

Examining the Impact of Equalization Funds on Service Delivery by Local Authorities: A Case Study of Chongwe District Council in Zambia

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ABSTRACT

This study was set out to investigate ramifications of equalization funds on service delivery within selected Local Authorities in Zambia. The primary objective was to operationalize this inquiry by evaluating the financial, technical, and administrative repercussions of equalization funds, alongside assessing the degree of utilization of these funds by Local Authorities. Employing a concurrent mixed methods approach, the research adopted an explanatory sequential design. This entailed two distinct phases: an initial phase of quantitative data collection followed by a subsequent phase of qualitative data collection, with the qualitative inquiry being informed by the outcomes of the quantitative phase. Quantitative data were acquired through questionnaires and subjected to analysis employing SPSS, while the qualitative data were scrutinized through a narrative analytical framework.

The results of this study have illuminated significant facets concerning the utilization of equalization funds by the Chongwe Municipal Council. It became evident that the council did not conform to the stipulated guidelines for the allocation of equalization funds. A notable portion of these funds was directed towards personnel compensation and councilors' allowances, leaving inadequate resources for essential capital enhancements. Furthermore, the study underscored the inadequacy of Chongwe Municipal Council's technical, administrative, and financial capabilities in rendering public services congruent with the burgeoning population within their jurisdiction. In the realm of service delivery strategies, the council embraced multifarious methodologies including local government enterprises, contracting out, franchising, self-help groups, and in-house provision. The efficacy of these strategies was particularly pronounced in the context of Chongwe Municipal Council, attributed to its relatively small population.

Conclusively, this study underscores that Local Authorities, particularly those located in rural settings such as Chongwe, grapple with insufficiencies in technical, administrative, and financial capacities when endeavoring to cater to the needs of expanding populations. Moreover, these Authorities exhibit a tendency to deviate from prescribed equalization fund utilization guidelines. Furthermore, the introduction of equalization funds has led to an upward trajectory in revenue and expenditure estimations for Local Authorities, like Chongwe Municipal Council. This fiscal trend, however, has been coupled with a diminishing fiscal effort. Consequently, the essential correlation between local revenue and expenditure has been disrupted. To address these challenges, this study advocates for a reconfiguration of the fiscal framework, coupled with stringent adherence to financial management regulations by Local Authorities.

Keywords: Equalization funds, Local government, Fiscal capacity, Revenue base, Service Delivery.

INTRODUCTION

The Republic of Zambia's government instituted the Local Government Equalisation Fund, a financial

reservoir to which parliament allocates a minimum of 5% of the projected income tax revenues amassed for the nation in each fiscal year. The primary intention of this fund is to provide a sustainable financial resource for facilitating service delivery. Despite its establishment, there remains a dearth of comprehensive evidence concerning the tangible effects of this fund on the service delivery capabilities of local authorities in Zambia. Against this contextual backdrop, this research endeavor was undertaken with the explicit objective of elucidating the discernible impact of equalization funds on the efficacy of service delivery executed by local authorities. The case study methodology was employed, with Chongwe District Council serving as the primary investigative context.

Background of the Study

Since the commencement of the 2000s, decentralization has emerged as a pivotal policy aspiration in successive regimes. This commitment to decentralization, particularly through devolution, has featured prominently in Zambia's Fifth (2006-2010) and Sixth National Development Plans (2011-2015). These plans ardently pursued the deepening of decentralization as a means to address the pervasive economic and social inequalities afflicting the nation (GRZ 2006; GRZ 2011). This theme persists in the current Seventh National Development Plan (SNDP) (2017-2021), which underscores the insufficiency of decentralization in engendering substantial economic and social disparities, stating that inadequate implementation of the Decentralisation Policy has hindered lower-level participation in decision-making and resource allocation processes (GRZ 2017: 91). However, despite this steadfast rhetoric in favor of decentralization, local authorities continue to grapple with limitations in their capacity to effectively provide developmental services to their communities.

In 2013, the Patriotic Front (PF)-led government introduced a Revised National Decentralisation Policy (R-NDP) that followed the trajectory of earlier decentralization policies, aspiring to establish devolved governance through democratically elected local councils. The policy acknowledged the prevailing trend of deconcentration within Zambia's decentralization, with decision-making and resources predominantly centralized at the national level. The R-NDP envisaged an evolution towards devolution, underpinned by two overarching goals: first, the creation of autonomous local governments empowered with decision-making authority over development priorities, revenue collection and utilization, as well as human resource management; second, the establishment of an intergovernmental fiscal arrangement recognizing local governments as primary service providers and facilitating their fiscal capacity to fulfill their mandate (GRZ 2014b).

In late 2014, the government introduced Circular No. 10, outlining the implementation of the R-NDP over the 2015-2017 period (GRZ 2017a). This circular heralded the inception of the devolution process and called for the establishment of Ward Development Committees to facilitate citizen participation. Additionally, the government enacted the Local Government (Amendment) Act, 2014 (No. 12 of 2014), which designated the Local Government Equalization Fund (LGEF) as a financing mechanism for service and development delivery within councils. This fund, comprising no less than 5% of the income taxes collected during a fiscal year, aimed to enhance local authorities' operational capacity (GRZ 2014a).

Subsequent years witnessed incremental increases in the LGEF allocation, albeit with a notable decline in 2019 due to inflation. The Ministry of Local Government (MLG) proposed that urban councils should be excluded from LGEF benefits, arguing that they possess adequate financial capabilities. This recommendation aimed to direct the fund toward smaller rural councils, which constitute the majority of newly established councils. However, such a proposition overlooks the distinct challenges faced by urban councils, which confront greater service delivery demands alongside larger staff sizes. Local authorities receive transfers from the central government through three avenues: the Constituency Development Fund (allocated for capital expenses), the Equalization fund (intended for council operations, with a 20%

allocation for capital expenditure), and grants (IMF 2019).

Bell (2011) asserts that public services, encompassing healthcare, education, and sanitation, are pivotal components of central governance. The quality of these services shapes public confidence in the government and the state of human welfare and economic advancement. The operational dynamics of local authorities significantly influence citizens' perceptions of the central government. However, resource scarcity and service delivery demands pose challenges to most local authorities, particularly those in developing countries.

The government's establishment of the Equalisation Fund mandated parliament to allocate no less than 5% of projected income taxes to this fund annually. The fund aimed to augment the financing of service delivery. Local authorities' mandate in Zambia is detailed in the Constitution (Amendment) Act No. 2 of 2016, with local governance intricacies outlined in the Local Government Act No. 2 of 2019. This amended constitution stipulates that local authorities shall manage and oversee programs, projects, and regulations within their districts. Furthermore, local authorities are mandated to establish a robust financial foundation to support policies concerning their constituents' well-being and to advance comprehensive planning at the district level. Yet, local authorities confront significant constraints in their operational realms, compounded by escalating expenditure demands and the challenge of free rider phenomena (Pest, 2017).

In stark contrast to the government's commitment, local authorities' fiscal predicament has worsened due to irregular grant disbursement and an interplay of central government actions that eroded their resource base. Macro-economic circumstances have diminished citizens' purchasing power, thus impeding their capacity to afford services provided by local authorities. Consequently, local authorities have struggled to provide essential services and have defaulted on payments to employees, suppliers, and statutory bodies (Lolojih 2008). To finance operations and public services, local authorities rely on revenue sources such as property taxes, levies, rent, fees, and charges. Regrettably, the central government has withdrawn lucrative revenue sources, including sales tax, income tax, road tax, and water and electricity charges, perpetuating fiscal imbalances due to disparities between local tax bases and expenditure responsibilities (Martinez-Vazquez, McLure & Vaillancourt 2016).

The fiscal plight of local authorities has been exacerbated by statutory instruments and legislative acts that stripped local governments of revenue-generating functions, particularly in water and sanitation, transferring these functions to utility companies. Amendments to the Rating Act further diminished local authorities' revenue base by exempting various rateable properties, including government-owned buildings (Government of Zambia SI 55 of 2000, Rating Act amendment no. 12 of 1997). The ensuing fiscal and social repercussions are evident in deteriorating infrastructure, uncollected waste, and unsanitary facilities. Notably, the 2018 cholera outbreak in Lusaka's shanty compounds underscores the consequences of inadequate services (Lolojih 2008).

The Zambian Parliamentary Committee on Local Government Accounts (2019) recognized local authorities' pivotal role in socio-economic development, emphasizing their potential to enhance community well-being and elevate living standards. However, numerous local authorities contend with limited resources and insufficient capacity for revenue generation, rendering them reliant on government financing through the Local Government Equalization Fund. This over-dependency has hindered compliance with the recommended spending ratio of 80% on operations and 20% on capital projects.

Stauss (2015) contends that governments employ equalization payments to address deficient public services, channeling funds from the central government to local authorities to offset disparities in available revenue or service provisioning costs. Shah (2014) examines equalization fund objectives and criteria across different nations. For instance, Australia's equalization fund aims to enable local authorities to provide services at

uniform standards with comparable revenue effort and operational efficiency. In Canada, the focus is on achieving reasonably comparable levels of public services and taxation across provinces. Switzerland's equalization fund ensures minimal acceptable levels of specific public services without imposing excessive tax burdens in certain regions (Herczynski, 2018).

Statement of the Problem

In Zambia, the fiscal foundation of local councils has witnessed a contraction due to government policies that resulted in the forfeiture of revenue streams such as road tax, sales tax, income tax, and utility charges including water and electricity. The fiscal distress deepened in 1992 when government discontinued its funding to councils and rescinded the 35% sales tax, further exacerbated by the 1997 amendment of the Rating Act, which extensively exempted various rateable properties. This confluence of events has precipitated a detrimental spiral of fiscal imbalances both horizontally and vertically, stemming from incongruities between local assets and assigned expenditure mandates. These fiscal disparities have unequivocally impinged on the quality of service delivery. The central government established the Equalisation Fund to mitigate these disparities and stimulate community development.

The observable ramifications of these fiscal strains encompass a proliferation of uncollected waste, unkempt burial sites, irregular inspections of market stalls, eateries, and butcher shops, and deteriorating local roads. These inadequacies underscore the incapacity of local authorities to furnish services effectively, efficiently, and transparently. Lolojih (2008) contends that Zambia's local authorities have consistently fallen short of community expectations in delivering satisfactory and proficient services. This deficit, he asserts, results from insufficient managerial acumen, technological infrastructure, and fiscal capability. Consequently, local authorities have grappled with subpar service provision and persistent defaults on payments to employees, suppliers, and statutory bodies.

The establishment of the Equalisation Fund through the Local Government (Amendment) Act No. 12 of 2014 kindled renewed aspirations for enhanced service delivery, amplified capital investments, and improved work conditions within government spheres. In accordance with this legislation, parliament annually allocates no less than 5% of projected income taxes to the Equalisation Fund, seeking to augment council financing for fulfilling their enumerated functions detailed in the Local Government Act No. 2 of 2019. Disbursement follows a formula that factors in council jurisdiction population, adjusted by poverty levels to ensure equitable allocation. While local authorities are mandated to apportion at least 20% of received funds to capital expenditure, 21% to service provision, and 59% to personnel remuneration, residents continue to grapple with substandard service delivery. Consequently, this study endeavored to scrutinize the repercussions of the Equalisation Fund on service delivery, exploring its impact through the case study of Chongwe District Council.

Research Objectives

The objectives of this research were sub-divided into the general and specific objectives as follows:

General Objective

To establish the impact of equalisation funds on service delivery by local authorities using a case study of Chongwe district Council.

Specific Objectives

1. To determine the expenditure composition of equalisation funds in Chongwe district local Council.
2. To identify the methods of service delivery currently being used by the Chongwe district council.

3. To effects of identify technical, financial and administrative the Local Government Equalisation Fund being experienced by the Chongwe district council.
4. To determine measures being put in place for the local government equalisation fund to yield positive impacts on the delivery of services by the local authorities.

Research Question

1. What is the expenditure composition of equalisation funds in Chongwe district local Council?
2. What methods of service delivery are currently in use by the Chongwe district council?
3. What are the technical, financial and administrative effects of the Local Government Equalisation Fund are being experienced by the Chongwe district council?
4. What measures are being put in for the local government equalisation fund to yield positive impacts on the delivery of services by the local authorities?

1.5 Significance of the Study

This research holds notable significance in delving into the repercussions of the Local Government Equalisation Fund on service delivery within the purview of local authorities in Zambia. Through this analysis, a deeper comprehension of the underpinnings of deficient service delivery by local authorities in the Zambian context is anticipated to emerge. The discernment yielded by this study is poised to furnish valuable insights for development stakeholders and government entities, engendering an enriched understanding of how local authorities navigate the landscape of the equalisation fund, including a nuanced appreciation of its implications across technical, financial, and administrative dimensions. The insights garnered from this study bear the potential to shape strategic governance frameworks and financing mechanisms that could proffer revitalization for struggling local governance structures.

Furthermore, this study is poised to provide indispensable empirical evidence concerning the prevailing state of local authorities and their operative capacities. Such information is germane for the formulation of informed and effective policies that align with the exigencies of local governance. This study thus augments the knowledge base essential for sound policy interventions, enhancing the prospects of refining service delivery within local authority contexts. Finally, beyond its broader societal implications, this research is intrinsically significant for the researcher's academic trajectory, as it satisfies the prerequisite for the conferment of a Bachelor of Public Administration from the esteemed National Institute of Public Administration.

LITERATURE REVIEW

2.1 Local Government Functions

Local governments play a pivotal role in fostering socio-economic development, a notion underscored by the Zambian Parliamentary Committee on Local Government Accounts in 2019. Their endeavors are designed to enhance community interests and elevate living standards. Functioning as governmental agents at grassroots levels, local governments possess a unique position to drive national growth. To effectively execute their mandate, local governments must tap into diverse revenue sources to ensure efficient service delivery. This is in line with constitutional provisions that grant local authorities authority over levies and local taxes. However, Pest (2017) cautions that while equalization funds are implemented with the intention of fostering national parity, they might not yield uniform outcomes. The allocation of functions across government spheres is pivotal for optimal service delivery, and such assignments are guided by principles like economies of scale, externalities, equity, and variations in demands. Castells (2016) reinforces this perspective, attributing roles such as transportation, water supply, sanitation, education, and health to local governments.

Service Delivery Quality by Local Authorities in Zambia

The evident incapacity of Zambian local governments to furnish services is evident through accumulation of uncollected waste, neglected burial sites, sporadic legislative checks in marketplaces, eateries, and butcheries, and poorly maintained local infrastructure. Lolojih (2008) points out that, local councils in Zambia struggle to deliver adequate, high-quality services due to inadequate management expertise, technological resources, and financial capacity.

Methods of Public Service Delivery

Public service delivery, encompassing areas like healthcare, education, and sanitation, is primarily the responsibility of central governments. Bell (2011) emphasizes the significance of these services for human welfare and economic advancement. Local government performance significantly influences citizens' confidence in central governance.

Local Government Revenue and Expenditure

Local governments, especially in developing countries, grapple with financial limitations while dealing with service delivery demands. Martinez-Vazquez et al. (2016) underscore reliance on central government transfers and note reduced revenue from sources like land taxes and utility charges. The Policy Monitoring and Research Centre (2019) corroborates this, highlighting the resource constraint experienced by certain local governments, leading to overdependence on the Local Government Equalisation Fund. This has resulted in deviations from recommended expenditure allocations, with insufficient funds allocated to capital projects.

Equalization and Fiscal Imbalances

Equalization payments are employed globally to bridge fiscal gaps in public services. Turley et al. (2018) highlight horizontal fiscal imbalances in Ireland, which these payments seek to address by assisting smaller councils with poorer economic bases. The principle of simplifying transfers to make them more predictable and effective is upheld in several countries, like Sweden. Vertical and horizontal fiscal imbalances exist, with equalization transfers mitigating disparities in local government revenue bases and economic situations. This is consistent with Ireland's equalization fund model, where transfers are designed to balance fiscal discrepancies among local governments.

Research Gaps in Existing Literature

The existing literature on equalisation funds sheds light on their objective to alleviate vertical and horizontal fiscal disparities. This study is motivated by gaps identified within this realm, where certain aspects have not been adequately explored. For instance, prior research by Martinez-Vazquez et al. (2006) did not thoroughly consider the nuances of varying fiscal capacities and efforts concerning revenue generation and service delivery. Despite an extensive body of work on the significance of local governments, comprehensive empirical investigations into their implications for national development remain limited. However, noteworthy contributions have been made by scholars such as Dafflon (2012), Lolojih (2008), Martinez-Vazquez et al. (2006), and Momba (2002) in the broader landscape of local government, governance, and service delivery.

Theoretical Framework

Theoretical constructs are fashioned to explicate, prognosticate, apprehend phenomena, challenge conventional understanding, and extend established knowledge within certain interpretive parameters. The

theoretical framework forms the scaffolding that supports the study's theoretical underpinning. This section elucidates the selected hypotheses that expound the occurrence of the research question (Swanson, 2015). The research is framed within the ambit of the cost of service theory of taxation, profit theory, and productivity service theory, each serving as a guiding principle for understanding the challenges of inadequate service delivery and fiscal structure in Zambia.

Cost of Service Theory of Taxation

The essence of this theory lies in its advocacy for taxation to correlate with the provision of services. Government renders services to citizens, and the financial burden of these services should be distributed equitably among all members of the populace. Individuals ought to be taxed in proportion to the benefits they derive (Samuelson, 2012). In this context, the Local Government Association (2018) underscores that insufficient financing of such programs jeopardizes the well-being of the most vulnerable. The core premise of this theory advocates that central governments allocate equalisation payments to local governments to avert disparities and foster national cohesion. Additionally, by subsidizing service costs and ensuring their quality, equalisation fund transfers, guided by this theory, can ultimately advance social equity and market resource allocation efficiency. The implications of this theory are particularly pertinent to examining the impact of equalisation funds on local authority service delivery, as it establishes the groundwork for taxation, tax quantum, and the caliber of services offered by the council in an economically equitable process.

Efficiency Service Theory

This theory posits that the fundamental role of local governments is to provide locally grounded services effectively, making them the most adept entities for such service provision. Advocates contend that the delivery of certain municipal services is so imperative that an alternative would be requisite should local government cease to exist, underscoring its indispensability (Ebel & Yilmaz, 2016). Within this perspective, equalisation transfers can bolster local taxes and amplify the efficacy of service provision. With an insightful grasp of local priorities, local governments can strategize service delivery arrangements that integrate performance parameters encompassing cost and quality.

METHODS AND MATERIALS

This study employs a mixed-method approach, integrating both qualitative and quantitative research methodologies to comprehensively investigate the impact of the Local Government Equalisation Fund on service delivery by local authorities in Zambia. The case study design was selected for its capacity to accommodate contextual intricacies within the research framework, as described by Robson (2017) and cited by Saunders et al. (2009) – a technique that entails empirical scrutiny of a contemporary phenomenon in its real-life milieu using diverse sources of evidence.

Study Setting and Participants

Conducted within Chongwe District of Lusaka Province, Zambia, this study focuses on Chongwe District Council due to the ubiquity of local governments as recipients of central government equalisation funds and their central role in providing public goods and services within their respective jurisdictions. The target population for this study encompassed all employees and the managerial echelon of Chongwe District Council.

Sampling Approach

Purposive sampling was employed to select key informants from Chongwe District Council, ensuring

strategic selection of participants with vital insights into the research scope. A minimum of ten key informants were engaged, each offering specialized perspectives within Chongwe District Council's administrative hierarchy. Additionally, random sampling was utilized to select a representative sample of 100 employees from the council, providing a diverse cross-section of perspectives.

Data Collection Techniques

Quantitative data were garnered through self-administered pre-coded questionnaires distributed among Chongwe District Council employees. Prior to the actual data collection, the questionnaire was pre-tested with traffic department police officers to ensure clarity and comprehensibility. Qualitative data were collected through in-depth interviews with ten key informants, including management personnel, employing an interview guide encompassing open-ended questions. In both cases, participants were granted autonomy in filling out questionnaires or responding to interview questions, with the research supervisor ensuring clarity where needed.

Data Analysis Methods

Quantitative data, after cleaning, coding, and entry into SPSS (Statistical Package for Social Science) version 22.0, underwent analysis to reveal relationships, classifications, and patterns within the data. Qualitative data were thematically analyzed to draw out narrative insights, which were subsequently reported in textual form. The congruence between these analyses provides a holistic view of the research problem.

Ethical Considerations

The ethical foundation of this study is paramount. Ethical considerations were meticulously observed throughout the research process. Consent was obtained from participants, who were duly informed of the study's purpose before their participation. Anonymity, confidentiality, and respect for participants' dignity were upheld, with the assurance that their information would not be disclosed to third parties without their consent. The ethical framework outlined by Bryman and Bell (2017) served as a guiding principle in the conduct of this study.

RESULTS

This section delves into the comprehensive analysis and interpretation of the primary data collected from respondents in the field, focusing on the intricate interplay between the equalization fund and service delivery by local authorities, as evidenced in the case study of Chongwe District Council. Notably, the entirety of respondents completed the administered questionnaires and returned them to the researchers, resulting in a remarkable 100% response rate. This chapter is structured according to the thematic alignment with the study's specific objectives, which encompassed the exploration of the expenditure composition of equalization funds in Chongwe District Local Council, the identification of prevailing service delivery methodologies employed by the council, the recognition of technical, financial, and administrative ramifications arising from the Local Government Equalization Fund, and the ascertainment of measures instituted to harness positive impacts from the fund on service delivery within local authorities.

Sample Demographics

Demographic data of the respondents were meticulously collected and analyzed, encompassing variables such as age, gender, marital status, and education. The subsequent subsections delineate the results of these variables:

Distribution of Respondents by Gender

An essential facet of this study involved ascertaining the gender distribution among the study’s participants. Table 4.1 below presents the discernible outcomes of this gender analysis

Gender Distribution of Respondents

An essential facet of this study involved ascertaining the gender distribution among the study’s participants. As illustrated in Table 4.1, which is based on field data from 2021, out of a total of 100 primary respondents, 60% were identified as males, whereas 40% were identified as females.

Table 1: Distribution of Respondents by Gender

Gender	Frequency	Percentage (%)
Male	60	60
Female	40	40
Total	100	100

Age Distribution of Respondents

Equally crucial was the assessment of the age distribution of the respondents. Table 4.2, presented below, indicates that the majority, accounting for 40% of the respondents, fell within the age range of 25 to 30 years. Following this, 25% of the participants fell within the age range of 31 to 40 years, while 17% were situated within the 36 to 40 years range. A smaller contingent, comprising 13% of the respondents, were below 25 years of age, while a minority, constituting 5%, were aged 41 years and above.

Table 2: Age Distribution

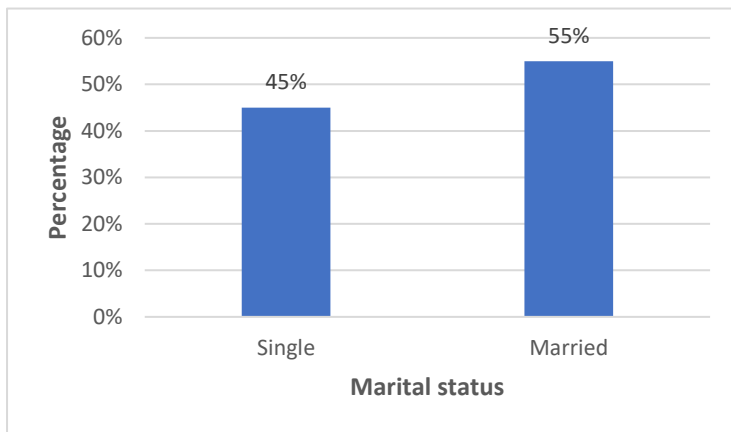
Age	Frequency	Percentage (%)
Less than 25 years	13	13
25-30	40	40
31-35	25	25
36-40	17	17
41 and above	5	5
Total	100	100

Source: Field Data (2021)

Marital Status

Examining the marital status of the participants was an integral aspect of this research. Figure 4.1, presented below, and derived from field data in 2021, provides a visual representation of the distribution of marital status among the 100 respondents. Figure 4.1 illustrates that within the pool of 100 respondents, the prevailing marital status was married, accounting for the majority at 55%. In contrast, the single marital status constituted the remaining 45% of the participants.

Figure 4.1: Marital status



Education level

The findings in Table 3 underscore that within the cohort of 100 respondents, the prevailing educational level was tertiary education, representing a significant 84%. Secondary education constituted 12% of the participants, while a minority 4% held primary education qualifications.

Table 3: Education level of respondents

Education Level	Frequency	Percentage (%)
Primary	4	4
Secondary	12	12
Tertiary	84	84
Total	100	100

Expenditure Composition of Equalization Funds in Chongwe District Council

The inquiry into the allocation of equalization funds within the administrative framework of Chongwe district council aimed to unravel the financial disbursement pattern. The outcome of this investigation is encapsulated below:

Table 4: Expenditure Composition of Equalization Funds for Chongwe District Council

Expenditure Composition	Frequency	Percentage (%)
Personal Emoluments	40	40
Payment of Salaries	48	48
Statutory Pension Contribution	12	12
Total	100	100

Source: Field Data, (2021)

Table 4 above delineates the distribution of expenditure components of equalization funds in Chongwe district council. Among the respondents, 48% asserted that a significant proportion of the funds was allocated to payment of salaries, whereas 40% indicated that personal emoluments were the recipient of substantial funding. A marginal proportion of 12% was attributed to statutory pension contributions. Notably, key informants underscored the prevalent issues of delayed salary disbursement and deferred statutory pension contributions within the council. A key informant elucidated that the persistence of these issues has bred a sense of uncertainty among employees regarding their future remuneration.

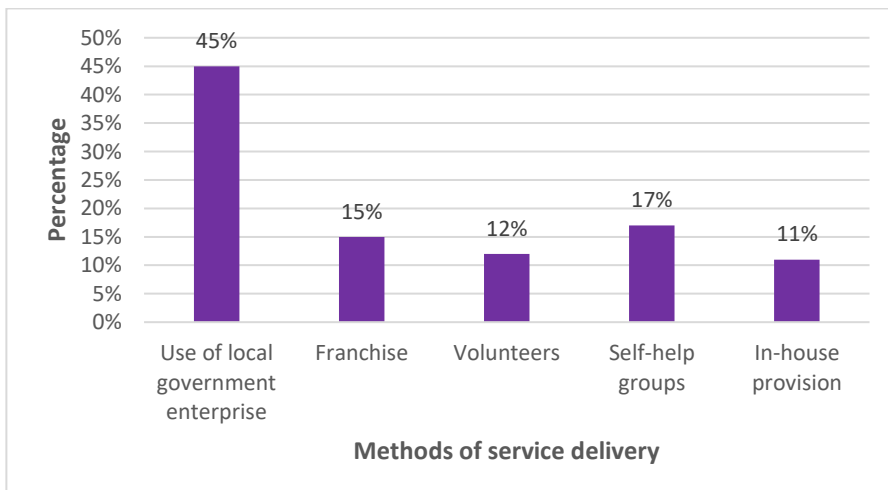
The key informants, in accord with their perspectives, expounded upon the underlying factors contributing to the resource limitations faced by local authorities. It was established that these entities grapple with restricted financial capacities and resource bases, which in turn engender a heightened reliance on central government support via the Local Government Equalisation Fund. This overdependence has culminated in a scenario where the prescribed fund utilization ratios are not met, as outlined in policy mandates. Precisely, the policy mandates stipulate that 80% of the funds be earmarked for salary disbursements and community service provision, while the remaining 20% be channeled towards capital projects. The key informants noted that the entire quantum of the equalization fund is frequently expended on salary disbursement and operational outlays, leaving capital projects underfunded. Moreover, the delay in Treasury disbursements to the Ministry of Local Government, which are subsequently allocated to local authorities, has been deemed responsible for hindrances in financial obligations and project execution.

Methods of service delivery currently used by Chongwe District Council

The present investigation was centered upon elucidating the diverse methodologies employed in service delivery by the Chongwe District Council. The ensuing section outlines the findings derived from respondent feedback, as represented in Figure 2: The graphical representation above underscores that a predominant segment of respondents, amounting to 45%, asseverated the utilization of local government enterprises as a principal means of service delivery. In a parallel vein, 17% of respondents endorsed the adoption of self-help groups, while 15% proffered the franchise model. Notably, 12% of respondents posited volunteer engagement as a mode of service delivery, while 11% contended that in-house provisioning is employed. Of significant import is the congruence between the viewpoints of key informants and the survey respondents in regard to the mechanisms of service delivery embraced by the Chongwe District Council. These perspectives converge upon the deployment of a gamut of service delivery approaches, encompassing local government enterprises, contractual outsourcing, franchising, volunteer participation, self-help groups, and internal provisioning.

One key informant expounded that, notwithstanding the concerted endeavor to institute diverse alternative service delivery modalities, the efficacy of these approaches continues to fall short of the communal service anticipations. This shortfall is intricately linked to the rapid demographic expansion witnessed within Zambia, a trend that has outpaced the administrative capabilities of local authorities concerning service delivery oversight, infrastructural upkeep, and financial sufficiency. The predicament of insufficient service delivery is further exacerbated by the burgeoning populace inhabiting informal settlements. These locales are marked by their deficiency in fundamental amenities, including adequate habitation, potable water, sanitary facilities, waste disposal mechanisms, and thoroughfares.

Figure 2: Methods of service delivery currently used by Chongwe District Council



Source: Field Data

Technical, Financial and Administrative Effects of Local Government Equalization Fund

The study sought to identify the technical, financial and administrative effects of local government equalization fund. Below were the responses as indicated in Table 5 below:

Table 5: Technical, Financial and Administrative Effects of Equalization Fund

Technical, financial and administrative effects of equalization fund	Frequency	Percentage (%)
Increase in revenue	30	30
Acquisition of equipment for road maintenance and construction	18	18
Poor public perception of city planners and engineers	5	5
Lack of coordination between local authorities and extension service delivery workers	15	15
Misappropriation of funds	25	25
Total	100	100

Source: Field data (2021)

The empirical insights unveiled through the analysis presented in Table 5 unveil a spectrum of perspectives from the respondents. Notably, a dominant proportion of respondents, constituting 30%, affirm the efficacy of the equalization fund in catalyzing an augmentation of revenue within the ambit of the Chongwe district council. In juxtaposition, 25% of respondents posit that the equalization fund engenders the untoward consequence of fund misappropriation. Furthermore, 18% of respondents elucidate that the fund is channeled towards the procurement of equipment dedicated to the maintenance and construction of road infrastructure. Intriguingly, 15% of respondents accentuate the detriment of incongruity prevailing between local governing bodies and extension service delivery operatives, while a smaller segment of 5% attributes the issue to a negative public perception concerning urban planners and engineers.

In accordance with the testimony of key informants, the advent of the equalization fund has instituted discernible perturbations in the financial landscapes of Local Authorities. Evidently, the Chongwe district council, as emblematic of this paradigm shift, has witnessed a perceptible upsurge in its fiscal influx due to this financial instrument. This augmented resource influx has, in turn, imbued a bolstering effect on the operational dynamics of the council. However, a conspicuous disparity emerges between the technical proficiency of the Chongwe district council and the public's perceptual echelons regarding the competence of city planners and engineers within the council. This disjunction underscores a latent trust deficit wherein the local populace remains skeptical about the council's capacity to meet even the most rudimentary benchmarks of service delivery. The sine qua non of a potent and efficacious local authority management apparatus becomes glaringly evident as the fulcrum for proficient public administration and the propagation of grassroots-driven socio-economic advancement. Such a framework accentuates the responsiveness of governmental apparatuses to localized community exigencies, concurrently nurturing a milieu for robust and sustainable grassroots involvement.

The investigation further exposed the intricate entanglements governing the coordination nexus between local governing entities and the extension service personnel affiliated with governmental entities functioning at the field level. Evidently, formal synergies remain conspicuously absent, even among the standing committees of Local Authorities and the extension operatives of pertinent government line ministries. This

disjointedness compromises the operational efficacy of numerous local authority services, subsequently impeding their functional efficacy. The result is the dearth of technical aid and expert support from governmental line agencies, constituting a lamentable confluence of organizational isolation and truncated technical collaboration.

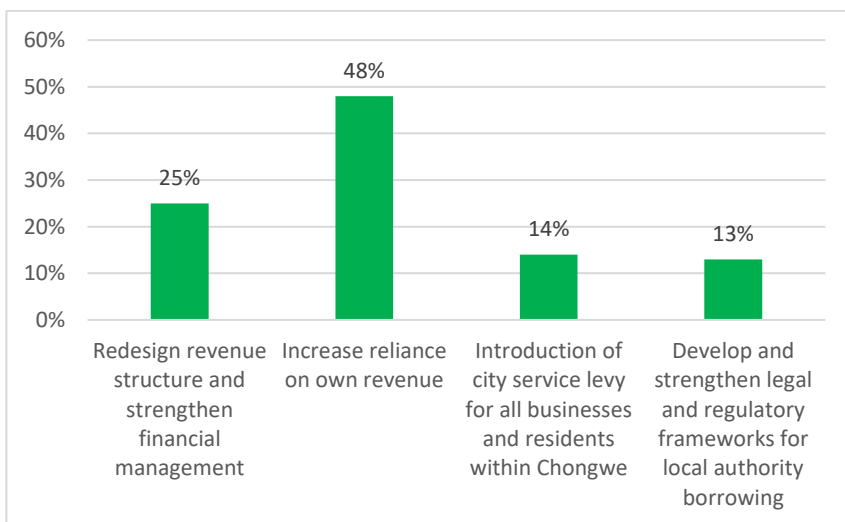
Concomitant with the introduction of the equalization fund, a litany of challenges besets the Chongwe district council. Predicaments are manifest in the form of lacunae in regulatory frameworks, laxity in monitoring mechanisms, opacity in accountability frameworks, vulnerability to political machinations, non-reciprocity in central government bureaucratic cooperation, tenuous and precarious revenue substrates, concentrated project and program design, and a strained interface between administrative cohorts and elected representatives. The holistic prerogative of local government as a purveyor of essential services pivotal for societal welfare and amelioration is resoundingly evident. This demands organizational scaffolds and proficient human capital supported in the delivery of their designated service mandates.

As posited by Besley and Ghatak (2007), public services constitute a cardinal determinant of life quality that transcends per capita income metrics. The authors underscore the salience of service delivery as an indelible facet of the larger strategy aimed at poverty alleviation. This trenchant interplay between service provision and societal welfare beckons as a focal point in the discourse on effective governance and socio-economic advancement.

Measures put in place for service delivery for equalization fund to yield positive results in service delivery.

The study sought to determine the measures put in place for service delivery for equalization fund to yield positive results in service delivery. Below were the responses as shown in Figure 3 below:

Figure 3: measures put in place for equalization fund to yield positive results in service delivery



Source: Field Data

The outcomes revealed in Figure 3 depicted above showcase that a substantial majority of survey participants, amounting to 48%, voiced that augmenting reliance on internally generated revenue was an implemented measure aimed at ensuring favorable outcomes emanate from the equalization fund vis-à-vis service delivery. In a parallel vein, 25% of respondents advocated for a restructuring of the revenue framework coupled with the fortification of financial management practices. Correspondingly, 14% of respondents put forth the proposition of introducing a city service levy, encompassing all commercial enterprises and residents within the precincts of Chongwe. A further 13% of respondents contended that fostering the development and enhancement of legal and regulatory frameworks governing local authority

borrowing stands as a viable avenue.

Analogous perspectives were echoed by key informants, who underscored the requisite conditions for the equalization fund to yield favorable service delivery results within the Chongwe context. Paramount among these conditions is the imperativeness for both the Central Government and Local Authorities to embark upon the reconfiguration of the prevailing revenue architecture while concurrently reinforcing the apparatuses of financial oversight. A key informant elucidated that the Chongwe district council ought to augment its revenue collection efficacy and institute a coherent linkage between accrued revenue and corresponding expenditures.

Furthermore, it is advocated that Local Authorities, akin to the Chongwe district council, ought to bolster their reliance on internally generated revenues while exercising prudent autonomy. Such a paradigm shift would tangibly cement the nexus between the benefits accrued from localized services and the ensuing costs, engendering heightened accountability of local officials to taxpayers and the cultivation of fiscal prudence.

Central Government's role, as posited, resides in the formulation and enhancement of legal and regulatory frameworks governing the borrowing prerogatives of local authorities. While advocating for flexibility in debt thresholds and service ratios, it is incumbent upon the Central Government to steadfastly enforce rigorous budgetary constraints and shun interventions of financial rescue. A rigorous monitoring framework overseen by the Ministry of Finance is deemed indispensable, particularly in scenarios where private market mechanisms for oversight are absent. Such scrutiny should encompass not only regular debt but also immediate financial obligations and outstanding liabilities owed to official institutions and private vendors. Furthermore, it is posited that Local Government guarantees extended to municipal ventures necessitate equivalent scrutiny. It is suggested that this surveillance be fortified by a robust system of sanctions for non-compliance, thus imbuing the regulatory ecosystem with credence.

DISCUSSION OF FINDINGS

Contextual Introduction

The landscape of local governance in Zambia has become a focal point of multifarious challenges, prominently anchored in the delineation of fiscal prerogatives and the safeguarding of revenue entitlements. This has resulted in a profound erosion of their fiscal autonomy. Coupled with an array of institutional and structural complexities, these factors have collectively engendered operational inefficacies, impeding their capacity for revenue generation and the facilitation of efficacious service delivery. Undoubtedly, the efficacy of a well-structured public sector, adept at providing quality public services aligned with citizen preferences, fostering private sector-led growth while judiciously administering fiscal resources, assumes pivotal significance.

In stark contrast, numerous developing countries continue to grapple with insufficiencies and dysfunctionality within their local governance systems. These systemic shortcomings encompass behaviors associated with rent-seeking and impropriety, suboptimal resource allocation, and substandard provisioning of critical public services. The ramifications of deficient governance are particularly deleterious for the impoverished and marginalized segments of society, including women, children, and minorities, exacerbating their exclusion from crucial public amenities.

Modes of Service Delivery by Chongwe Municipal Council

The research reveals that the Chongwe Municipal Council employs a diverse array of mechanisms for service delivery, encompassing local government enterprises, outsourcing through contractual arrangements,

franchising, volunteer engagement, self-help collectives, and in-house service provisions. This spectrum of approaches seeks to accommodate evolving service delivery paradigms while concurrently minimizing fiscal overheads and exploring novel avenues for revenue generation. This entails instances where a governmental body, department, or local commercial entity extends services on behalf of another government entity or agency, thus introducing competitive dynamics to mitigate the inefficiencies attributed to monopolistic service provision.

Fiscal Implications of the Equalization Fund

The empirical findings of this study underscore a discernible upsurge in revenue and expenditure projections pertaining to the Chongwe local council subsequent to the implementation of equalization funds by the government. However, these advancements stand juxtaposed against the persistent challenge of feeble revenue collection, a recurring issue within the operational landscape of the Chongwe local council. The majority of community members refrain from remitting fees or levies corresponding to council services. In response to queries regarding the apportionment of costs associated with council services, a significant portion of respondents assert that the Local Authority should assume the responsibility for funding its operational and service provision costs. Conversely, an alternative perspective posits that users of council services should bear the financial burden.

At the crux of the matter lies the realization that the provision of services hinges on the confluence of effective demand and individual willingness, alongside a sense of civic duty and tax compliance. Noteworthy is a study conducted in Tanzania and Uganda, which reveals residents' rudimentary understanding of the pivotal role of taxation in sustaining local service provision. However, non-compliance stems from a prevailing lack of trust in local governance. In concurrence, Fjeldstad et al. (2009a) posit that there has been a noteworthy shift in sentiment towards the tax framework, reflected in survey data from 2003 to 2006. This transformation can be attributed, in part, to enhancements in service delivery within sectors such as education, health, and law enforcement, coupled with measures that have streamlined revenue collection processes. However, the scourge of corruption remains a salient concern, undermining trust in government and public servants, and consequently influencing citizens' propensity to discharge taxes and fees. Citizens are increasingly voicing demands for enhanced transparency in the utilization of generated revenues.

The repercussions of non-payment or non-collection of levies and taxes by beneficiaries extend beyond geographical confines, stymying the capacity of local governments worldwide to fulfill their public service obligations. Taxes constitute the bedrock of revenue for local governance entities, necessitating financial contributions from individuals and organizations to sustain the financial underpinnings of local government functions. This fiscal obligation curtails individual agency, often bereft of a direct alignment between the quantum paid and the commensurate benefits received.

Underpinning the framework of prudent tax design is a commitment to principles such as benefit-based contribution, economic efficiency, administrative expediency, and equitable distribution. This ethos should guide revenue collection endeavors, be it at the national or local government tier (Bahiigwa et al., 2004). Moreover, the research findings underscore that, despite the Chongwe local council's endeavors to fortify a self-sustaining financial base through a gamut of tax and expenditure powers, it remains constrained by an intricate interplay of factors including enduring central government control, limited revenue reservoir, failure to formulate long-term revenue optimization strategies, political interference, and the perpetuation of a cult of personality. Although property taxation holds promise as a revenue stream for Zambian local governance, its utilization is hampered by factors such as deficient fiscal cadastre information, scarcity of valuation expertise, flawed valuations, and inadequate enforcement mechanisms. Globally, the predicament has been exacerbated by governments assigning Local Authorities expenditure responsibilities beyond the scope of their own revenue streams. Zambia is no exception to this pattern, with local governments

frequently reliant on transfers from higher tiers of government, leading to a vertical fiscal imbalance. Furthermore, divergences in local revenue bases and administrative capacities can engender horizontal fiscal imbalances between urban and rural locales.

Given these disparities, the establishment of a viable local government taxation framework necessitates the concomitant design of an appropriate intergovernmental transfer mechanism (Bird, 2011). According to the World Bank (2013), vigilance is imperative in mitigating risks to macroeconomic management and fiscal prudence during the fiscal equalization process. The central government's capacity for macroeconomic stabilization and adjustment through the budget can be compromised if significant revenue and expenditure obligations are devolved to sub-national entities. The destabilizing potential is most pronounced when sub-national governments operate without stringent budgetary constraints. The prospect of a financial bailout in times of exigency diminishes incentives for cost containment, leading to resource inefficiency and rigidity within local governance systems, thereby exacerbating macroeconomic imbalances.

Within the sphere of revenue distribution, the study ascertains that the equalization fund assumes the mantle of primary financier for a substantial proportion of council activities. This reality is particularly manifest in the case of the Chongwe local council, grappling with a dearth or complete absence of revenue streams. Notably, plot premiums constitute a significant component of Chongwe Council's non-tax revenue, while property tax forms the principal source of tax revenue, notwithstanding the challenges associated with its collection efficacy. Non-tax revenue is dominated by permits and user fees, while property taxes and contributions from mining corporations constitute a notable portion of the tax revenue stream. The Director of Finance asserts the council's capacity to cover a significant portion of its expenditures through revenue derived from both tax and non-tax segments.

Boadway's analysis (2015) affirms the predominance of central government transfers in the revenue portfolio of most developing nations' urban centers, with property taxation and service charges yielding modest revenue shares. However, where local governance entities possess the potential to harness revenue through property taxes and service charges, meaningful tax augmentation often faces rejection by central governments, wary of undermining political support from constituents. Similarly, local government councillors may withhold endorsement, apprehensive of adverse political reactions from local taxpayers.

Despite the encumbrances on local governments' autonomous revenue generation capabilities, urban councils possess a greater scope for revenue enhancement. Nevertheless, a significant administrative impediment faced by Chongwe Municipal Council pertains to its inability to comprehensively recover due revenue. A substantial disjunction exists between reported and forecasted revenue figures, attributed to administrative incapacities in revenue evaluation. The inefficacy in enforcing tax payment and curtailing overt tax evasion, compounded by taxpayer resistance, exacerbates the issue. Bell's research (2011) underscores this challenge, positing that local governance entities are beset by financial concerns stemming from an array of factors including reliance on statutory allocations, intentional tax evasion by local citizens, and the establishment of nonviable local government zones. Disparities in local governance stature, defined by rural-urban dimensions, and constraints in revenue generation and fiscal jurisdiction further compound these challenges.

Martinez et al. (2006) advocate for the strategic utilization of substantial tax revenues alongside non-tax revenues garnered through user charges and fees, envisioning a sustainable fiscal trajectory for cities in developing nations. The capacity of a city to furnish essential services and products, coupled with enhanced accountability of local leadership towards constituents, hinges on its ability to harness internal resources. Intergovernmental transfers should be complemented by local revenue, serving to address disparities in expenditure requirements and fiscal capabilities, while concurrently enabling cities to contribute to the realization of central government initiatives.

In light of these exigencies, local governments should contemplate the adoption of mechanisms such as municipal bonds, bank loans, municipal development funds, institutional investor funds (e.g., pension funds), corporate bonds, equity markets, and public-private partnerships, as strategic vehicles to effectively surmount the challenge of mobilizing requisite financial resources (PPP).

Fiscal imbalances on both the horizontal and vertical axes

The findings of this underscored vertical budgetary disparities between local and central governments, stemming from incongruities in expenditure and revenue responsibilities assigned to each level. The central government holds dominant revenue-raising authority, while local governments face more spending duties with limited funding sources. Efforts to mitigate this through equalization funds remain insufficient due to the modest portion (5%) of national income taxes transferred. To address these imbalances, options include granting revenue-generation powers to local governments, transferring expenditure responsibilities to the central government, or adjusting local expenditures (Boadway & Hobson, 2013). Intergovernmental fiscal transfers aim to bridge the gap, defined by wealthier local governments' balance of expenditures and income, yet varying interpretations exist (Bird, 2013).

High grant funding promotes centralized micromanagement by the central government, leading to information challenges inherent in planning systems (Ahmad, 2016). Excessive central financing also diminishes local elections' significance, strains grant allocation systems, and contributes to a common pool issue, as non-residents fund local services through central transfers (Richard & Andrey, 2012). The study also revealed Chongwe Municipal Council's struggle with horizontal budgetary imbalances. In Zambia, similar to Nigeria, expenditure decentralization exceeds revenue decentralization, resulting in a lack of symmetry and issues like vertical imbalance. Findings align with Ahmad's assertion that balanced local governance requires duties aligned with taxing capacity and revenue generation (Ahmad, 2016).

Technical and Administrative Effects of Equalisation Fund

The findings of this study revealed that Chongwe Municipal Council is now managed by qualified administrative personnel, with directors and department heads holding degrees. However, public perception of the council's ability to meet service standards remains low. A robust local government management team is vital for effective public administration, grassroots participation, and socioeconomic growth (Besley & Ghatak, 2017). However, inadequate staffing and resources hinder service delivery, mirroring findings from Aminuzzaman's study in Bangladesh (2010). Insufficient cooperation between local authorities and government extension services, along with a lack of technical support, further impede service efficiency. Challenges encompass poor regulations, monitoring, transparency, political interference, and central government bureaucracy (Bucovetsky & Smart, 2016).

Local government's core obligation is delivering essential services for societal wellbeing. Qualified personnel and supportive organizational structures are crucial. Service quality, pivotal for quality of life, is distinct from per capita income (Besley & Ghatak, 2017). Developing countries like Zambia strive to enhance service performance due to pressing needs (Izabela, 2012). Decentralization could enhance local capacity, yet equity in funding and cross-sector collaboration are needed (Tamrakar, 2010).

Measures put in place for Service delivery for Equalization Fund to yield positive results in Service Delivery

One of the primary objectives of this study was to assess the strategies implemented to enhance service delivery through the effective utilization of equalization funds. The results, as presented in Figure 3, highlight the responses of participants, where 48% of respondents identified an increased reliance on

autonomous revenue as a fundamental measure to optimize the outcomes of the equalization fund in service delivery. An additional 25% emphasized the importance of restructuring the revenue framework and bolstering financial management practices. Moreover, 14% of respondents proposed the implementation of a city service levy encompassing all businesses and residents within the Chongwe area, while 13% emphasized the necessity to formulate and enhance legal and regulatory frameworks pertaining to local authority borrowing.

Insights gathered from key informants reiterated the significance of a revised revenue structure and fortified financial management practices for the equalization fund to effectively contribute to enhanced service delivery in the Chongwe context. The call for Chongwe district council to enhance revenue collection efficiency and align it with expenditure was underscored. A potent suggestion emerged, advocating for a heightened reliance on locally generated revenues by Local Authorities, such as Chongwe district council. This shift would foster a stronger connection between service benefits and costs, thereby fostering greater accountability towards taxpayers and a more judicious fiscal approach.

Furthermore, the study underscored the necessity for the Central Government to establish and reinforce robust legal and regulatory frameworks governing local authority borrowing. While advocating for flexibility in debt thresholds and debt service ratios, there was a discernible demand for stringent budgetary constraints and a deterrent against bailouts. The role of the Ministry of Finance in overseeing local borrowing, particularly in instances where market mechanisms are absent, was deemed crucial. The scope of monitoring should encompass both conventional and floating debt, including budgetary arrears involving official institutions and private suppliers, as well as Local Government guarantees for municipal enterprises. This surveillance mechanism should be complemented with a credible punitive system to address non-compliance.

In essence, the study findings underscore the significance of a multifaceted approach involving revenue enhancement, refined financial management, and well-regulated borrowing frameworks to optimize the effects of the equalization fund on service delivery in Chongwe, calling for concerted efforts by both Local Authorities and the Central Government.

CONCLUSION

In Zambia, local governments face a range of challenges encompassing issues like waste collection deficiencies, inadequate sanitary facilities, revenue erosion, and deteriorating infrastructure. These predicaments underscore local governments' incapacity to deliver services effectively. To address these concerns, the government established the Local Government Equalization Fund, designed to furnish consistent funding to councils and bridge developmental disparities. Nonetheless, issues of poor public service and overreliance on central government funding persist. The Chongwe Municipal Council's utilization of equalization funds hasn't consistently adhered to prescribed guidelines, with a notable allocation towards personnel and limited capital improvements. Despite employing diverse service delivery methods, the council's fiscal independence has diminished, leading to heightened reliance on equalization funds.

The introduction of equalization funds has led to increased revenue and expenditure estimates for the Chongwe Municipal Council, but the fiscal effort exerted has declined due to poor collection efficiency. The detachment between revenue and expenditure has prompted unsustainable demand for services, perpetuating the council's dependence on central funding. Consequently, a substantial fiscal imbalance prevails between the council and the central government. On an administrative level, Chongwe Municipal Council is managed by qualified personnel, with efforts toward infrastructure and service equipment acquisition. This study contributes to the comprehension of governance in local authorities by assessing the impact of the

Local Government Equalization Fund on Chongwe's service delivery.

To address the identified gaps, recommendations emphasize refining service delivery models, realigning expenditure and revenue responsibilities, and encouraging prudent fiscal management. The study underscores the necessity for local governments to pursue sustainable strategies in fulfilling their mandates amid existing challenges.

RECOMMENDATIONS

Based on the empirical insights derived from this study, the subsequent recommendations are posited to enhance the operational efficacy and financial viability of municipal councils:

[1] The central government should undertake proactive measures to augment the revenue foundation of local authorities within the Zambian context.

[2] A fundamental restructuring of the existing income framework is advised, accompanied by the reinforcement of fiscal administration mechanisms by both the central government and local councils. It is incumbent upon local governments to enhance the efficacy of revenue collection processes and establish a robust nexus between accrued revenue and corresponding expenditures.

[3] Local councils should judiciously exercise discretion as they embark on augmenting their dependence on internally generated revenues. The cultivation of this heightened association between the dividends and outlays of local services shall foster heightened accountability amongst local officials, engendering economic responsibility.

[4] The augmentation of self-sustained revenue sources should be pursued diligently by local governments, wherein substantive discretion is exercised. This strategic shift is anticipated to render local officials more accountable to their constituencies and imbued with fiscal prudence, thereby amplifying the nexus between service benefits and financial disbursements.

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