2) Agree
- 3) Disagree
- 4) Strongly disagree

9. Mention any advantages the council gets from using ICT systems in the revenue collection

- a)
- b)
- c)
- d)
- e)

10. Are there any change in the revenue collection related internal controls ?

- a) Yes
- b) No

11. If the answer to xii question is Yes mention those changes

- a)
- b)
- c)
- d)
- e)

12. Improvement of internal controls systems has led to the reduction in the losses of revenue

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

**APPENDIX 1(D) QUESTIONNAIRE TO REVENUE COLLECTORS/ WEOs
OR VEOs**

Dear respondent

My name is Joseph G. Malangalila an MSc finance and Accounting student of Mzumbe University. In the fulfillment of the requirements of this course a study on the factors influencing the collection of own source revenue in the local governments in Tanzania is conducted. Using the information requested from you this study will be able to meet the three research objectives, namely; to explore the effects of the implementation of the programs and/or recommendations to improve the collection of own source revenue, to examine the factors behind the failure of the implemented programs/recommendations to improve the collection of own source revenue or factors for poor collection of own source revenue and recommending the means through which own source revenue collection can be improved. By answering these questions you will be providing information which will enable the study's objectives to be met. The questions are fairly easy and will not take much of time.

The findings of the study will be useful to improve the collection of own source revenue which is of vital significance in the facilitation of local government duties which are to promote democracy, provision of services and foster development. It should be emphasized that information which you will provide will be handled in the high degree of confidentiality

Thanking you in advance for devoting your time and attention to participate in this study

Yours sincerely

Joseph G. Malangalila

MSc(Finance and Accounting) student

SECTION A: GENERAL INFORMATION

- a. When were you employed?
- b. When did you start working in this department?
- c. When did you start working with this council?
- d. Briefly explain your duties as far as the collection of revenue is concerned.....
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SECTION B: SPECIFIC INFORMATION

- i. What are the benefits of council outsourcing the activity of collecting revenue?
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- ii. Outsourcing reduces the duties of revenue collectors and enable them to increase efficiency in the performance of other duties
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- iii. What are the benefits of using ICT systems in the collection of own source revenue?
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iv. ICT systems enhance compliance of revenue payers as there is a belief that money collected enters the council's account and not in the tax collectors' pockets

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

v. Do revenue rates periodically change?

- a) Yes
- b) No

vi. What revenue rates have been changed in the past three years

vii. What revenue sources have been identified in the past three years

viii. What measures have been taken in the last three years to improve internal controls systems

- a) rotation of revenue collectors
- b) Surprise checks by internal auditors
- c) Segregating the duty of receiving cash and recording transaction
- d) bank reconciliation

ix. What are the factors that affected outsourcing of revenue to improve the collection of own source revenue?

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- x. Outsourcing did not produce the intended results because the council lacked personnel with skills in contract formulation and management
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree

- xi. Corruption in tender evaluation and tender awarding led to council losing revenue from outsourcing
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree

- xii. Outsourcing revenue source without complete assessment of revenue source was a factor against outsourcing revenue sources producing intended results
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree

- xiii. Outsourcing results into more gain for the collecting agents and less revenue to the council
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree

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xiv. What are factors against the identification of new sources of revenue?

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xv. Lack of technical knowhow to identify and expand revenue base is challenge for expansion and identification of revenue bases

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

xvi. The use of outdated bylaws and rates is the challenges for expansion of the council's revenue bases

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

xvii. What are the challenges faced by the application of ICT systems in the collection of revenue?

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- xviii. Inability of revenue collectors to use ICT systems in the challenge of revenue collection using ICT systems
- a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- xix. Shortage of ICT systems' facilities is factor against collecting revenue using ICT systems
- a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- xx. Revenue collectors overstaying in working station adversely affect the collection of revenue
- a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- xxi. Failure to perform bank reconciliation causes the losses of revenue to remain unnoticed for considerable After
- a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- xxii. Lack of audit by internal auditors precludes the deterrence effect to fraudulent activities in the collection of own source revenue
- a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree

xxiii. What should be done to make outsourcing of revenue sources succeed?

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xxiv. Complete assessment of revenue sources should be conducted after outsourcing of revenue sources

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

xxv. The contractual agreements between the collecting agents and the council should provide for a review of the agreed upon sum to be remitted by the collecting agents to the council

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

xxvi. What should be done to enable + systems collect more revenue?

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xxvii. training should be given to revenue collectors to use ICT systems to collect revenue

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

xxviii. The council should purchase enough ICT systems facilities for revenue collection and make them always operational

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

xxix. What should be done expand the council revenue sources?

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xxx. There should provision of training on identification and expansion of new sources of revenue

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

xxxi. Bylaws and rates on revenue should be periodically reviewed to reflect economic changes

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly agree

xxxii. The council should invest in projects that increases productivity of local population to provide bases for council revenue

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

xxxiii. Granting more authority and autonomy to local governments to introduce new types of taxes and impose new rates will expand revenue base for local governments

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

xxxiv. What should be done to control revenue losses by revenue collectors

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xxxv. There should be a rotation of revenue collectors to avoid too much familiarization which adversely affect revenue collection

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

xxxvi. Frequently bank reconciliation is necessary so that revenue loss can be immediately discovered

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

xxxvii. Frequent checks by internal auditors should be done so that to have deterrent effect on the fraudulent intention of revenue collectors

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

APPENDIX 1(E) QUESTIONNAIRE TO INTERNAL AUDITORS

Dear respondent

My name is Joseph G. Malangalila an MSc Finance and Accounting student of Mzumbe University. In the fulfillment of the requirements of this course a study on the factors influencing the collection of own source revenue in the local governments in Tanzania is conducted. Using the information requested from you this study will be able to meet the three research objectives, namely; to explore the effects of the implementation of the programs and/or recommendations to improve the collection of own source revenue, to examine the factors behind the failure of the implemented programs/recommendations to improve the collection of own source revenue or factors for poor collection of own source revenue and recommending the means through which own source revenue collection can be improved. By answering these questions you will be providing information which will enable the study's objectives to be met. The questions are fairly easy and will not take much of time.

The findings of the study will be useful to improve the collection of own source revenue which is of vital significance in the facilitation of local government duties which are to promote democracy, provision of services and foster development. It should be emphasized that information which you will provide will be handled in the high degree of confidentiality

Thanking you in advance for devoting your time and attention to participate in this study

Yours sincerely

Joseph G. Malangalila

MSc(Finance and Accounting) student

SECTION A: GENERAL INFORMATION

- a. When were you employed?
- b. When did you start working in this department?
- c. When did you start working with this council?
- d. Briefly explain your duties as far as the collection of revenue is concerned.....
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SECTION B: SPECIFIC INFORMATION

- e. What should be done to improve the revenue related internal controls ?
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- f. The council should train the existing revenue collectors on revenue recording and recognition
 - 1) Strongly agree
 - 2) Agree
 - 3) Disagree
 - 4) Strongly disagree
- g. Fraud prevention and detection mechanisms should be established to minimize the problem of revenue loss
 - 1) Strongly agree
 - 2) Agree
 - 3) Disagree
 - 4) Strongly disagree

APPENDIX 1(F) QUESTIONNAIRE TO POLITICAL LEADERS

Dear respondent

My name is Joseph G. Malangalila an MSc finance and Accounting student of Mzumbe University. In the fulfillment of the requirements of this course a study on the factors influencing the collection of own source revenue in the local governments in Tanzania is conducted. Using the information requested from you this study will be able to meet the three research objectives, namely; to explore the effects of the implementation of the programs and/or recommendations to improve the collection of own source revenue, to examine the factors behind the failure of the implemented programs/recommendations to improve the collection of own source revenue or factors for poor collection of own source revenue and recommending the means through which own source revenue collection can be improved. By answering these questions you will be providing information which will enable the study's objectives to be met. The questions are fairly easy and will not take much of time.

The findings of the study will be useful to improve the collection of own source revenue which is of vital significance in the facilitation of local government duties which are to promote democracy, provision of services and foster development. It should be emphasized that information which you will provide will be handled in the high degree of confidentiality

Thanking you in advance for devoting your time and attention to participate in this study

Yours sincerely

Joseph G. Malangalila

MSc(Finance and Accounting) student

SECTION A: GENERAL INFORMATION

- a. When were you first elected?
- b. Education level
 - i. Primary school level
 - ii. Secondary School level
 - iii. College/University level
- c. Briefly explain your duties as a political leader as far as collection of revenue is concerned.....
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SECTION B: SPECIFIC INFORMATION

- 1) What are the benefits of council outsourcing the activity of collecting revenue?
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- 2) Outsourcing reduces the duties of revenue collators and enable them to increase efficiency in the performance of other duties
 - a. Strongly agree
 - b. Agree
 - c. Disagree
 - d. Strongly disagree

3) What are the benefits of using ICT systems in the collection of own source revenue?

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4) ICT systems enhance compliance of revenue payers as there is a belief that money collected enters the council's account and not in the tax collectors' pockets

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

5) Do revenue rates periodically change?

- a. Yes
- b. No

6) What revenue rates have been changed in the past three years

7) What revenue sources have been identified in the past three years

8) What measures have been taken in the last three years to improve internal controls systems

- a. Rotation of revenue collectors
- b. Surprise checks by internal auditors
- c. Segregating the duty of receiving cash and recording transaction
- d. Bank reconciliation

9) What are the factors that affected outsourcing of revenue to improve the collection of own source revenue?

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10) Outsourcing did not produce the intended results because the council lacked personnel with skills in contract formulation and management

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

11) Corruption in tender evaluation and tender awarding led to council losing revenue from outsourcing

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

12) Outsourcing revenue source without complete assessment of revenue source was a factor against outsourcing revenue sources producing intended results

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

13) Outsourcing results into more gain for the collecting agents and less revenue to the council

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

14) What are factors against the identification of new sources of revenue?

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15) Lack of technical knowhow to identify and expand revenue base is challenge for expansion and identification of revenue bases

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

16) The use of outdated bylaws and rates is the challenges for expansion of the council's revenue bases

- e) Strongly agree
- f) Agree
- g) Disagree
- h) Strongly disagree

17) What are the challenges faced by the application of ICT systems in the collection of revenue?

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Inability of revenue collectors to use ICT systems in the challenge of revenue collection using ICT systems

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

18) Shortage of ICT systems' facilities is factor against collecting revenue using ICT systems

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

19) Revenue collectors overstaying in working station adversely affect the collection of revenue

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

20) Failure to perform bank reconciliation causes the losses of revenue to remain unnoticed for considerable After

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

21) Lack of audit by internal auditors precludes the deterrence effect to fraudulent activities in the collection of own source revenue

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

22) What should be done to make outsourcing of revenue sources succeed?

.....

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23) Complete assessment of revenue sources should be conducted after outsourcing of revenue sources

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

24) The contractual agreements between the collecting agents and the council should provide for a review of the agreed upon sum to be remitted by the collecting agents to the council

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

25) What should be done to enable ICT systems collect more revenue?

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.....

26) Training should be given to revenue collectors to use ICT systems to collect revenue

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

27) The council should purchase enough ICT systems facilities for revenue collection and make them always operational

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

28) What should be done expand the council revenue sources?

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.....
.....

29) There should provision of training n identification and expansion of new sources of revenue

- e. Strongly agree
- f. Agree
- g. Disagree
- h. Strongly disagree

30) Bylaws and rates on rates revenue should be periodically reviewed to reflect economic changes

- i. Strongly agree
- j. Agree
- k. Disagree
- l. Strongly agree

31) The council should invest in projects that increases productivity of local population to provide bases for council revenue

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

32) Granting more authority and autonomy to local governments to introduce new types of taxes and impose new rates will expand revenue base for local governments

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

33) What should be done to control revenue losses by revenue collectors

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

34) There should be a rotation of revenue collectors to avoid too much familiarization which adversely affect revenue collection

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

35) Frequently bank reconciliation is necessary so that revenue loss can be immediately discovered

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

36) Frequent checks by internal auditors should be done so that to have deterrent effect on the fraudulent intention of revenue collectors

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

APPENDIX 1(G) QUESTIONNAIRE TO ICT PERSONNEL

Dear respondent

My name is Joseph G. Malangalila an MSc finance and Accounting student of Mzumbe University. In the fulfillment of the requirements of this course a study on the factors influencing the collection of own source revenue in the local governments in Tanzania is conducted. Using the information requested from you this study will be able to meet the three research objectives, namely; to explore the effects of the implementation of the programs and/or recommendations to improve the collection of own source revenue, to examine the factors behind the failure of the implemented programs/recommendations to improve the collection of own source revenue or factors for poor collection of own source revenue and recommending the means through which own source revenue collection can be improved. By answering these questions you will be providing information which will enable the study's objectives to be met. The questions are fairly easy and will not take much of time.

The findings of the study will be useful to improve the collection of own source revenue which is of vital significance in the facilitation of local government duties which are to promote democracy, provision of services and foster development. It should be emphasized that information which you will provide will be handled in the high degree of confidentiality

Thanking you in advance for devoting your time and attention to participate in this study

Joseph G. Malangalila

MSc(Finance and Accounting) student

GENERAL INFORMATION.

- i. When was the ICT section in this council established?
.....
.....
- ii. Where does the head of section for ICT report to in the council?
.....
.....
- iii. What is the number of staff required in the ICT section?
.....
.....
- iv. What is the number of available staff in the ICT section?
.....
.....
- v. Briefly explain your duties as far as the collection of revenue is concerned.....
.....
.....
.....

SECTION B: SPECIFIC INFORMATION

- vi. Is your council using ICT systems in revenue collection?
 - a) Yes
 - b) No
- vii. What are challenges faced by the ICT systems in your council in the process of revenue collection?
.....
.....

- viii. Inadequate facilities are the challenge facing revenue collection through ICT systems.
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- ix. Improper installed ICT systems is the challenge facing revenue collection through ICT systems.
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- x. Use of fragmented systems of ICT is the challenge facing the collection of own source revenue through ICT systems
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree
- xi. What should be done so that the ICT systems can enable the council to collect more own source revenue?
 - a)
 - b)
 - c)
 - d)
- xii. The council should have more ICT systems' facilities to improve the collection of own source revenue
 - a) Strongly agree
 - b) Agree
 - c) Disagree
 - d) Strongly disagree

xiii. The council should install proper ICT systems for collection of own source revenue

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

xiv. What should be done to improve revenue collection related internal controls?

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APPENDIX 1(H) QUESTIONNAIRE TO LEGAL OFFICERS

Dear respondent

My name is Joseph G. Malangalila an MSc finance and Accounting student of Mzumbe University. In the fulfillment of the requirements of this course a study on the factors influencing the collection of own source revenue in the local governments in Tanzania is conducted. Using the information requested from you this study will be able to meet the three research objectives, namely; to explore the effects of the implementation of the programs and/or recommendations to improve the collection of own source revenue, to examine the factors behind the failure of the implemented programs/recommendations to improve the collection of own source revenue or factors for poor collection of own source revenue and recommending the means through which own source revenue collection can be improved. By answering these questions you will be providing information which will enable the study's objectives to be met. The questions are fairly easy and will not take much of time. The findings of the study will be useful to improve the collection of own source revenue which is of vital significance in the facilitation of local government duties which are to promote democracy, provision of services and foster development. It should be emphasized that information which you will provide will be handled in the high degree of confidentiality

Thanking you in advance for devoting your time and attention to participate in this study

Yours sincerely

Joseph G. Malangalila

MSc(Finance and Accounting) student

SECTION A

i. When was the legal section in this council in this council established?

.....
.....

ii. Where does the head of section for legal report to in the council?

.....
.....

iii. What is the number of staff required in the legal section?.

.....
.....

iv. What is the number of available staff in the legal section?

.....
.....

xv. Briefly explain your duties as far as the collection of revenue is concerned.....

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

SECTION B: SPECIFIC INFORMATION

v. How many revenue related bylaws have been updated in the past three years?

vi. How often does the council update its bylaws?

vii. What are The procedures to be followed after a new tax rate is introduced?

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.....
.....

- viii. What are the procedures to be followed after a new source of revenue becomes legal
 -
 -
 -

- ix. Are the procedures in iii and iv above give the local government authorities enough power to raise revenue?
 - a) Yes
 - b) No

- x. If the answer of question v above is No; what should be done to give local authorities enough power to raise revenue
 -
 -
 -
 -

- xi. Granting more authority and autonomy to local governments to introduce new types of taxes and impose new rates will expand revenue base for local governments
 - e. Strongly agree
 - f. Agree
 - g. Disagree
 - h. Strongly disagree

- xii. The council should update its revenue related bylaws to reflect the economic changes
 - a. Strongly agree
 - b. Agree
 - c. Disagree
 - d. Strongly disagree

APPENDIX 2: INTERVIEW GUIDING QUESTIONS

- A. What are the initiatives for improving the collection of own source revenue in this council
- B. Has the council ever used outsourcing in revenue collection and what impact did it have on collected own source revenue
- C. Are there any current new identified sources of revenue? Have these sources made any difference in the own source revenue?
- D. What are the benefits brought about by the use of ICT in own Source Revenue collection?
- E. What has been done to improve revenue collection related internal controls?
- F. What are the challenges faced by the council's initiatives to improve the collection of own source revenue
- G. What should be done to overcome the challenges faced by initiatives to improve the collection of own source revenue

APPENDIX 3

Percentage of own source revenue against total LGAs revenue and percentage of own source revenue over recurrent expenditure

Financial Year	Own Source Revenue Collection	Recurrent Expenditure	Capital Expenditure	Total Expenditure	Percentage of own source revenue over recurrent expenditure	Percentage of own revenue source over total LGAs' expenditure
2016/2017	519,863,656,618	4,656,643,395,963.	531,652,643,504.00	5,188,296,039,467	11.16	10.02
2015/2016	482,898,501,333	4,453,470,809,032	370,970,071,298	4,824,440,880,330	10.84	10.01
2014/2015	409,100,130,028	3,564,747,103,485	501,334,438,593	4,066,081,542,078	11.48	10.06
2013/2014	353,514,526,384.	3,264,872,488,097	532,156,786,062	3,797,029,274,159	10.83	9.31
2012/2013	268,948,851,548.	2,746,333,799,161	442,625,815,185	3,188,959,614,346	9.79	8.43
2011/2012	236,716,345,736.	2,277,035,217,362	346,716,653,619	2,623,751,870,981	10.40	9.02
TOTAL	2,271,042,011,647	20,963,102,813,100	2,725,456,408,261	23,688,559,221,361	10.83	9.59

Source of data: CAG reports