



SEEKING TO IMPROVE LOCAL TAXATION PERFORMANCE: SOCIAL
DETERMINANTS OF AN EFFECTIVE TAX REGIME IN MALAWI'S LOCAL
GOVERNMENTS.

A Dissertation

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Abstract

There are varying revenue mobilization performances among Malawi local governments within the broader similarity of failure. This study explains the social factors influencing the performance and failure of interventions in the LGs. It focusses on policy processes and remedial actions regarding fiscal decentralization. Tax policy strategically guides local revenue mobilization, the influence of its processes on taxation performance is the cause of disagreement. Local tax policy, automated financial management system, and capacity building are the targeted interventions. Tax policy processes are vital to attaining LGs' desirable performance, as are the interventions strengthening the system. Malawi adopted democratic decentralization in 1994 to enhance local governance, development, and citizenry empowerment. Local governance is a contentious topic among stakeholders, particularly local revenue mobilization. However, the influence of tax policy processes on performance and the causes of the interventions' failure are unknown. The study investigates them by answering two questions: (a) What processes under the LRESP management affect taxation performance? (b) What explains the insufficient variational remedial interventions in both poorly performing LGs and their relatively successful counterparts? The study is qualitative, and uses systematic processes, narrative, and performance analyses methods to analyze and interpret data. The dissertation concludes that the formulation and management of policy processes influence performance differently, appropriate management positively influence performance. Political influence, stakeholders' apathy, fraud and theft, neglect of fashion trends, use of informal rules, lack of shared responsibility and external support are the social factors influencing the tax policy processes and resulting performance. Besides, the influence of interventions on taxation performance depends on reforms' fiscal mechanisms, legal and institutional frameworks. Thus, LGs that uses capacitated staff to manage tax policy, adequate technology to administer revenue mobilization activities, and satisfy stakeholders' needs perform better than others. However, the availability of resources and continuous improvement are necessary to guarantee superior performance. Moreover, failure of the central authority frustrates fiscal decentralization and local performance.

Abbreviations and Acronyms

ADOF	Assistant Director of Finance
CA	Chief Accountant
CCLGRT	Cabinet Committee on Local Government and Rural Transformation
CEO	Chief Executive Officer
DC	District Commissioner
DDC	District Development Committee
DOF	Director of Finance
FA	Financial Analysts
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IFMIS	Integrated Financial Management Information System
IMTC	Inter-Ministerial Technical Committee on Decentralization
LAPA	Local Authority Performance Assessment
LASCOM	Local Government Service Commission
LG	Local Government
LGA	Local Government Act
LGAP	Local Government Accountability and Performance
LRESP	Local Revenue Enhancement Strategic Plan
MAC	Minimum Access Conditions
MALGA	Malawi Local Governments Association
MK	Malawi Kwacha
MoLG	Ministry of Local Government
MP	Member of Parliament

NAO National Audit office
NDP National Decentralization policy
NLGFC National Local Government Finance Committee
OPC Office of the President and Cabinet
PM Performance Measures
PS Principal Secretary
RBM Reserve Bank of Malawi
SLSA Sustainable Livelihood in Southern Africa
SMS Short Message Service
USAID United States Agency for International Development

CHAPTER ONE

INTRODUCTION

1.0 The statement of problem

Decentralization studies across the globe have revealed various causes of varying performances in Local Governments (LGs). Both internal and external factors are responsible for the varying results. It is important to understand such factors including tax policy processes to achieve desirable performance (Breeman, Scholten and Timmermans 2015). Special attention in LGs' performance analysis has been given to the fiscal decentralization dimension since it forms the foundation for administrative and political dimensions. Fiscal decentralization empowers LGs to undertake various fiscal management functions and responsibilities (Lee and Seoh, 2022). Carmeli (2002) noted that comprehensive understanding of the factors affecting local operations provides a basis to improve LGs' financial performance.

LGs' financial performance has traditionally been investigated by comparing revenues and expenditures with no attention to tax policy processes. The approach inhibited the opportunity to comprehensively understand LGs' ability to mobilize local revenue, and social factors affecting the ability. Hence, this study takes a new direction to explain local revenue mobilization performance and variations by investigating tax policy processes to bring out social and taken for granted factors influencing the processes and performance. Shifting focus to understand the performance by investigating the functionality of the tax policy processes helps to elucidate social dynamics of local revenue mobilization. Applying the approach to Malawi helps to explain the social factors affecting local revenue mobilization in developing countries, particularly in Sub-Saharan Africa.

Malawi adopted democratic decentralization (devolution) in 1994. It intended to address previously identified decentralization challenges and empower LGs with extensive political, administrative, and financial powers. The economic empowerment would allow LGs to raise local revenues to fund operational, public services and development expenses. However, it is yet to yield

the anticipated results as the LGs struggled to collect local revenues, as observed by Kelly, Marco, Maseya, Nkankha, and Kiisa (2001). Kelly et al. observed that the LGs failed to collect adequate local revenues to fund basic operational and public service delivery expenses leading to compromised local operations. However, even though all the LGs failed to cater for the basic expenses, their individual local revenue mobilization performance was not the same, highlighting operational differences.

The central government responded to the persistence of the undesirable local revenue mobilization performance by introducing Local Revenue Enhancement Strategic Plan (LRESP) to turnaround the performance (National Local Government Finance Committee (NLGFC), 2009). The LRESP aimed to enhance local revenue collection by collecting unpaid taxes from defaulters, encouraging tax compliance through enhanced public service delivery, boosting public sensitization about local taxes, and comprehensively collecting taxes. LGs needed to formulate and execute it as a roadmap to eradicating the existent challenges and enhancing performance. However, despite its introduction, the performance stagnated (Mustafa, 2017), raising questions about the functionality of its processes. In addition, its application coincided with unexplainable varying performances among LGs though they still fell under the expected levels to support basic needs. That triggered the need to investigate the causes of the performance variation to improve performance. Traditionally, LRESP assessment focused on its availability and its assumed impact on performance, with no attention to the management of its processes and how they influenced performance. The LRESP processes are formulation, communication, execution, monitoring and evaluation and enforcement. Therefore, investigating the policy processes, environment and actors is essential to understanding their impact on performance, elucidating how they produce the different results, and achieving the desired results. Additionally, the study investigates why remedial actions meant to strengthen the taxation system failed in other LGs.

Understanding the LRESP and remedial actions dynamics forms a platform for enhancing performance in the LGs regardless of their degree of failure. In addition, the relevant stakeholders will comprehend the dynamics enabling them to contribute positively to LRESP and remedial actions management. Further, the mutual understanding helps reduce conflicts among the stakeholders, resulting in performance improvement due to enhanced collaboration. Thus, the

investigations reveal essential information for eradicating strategic and operational challenges in managing LRESP processes and remedial actions leading to their effectiveness and attainment of the desired LGs' local revenue mobilization performance.

1.1 Background of the study

The adopted democratic decentralization is guided by the National Decentralization Policy (NDP) which outlines the devolution reforms (Jagero, Kwandayi, and Longwe, 2014). Devolution failed to achieve the desired results (Chiweza, 2010; Kutengule, Kampanje, Chiweza, and Chunga, 2014) as LGs poorly collected local revenues and failed to fund basic expenses (Chiweza, 2010; Kutengule et al., 2014; Mustafa, 2017). On the other hand, Maere (2014) observed that devolution somehow influenced progress in the decentralization system. However, despite such positive effects, Kutengule et al. (2014) and Mustafa (2017) believe that a lot still needs to be done to improve the performance to required levels. The gains made such as the merger of two local administration units into one, the partial empowerment of LGs, and promotion of personnel in LGs were overshadowed by political interference, resistance to change and lack of capacity at central and local levels (Kutengule et al., 2014); conflicts among decentralization players (Tambulasi, 2009); and lack of leadership in the implementation process and sabotage leading to execution delays (Chiweza, 2010). The stagnation of the reforms particularly in local revenue mobilization raises doubt about the productivity of the policy processes. Sinda (2016) observed that the success of decentralization reforms depends on the used policy and management of its processes. According to Sinda, it is imperative to constantly examine the policy processes to introduce corrective actions to strengthen them to attain the desired results.

It is important to comprehend factors that significantly influence LGs' performance to eradicate deficient performance. Various managerial factors, including taxation strategies, must be investigated to explain the deficient performance puzzles (Carmeli, 2006). Fiscal policy is critical in eradicating an organization's fiscal distress (Casal and Gomez, 2011) making it important in understanding LGs' performances. Mustafa (2017) and the Ministry of Finance (Pondani, 2022) noted that LRESP overhaul could help eradicate the poor local revenue mobilization performance in LGs. Hence, it is crucial to examine the LRESP processes. Further, examining LRESP processes

for LGs that are variedly performing helps to determine the elements that need to be maintained, borrowed, and eradicated to enhance performance.

1.2 The significance of the study

The research makes several contributions both to the existing literature and policy directions. Firstly, it investigates LGs' taxation policy processes focusing on social and taken for granted factors which has not been given attention previously. Previous studies focused on analyzing the fiscal decentralization policy processes and their influence on LGs' performance, and LGs' financial performance measurement and operational revenue mobilization processes. Further, it compares the LGs' performance using Systematic process analysis and Small-N methods which digs deep into the few selected cases producing rich information revealing the social factors affecting the LGs' performance and yielding varying performance. That is unusual in LGs' financial performance assessment, fiscal decentralization, and overall local government studies. That makes the study important in the fields as it introduces new directions of understanding dynamics influencing performance. The studies in the fields usually assessed performance by comparing revenue and expenditures with no attention to the policy processes producing the revenue and expenditure figures (Lee and Seoh, 2022). In addition, most studies used quantitative methods which did not provide the chance of investigating the cases in their operating environment to consider significant local factors playing part in influencing performance. The revealed social and taken for granted issues proved to be significant to LGs' performance.

Secondly, the study highlights that a weak central government and a fiscal decentralization policy are detrimental to LGs and predicts poor LGs' local revenue performance. Particularly, indicating that central government's failure to manage the fiscal decentralization policy influences local financial failure. In addition, it reveals that poor LRESP processes administration by the LGs demeans their impact on local revenue mobilization and triggers poor local revenue mobilization performance. Further, it highlights that lack of collaboration among stakeholders in fiscal decentralization is disastrous for LGs' performance. The revelations provide entail to the stakeholders to improve their roles in enhancing LGs' local revenue mobilization performance.

It therefore provides direction in managing fiscal decentralization and local tax policy. It highlights the need for the central government to function properly to support LGs in eradicating challenges hindering local revenue performance. In addition, it describes good approaches to effectively manage local tax policy processes for enhanced local revenue mobilization based on a deep understanding of social and taken for granted factors influencing the processes. The explanations will assist stakeholders to understand tax policy processes and operational dynamics influencing taxation performance. That creates a basis to determine if the influential factors are both necessary and sufficient to improve tax performance in all LGs. The LGs will capitalize on their strengths while eradicating weaknesses in the processes to boost revenue mobilization capacity. The central government will understand its weaknesses in managing fiscal decentralization policy and enhancing local performance to adopt effective ways to improve central and local performance. Further, the taxpayers will understand the LRESP management processes and contribute positively. Thus, the study helps stakeholders to reevaluate their roles and responsibilities in local revenue mobilization for improved contributions and collaboration.

1.3 The Objectives of the Study

The objectives of the study were reviewed during the investigations. Initially, the study intended to understand the influence of tax policy processes on taxation performance by comparing LGs, but the collected data broadly showed that the LGs in Malawi took a similar trend of failure in which they underperformed in revenue collection and were unable to carter for their basic expenditures, let alone service delivery and development expenditure. To avoid tautology, the idea to undertake comparison was dropped prompting the ideas of using the four cases to broaden the study base. However, additional data collected after the pre-defense depicted significant performance variations among the failing LGs triggering the need to investigate them. That brought back the initial idea of understanding the causes of performance variation in the LGs despite being subjected to similar LRESP processes.

Therefore, the understanding of the tax policy processes on taxation performance in LGs is core. In addition, it seeks to understand the failure of the interventions made in the taxation system. First, it aims to understand how the tax policy processes influenced each LG's performance and produced different results among LGs. Second, it seeks to understand why the

interventions in the taxation system failed in some LGs. The targeted interventions are the Local Revenue Enhancement Strategic Plan (LRESP), Integrated Financial Management Information System (IFMIS), and capacity building. The following steps are taken to address the objectives.

- Investigate the formulation of the policy processes, their administration, and relevant stakeholders involved. Secondly, investigate how the processes, actors, environment, and their interaction impact taxation performance. Finally, compare the findings from different LGs to determine what caused the performance variations.
- Assess the targeted remedial actions and their impact on performance in the LGs.

1.4 Research Questions

- a) What processes under LRESP management affect the tax performance?
- b) What explains the insufficient variational remedial interventions in both poorly performing LGs and their relatively successful counterparts?

1.5 An outline of the dissertation

This dissertation comprises six chapters. The first chapter is introductory, it gives a brief picture of the study. The second chapter reviews the existing literature highlighting what has already been done and how it was done to locate the gap. The third chapter describes the evolution and progress of decentralization in Malawi, and the fourth chapter outlines the methodologies used. The fifth chapter discusses the findings of the study. Finally, chapter six contains conclusions, and recommendations.

1.6 Conclusion

Malawi LGs needs urgent attention to improve the LRESP processes to turn around the poor local revenue mobilization performance. There is need to investigate the LRESP processes and social factors affecting them to understand causes of the poor revenue mobilization performance to formulate effective strategies. It is also necessary to understand why the interventions failed in other LGs to introduce effective ones. The study will be distinguished by its investigation of the tax policy processes focusing on social factors to understand how they influence revenue

mobilization performance. In addition, use of the Small-N analysis and systematic process analysis, and consideration of taken for granted factors makes it different.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

There is fragmented and concept-specific existing literature. Some scholars focused on conceptualizing and describing decentralization forms, while others emphasize its success, particularly the fiscal component. The assessment of the success has focused on LGs' financial results from various managerial and operational processes neglecting the processes generating the results. The processes and their management are essential since they determine the changes in the results, defining the success level.

2.1 Descriptions and forms of decentralization

Decentralization existed before state modernization (Shah, 2006). The modern system is an upgrade of the outdated version. Ababio and Andoh (see United States Aid for International Development (USAID), 2009) defined decentralization as a political process to empower lower-level institutions to increase efficiency in satisfying their clients. On the other hand, Vyas-Doorgapersad (2012) described it as returning decision-making powers to locals from the central authority. Thus, decentralization promotes local decision-making.

Decentralization kept changing forms during its evolution (Sinde, 2016) indicating changes in operational systems and targeted goals. According to Ababio and Andoh (2013), devolution, deconcentration, and delegation are the common forms of decentralization. The forms describe the extent of authority given to the local governments by the central government. Devolution represents an extensive transfer of power; deconcentration represents a minimal transfer of power; and delegation entails a transfer of authority that gives both levels equal power over some areas (Mukwena, 2020). Sometimes, different forms can be applied simultaneously, forming an unidentified hybrid. The Office of the President and Cabinet (OPC (2018) in Malawi observed that devolution and deconcentration were applied together. In addition to the forms, USAID (2009) described three decentralization dimensions: political, fiscal, and administrative. According to

Godana and Mukwena (2004), the dimensions indicate the type of functions and responsibilities devolved to the LGs:

- Fiscal indicates the transfer of financial management functions and responsibilities.
- Political dimension indicates the transfer of political functions and responsibilities.
- Administrative indicates the transfer of operational functions and responsibilities.

The dimensions significantly influence the success of local governments, but fiscal decentralization is a pathfinder because a lack of fiscal decentralization results in incomplete and overburdened LGs (Lee and Seoh, 2022). Success in the financial dimension paves the way for the other two as they are well financed making it very crucial.

2.2 decentralization trends and evaluation

Decentralization across the world is moving in different directions as developed and developing countries pursue varying reforms and objectives. Bardhan (2002) noted that developed countries focused on rights, freedom, and advanced autonomy: In contrast, developing countries focused on fundamental governance issues such as eradicating corruption, conducting personnel training, creating fiscal systems, and transferring basic powers from the central to the LGs.

Furthermore, Smoke (2001) observed that developing nations advanced fiscal decentralization to eradicate governance and economic deficiencies, in contrast to the developed world, which tended to empower the local citizenry significantly. Thus, decentralization in developing countries typically aimed to improve LGs' performance rather than empowering the citizenry like in the developed countries. The observations suggest that social systems in the countries affect the reform's implementation as communities may be empowered or not. Conyers (2007) claimed that the problems limiting decentralization reforms in Africa are typically African in nature rather than reforms' complexity. He claimed that the way of doing things in Africa hindered progress of the reforms. Hence, it is crucial to consider local phenomena when planning and executing reforms. Considering social issues (Robalino, Picazo, and Voetberg, 2001) and institutional mode of operations (Smoke and Lewis, 1996) maximizes the chances of decentralization success. Robalino et al. (2001) added that reforms need to consider how the local

people behave, interact with each other and the factors that drive such style of behaviours. Thus, there is need to comprehensively understand local social dynamics to develop reforms that best fit the local people and situation otherwise they may conflict with local norms and fail.

It is therefore necessary to adopt decentralization as a self-desired change to comprehensively consider social factors. However, most African countries adopted democratic decentralization under due influence. In the 1990s, the African countries adopted the Africa for Change agenda championed by donors mainly to access aid (Moyo, 2009). According to Ababio and Andoh, (2013) the changes aimed to enhance governance and democracy in the targeted countries. The aid attached to the reforms and coercion were the primary reasons for adopting the reforms and not the expected outcomes, which may justify their failure. The reforms were not exclusively designed by the adopting countries to comprehensively consider all local factors, leading to the exclusion of some relevant social elements like local scepticism to innovative ideas. Malawi (Cammack et al., 2007), South Africa, and Ghana (Ababio and Andoh, 2013) were among the countries that adopted the reforms, they achieved different results from the reforms. While there are minor gains in Malawi (Chiweza, 2010), South Africa, and Ghana (Ababio and Andoh, 2013), the reforms are yet to benefit African countries as expected (Scott, 2009; Cabral, 2011). Nevertheless, the continuance of the execution indicates that there is still hope that the reforms may eventually materialize.

Fiscal decentralization was a crucial component of the reforms. Fiscal decentralization is vital to enhancing local governance because it financially empowers LGs particularly to mobilize revenue locally (Oppong, 2020). However, the level of empowerment varies across countries depending on the form of reforms and implementation style. Even countries with the same form of decentralization may have different fiscal management responsibilities depending on the central government considerations. *“Four main components of fiscal decentralization are expense assignment, revenue assignment, intergovernmental transfers, and LGs' borrowing”* (Oppong, 2020, p35). Revenue assignment and intergovernmental transfers define LGs' ability to raise local revenue as they determine size of local revenue base and availability of operational resources to collect revenues from the devolved revenue sources. Hence, LGs' ability to raise local revenue indicates the success of fiscal decentralization. However, measuring the success of decentralization during implementation is problematic (Lee and Seoh, 2022) because it pursues numerous

objectives (Rees and Hossain, 2010); stakeholders have different expectations (USAID, 2009); and some objectives evolve during implementation (Halligan, 1997). Hence, it is essential to continuously undertake well-thought evaluations to guarantee the attainment of the pre-set objectives.

Fiscal decentralization has given local governments greater control over their finances (Oduro, 2018). However, it is hampered by several factors both internal and external to the LGs including capacity deficiencies, resulting in local financial instability (Oduro, 2018). Honadle (2003) observed that financial insecurity in LGs was a global phenomenon that jeopardized local development. Thus, most LGs did not have adequate finances to support their basic operations. Carmeli (2008) proposed investigating the actual causes of the financial instability to eliminate them as a means of bringing financial stability in the LGs. Carmeli's idea was supported by Elling, Krawczyk, and Carr (2014) and Bolivar, Munoz and Subirés (2016), who stated that using good fiscal management systems that can identify the causes of financial impediments is a step toward solving the problem. Elling et al. (2014) added that enhanced local revenue mobilization and reduced local operational cost would help to eradicate the local financial instability. However, with the rising population in the LGs, it is hard to reduce operational costs, leaving the option of enhancing local revenue mobilization only. Further, Mgonja and Pocian (2019) indicated that complete empowerment of the LGs would solve the problem while Mustafa (2017) indicated that LGs' transparency and accountability were crucial to eradicating the issue. Thus, limited LGs' empowerment and poor local administration hinders financial flourishing in the LGs.

Financial performance assessment is becoming increasingly important in identifying financial challenges for eradication in LGs (Oduro, 2018). It is necessary to have routine system checks to give no chance to institutionalization of challenges. According to National Academy of Public Administration (1998), the performance measurement aids in resolving financial challenges and the restoration of citizen trust. Carmeli (2002) agreed with "The Panel" stating that assessing financial performance increases citizen trust and encourages citizen participation in local governance issues. Carmeli believed that citizens are interested in LG matters if they are satisfied with the LGs' financial transparency and accountability. Lack of citizenry trust therefore triggers their non-participation in local governance since they are not satisfied leading to stakeholders exclusion; it is therefore necessary for LGs to ensure that they are trusted by their citizenry.

However, Turley, Robbins and McNena (2015) indicated that not all performance evaluations trigger that effect, emphasizing that only properly conducted performance evaluations that provide simplified, user-friendly, and relevant financial information have the power to induce citizenry trust and participation in local governance. On the other hand, Murphy, and Jones (2016) stressed the importance of assessing LGs' performance based on public service delivery. Murphy and Jones further explained that LGs must comprehensively understand their financial capacity to provide public goods and services to avoid misunderstandings with the citizenry. That makes public service delivery a significant component in measuring LGs' financial performance since the raised revenues are meant to finance such cause. The LGs need to inform the citizenry of their prevalent capacity to provide public goods to avoid over expectations from the citizenry. A lack of common information among stakeholders on public service delivery capacity will cause conflicts. Hence, it is critical for LGs to continuously assess their ability to provide adequate and high-quality services to citizens and keep them informed about it to maintain a good relationship (Chiweza, 2010; and Mustafa, 2017).

Holistic and elementary approaches are the two broad approaches for evaluating LGs' financial performance (Carmeli, 2002). According to Carmeli, the elementary approach evaluates each functional area independently, whereas the holistic approach combines the functional areas into a single unit. Carmeli added that the application of the holistic approach is more complicated than the elementary approach because local governments have a complex multicomponent structure with different objectives for each component. Carmeli indicated that elementary approach eases the process as focus in on one functional area with related and specific objectives. Thus, while the holistic approach provides the chance of understanding the overall performance of a LG, the elementary approach offers a chance to deeply understand how each of the functional area/component contributed to the overall performance. On the other hand, Turley et al. (2015) discussed the benchmarking approach. Benchmarking, according to Turley et al., is the comparison of the performance of two or more LGs based on a specific standard. However, one LG can also be used as a benchmark for the other, therefore comparing one LG on the performance of another is also benchmarking. However, it is important to make sure that the basis is well-defined for the comparison to produce meaningful outcomes. A lack of clear benchmarking basis can therefore turn the process into an ordinary case comparison process.

Various techniques are deployed in the holistic and elementary approaches to attain the pursued objectives. Turley et al. (2015) contended that performance assessment frameworks need customization to generate the desired results. For example, in England, the Comprehensive Performance Assessment (CPA) model was created to investigate and compel underperforming local governments to implement turnaround strategies (Murphy and Jones, 2016). According to Murphy and Jones, the CPA was designed to extract all elements that contributed to poor LG performance. It was designed to eradicate the identified challenges and enforce adoption of strategies to enhance performance. Thus, a performance assessment technique can go beyond just measuring to introduce better means of conducting financial activities. Similarly, the Best Value model was introduced in the United Kingdom to put local governments on a continuous development path in public service delivery (Bailey, 2003). The Best Value program enabled local governments to keep improving their performance to provide high-quality public goods and services (Bailey, 2003). The technique required continuous check of the system to ensure it realized adequate revenues to provide the required public goods and service. Besides, Carmeli (2002) and Turley et al. (2015) developed frameworks to evaluate financial variables that affected financial performance, measure financial performance, and provide customized financial information to the targeted users. The frameworks measured the financial management processes in the LGs. On the other hand, Carmeli (2006) and Bolivar et al. (2016) frameworks evaluated LGs' financial performance based on non-financial factors. It is therefore crucial to make a good consideration of relevant factors in developing a framework for assessing financial performance to ensure that the targeted objectives are achieved.

The different performance assessment techniques have revealed numerous factors influencing LGs' financial performance. According to Burritt and Schaltegger (2010), decision makers must understand financial variables to comprehend financial performance and achieve financial sustainability. Bolivar et al. (2016) agreed with Burritt and Schaltegger that financial variables are important to LGs' financial performance and should be included in performance measurement frameworks to improve the comprehensiveness of the results. Performance frameworks need to have a component of financial variable to depict the trend of performance and factors that influenced the trend. Despite Carmeli's (2002) support for the influence of financial variables' notion, he indicated that non-financial (social factors) variables influence financial performance as well. He specifically stated that social variables were important in evaluating

financial policy. Carmeli proposed future studies to deeply investigate social factors influencing tax performance and how they pulled such an influence. That is part of the contribution that this study makes to the existing literature. In addition, Carmeli (2006) and Barney (1991) indicated that non-financial variables such as an organization's human resources were critical to determining performance and intangible capabilities like skills also required attention. That indicates the need to deviate from the traditional trends of focusing on the usual areas in measuring performance to investigate areas that have been taken for granted or devoid of attention to understand the real factors affecting financial performance. Carmeli (2002) went on to say that many non-financial variables related to the LGs' capabilities and competence can influence financial performance. That is backed by Carmeli's (2006) assertion that it is necessary to assess the impact of competence and capability-related factors such as tax policy on financial performance. However, it is necessary to ensure that an effective performance measurement method is used to guarantee attainment of the desired objectives.

Despite the difficulties associated with evaluating LGs' financial performance and fiscal decentralization, numerous studies have done so (Sinde, 2016) focussing on revenue mobilization. Wallis and Oates (1998) examined it by comparing LGs' locally generated revenues and central government transfers and corresponding expenditures. A higher proportion of central governments' revenue or expenditure by the LGs indicated satisfactory progress on central government transfers while static and dwindling local revenues indicated poor local revenue mobilization. The study focussed on the increase in the revenue figures. Kelly et al. (2001) in Malawi assessed it by analysing the business licenses and property rates administration processes. The study found that the processes were weak due to lack of adequate information, political will, and competent administration. The study also found that limited revenue base affected local revenue mobilization. It also touched on policy choices, but focus was on the operational side rather than policy management. It recommended the improvement of the operational processes and their management. The research was done before the introduction of the LRESP. No study has been conducted on the LRESP since its inception.

Carmeli (2002) evaluated fiscal decentralization in Israel using a customized financial evaluation framework. Carmeli noted that it was necessary to comprehensively understand LGs' processes to develop an effective performance measuring framework especially when considering

comparison to detect distinct features. Carmeli found that LGs in Israel were not transparent and accountable to citizenry due to lack of effective monitoring and reporting processes unlike LGs in the western countries like USA which were transparent and accountable by using well established processes to monitor and report performance. Carmeli used the comprehensive approach to assess the general monitoring and evaluation process for the financial management component, the study focussed on all sources of revenues unlike this study which focusses on locally generated revenues. Carmeli proposed to use the available data to formulate a framework that would be used to monitor and report performance to institute transparency and accountability in the LGs. Carmeli also found that the performance evaluation process was weak and needed strengthening by the proposed performance measuring framework. Carmeli developed the framework to eradicate the issues, the framework used four indicators: short-term liquidity, long-term solvency, service delivery, and local autonomy. The study concluded that LGs with more funds performed better, and it was impossible to analyse fiscal policy using financial factors, hinting at the need to use social factors to analyse financial policy. Carmeli indicated that despite that financial data could not assess the policy, it was necessary to reengineering policy processes therefore creating a platform for improvement. Carmeli noted that the internal processes approach (Ostroff and Schmitt, 1993 see Carmeli, 2002) for assessing performance was significant but was not commonly used. According to Ostroff and Schmitt, an organization becomes productive if it applies robust internal processes while considering actors' relationships in the processes. Thus, effective internal processes are necessary to ensure the success of the LGs.

Kutengule et al. (2004; see Chiweza, 2010) in Malawi assessed it by calculating the increase in central government transfers and comparing locally generated revenues to the total LGs' annual revenue budget. Kutengule et al. focussed on the fiscal devolution process with less attention to local revenue mobilization processes. According to them, increases in central government transfers indicated progress in fiscal decentralization process but the diminishing proportion of the local revenue to the total LGs' revenue budget highlighted poor revenue mobilization processes, however, they did not investigate how the local revenue mobilization processes failed. However, they concluded that poor revenue mobilization processes were detrimental to poor revenue mobilization performance.

Uchimura and Suzuki (2009), in the Philippines, used LGs' expenditure-to-total expenditure ratio, own revenue-to-total revenue ratio, freedom in expense, and financial dependence to assess fiscal decentralization and LGs' financial performance. The study found that the fiscal decentralization process was not productive as it devolved functions and responsibilities to LGs without corresponding resources thereby hindering their capacity to execute the functions. On the other hand, the LGs failed to mobilize adequate local revenue to support the devolved functions. It also concluded that urban LGs collected more local revenues than their rural counterparts, however, it did not investigate what caused the variations, it only stated that the rural LGs lacked control over their financial capacity. In addition, it highlighted that the central government limited the discretion of the LGs which hindered the customization of local processes to enhance local revenue mobilization.

Chiweza (2010) in Malawi examined fiscal decentralization by investigating the functionality of the decentralization process. The study was biased towards assessing how local processes contributed to the progress of the overall reforms, broadly looking at the effectiveness of the decentralization process. The study found that LGs failed to provide public services to the citizenry under decentralization reforms. That indicated the inability of revenue mobilization processes to secure adequate revenues to provide the required public services. Further, it found that the MoLG lacked resources and commitment which suffocated the implementation process of the decentralization reforms. Furthermore, challenges like resistance to changes, capacity deficiencies, weak processes administration, poor monitoring and evaluation and accountability processes hindered both central and local progress. The challenges weakened local revenue mobilization processes leading into deficient performance. The study noted that interventions like capacity building and financial aid were done but the challenges persisted further deteriorating revenue mobilization performance. It emphasized that poor record keeping, leadership, and monitoring and evaluation in the finance department worsened the revenue mobilization processes. It concluded that central government transfers increased but locally generated revenue stagnated entailing poor local revenue mobilization. It also added that broadly the decentralization process was challenged to attain the overall objectives.

Further, Kutengule et al. (2014) in Malawi assessed it by assessing the progress of decentralization implementation. The study found an increase in local funding but mainly from

central government transfers and not locally generated revenues highlighting poor local revenue mobilization processes. However, the study did not deeply consider factors influencing the failure, mainly in locally generated revenues. Nevertheless, the study outlined challenges which affected fiscal decentralization processes. It indicated that resistance to devolve local functions, poor relationship between central and local governments, capacity deficiency, and poor funding to the LGs affected the decentralization process. In addition, poor administration in the LGs affected the revenue mobilization processes stopping progress in performance.

Furthermore, Sinde (2016) examined fiscal decentralization in Tanzania by assessing financial sustainability in LGs. The study found that LGs' economic conditions and central government transfers caused financial sustainability variation among LGs. It did not focus on tax policy management, thereby missing local factors limiting revenue mobilization processes. The study challenged future researchers to investigate whether factors hindering African decentralization reforms can be avoided and if African attributes cause the failure. Last but one, Oppong (2020) examined the effectiveness of fiscal decentralization by examining its influence on LGs empowerment. The study embarked on improving fiscal decentralization in Ghana. Focus was on LGs' empowerment rather than how the LGs used it to succeed financially. The study found some limited progress in fiscal decentralization. It focussed on property tax and called for future studies to use other forms of taxes.

Finally, Lee and Seoh (2022) in South Korea assessed it by evaluating local taxation and expenditure devolution. They found that decentralized expenditure does not negatively affect LGs' performance. However, decentralized revenues are crucial to the LGs' performance as they fund local processes to provide public services and mobilize revenues. Their study observed that fiscal decentralization was analysed and compared differently, raising fears that the generalization of results may be unrealistic and problematic. They suggested the formulation of a global database to allow generalizing of results in countries with similar processes. Lee and Seoh also noted that most studies measured fiscal decentralization particularly LGs' performance by comparing revenues and expenditures using performance analysis (Carmeli, 2002), trend analysis was also used. Thus, there has been not much detour from the traditional model of measuring LGs' financial performance.

In a bid to explain processes and influencing factors in fiscal decentralization, numerous studies were conducted but did not focus on tax policy processes, and social and taken for granted factors influencing them. The studies focussed on fiscal decentralization policy processes, LGs' financial performance assessment processes and LGs' operational processes. A few studies were conducted in Malawi. The studies Kutengule et al. (2004), Chiweza (2010), and Kutengule et al. (2014) focussed on the effectiveness of fiscal decentralization policy and LGs' operational processes. They neglected tax policy processes and social and taken for granted factors influencing local revenue mobilization. The studies discovered that most operational revenue mobilization processes were affected by challenges like capacity deficiency, stakeholders' conflicts and lack of resources leading to poor functionality and performance in the LGs. The studies also found that the fiscal decentralization policy processes were weak as they led to the devolution of limited tax base and functional powers to the LGs. Besides, Dulani (2008) discussed faulty legal tools and recommended amendment of laws to be in line with decentralization. Dulani found that conflict among laws limited LGs' revenue mobilization processes thereby hindering enhanced performance. Further, Mustafa (2017) touched on financial incapacities, suggesting enhanced funding, boosting LGs' capacity and financial strategy overhaul but did not discuss LGs' tax policy processes. The studies of Dulani (2008) and Mustafa (2017) further highlighted the distortions of the fiscal decentralization processes. To the contrary, Kelly et al. (2001) focussed on analysing operational processes for managing business licences and property rates. It found that most of the operational processes like tax classification and data recording were unsound leading to revenue losses and deficient performance. Kelly et al. partially touched on policy choices but not processes. Thus, no study analysing fiscal decentralization processes focussed on local tax policy processes and factors influencing them.

Studies analysing fiscal decentralization processes have also been conducted in other countries with most of them focussing on fiscal decentralization policy and LGs' financial performance assessment processes. Wunsch (2001) noted that local financial processes were compromised because of the failure to appropriately implement reform provisions at the central level. Wunsch noted that in Africa LGs failed to develop good processes for implementing financial and human management systems and revenue mobilization reforms due to lack of central government support leading to failure. Thus, the failure at central level induced local challenges and failure. In addition, Bardhan (2002), added that fiscal decentralization policy processes in

developing countries focussed on improving efficiency in local governance and public service delivery while in developed world they focussed on empowering citizenry. Thus, the processes served different purpose in different worlds. Further, Fjeldstad (2006) also noted that operational processes for revenue mobilization in Africa and other parts of the world were affected by lack of resources as LGs were poorly financed by the central government and themselves. Furthermore, Fjeldstad et al. (2014) noted that Sub-Saharan revenue mobilization processes were affected by several factors both internal and external to the LGs. They noted that the processes were negatively influenced by colonial taxation systems, central government reluctance to devolve power, and excessive cost of implementation. On the other hand, Oppong (2020) in Tanzania noted that fiscal decentralization policy processes suffered when there was vertical and horizontal fiscal imbalance and lack of LGs' distinguished power to mobilize revenues locally. The imbalances brought capacity deficiencies which led to process failure and lack of LGs' power subjected them to central control which limited local effectiveness as LGs could not customize policies. Finally, Lee and Seoh (2022) noted that only LGs that have been well empowered by the fiscal decentralization policy processes can execute effective processes to attain financial stability. The above studies indicated that only effective fiscal decentralization policy processes that significantly empower the LGs has the power of positively influencing LGs' performance as deficient processes limited the autonomy of the LGs leading to local revenue mobilization failure. Therefore, poor fiscal decentralization policy processes predict poor LGs' revenue mobilization performance.

Several studies have also focussed on LGs' financial performance measurement processes. The study of Carmeli (2002) focussed on determining financial factors that were important in the LGs' financial performance measurement process. It concluded that in addition to the financial data, the financial measurement processes require non-financial data to produce comprehensive results. It also found that the measurement processes cannot be effective in assessing financial policy with financial data only. It is therefore necessary to use both financial and non-financial data to have a clear picture of LGs' performance. Further, the study of Carmeli (2006) considered that it was necessary to consider measuring the intangible assets of the top managers like skills. Carmeli emphasized that the processes therefore needed to include elements that will measure such intangible assets to ensure that all factors affecting performance are considered in determining the factors influencing performance. Furthermore, Turley, Robbins and McNena (2015) concluded that financial performance measurement processes must be included in the fiscal management

system as a mandatory component. The study proposed that the measurement processes must labour to interpret the audited financial reports to give a clear meaning that can easily be understood by stakeholders. Thus, the process needs to ensure that it provides information that is easy to understand. This group of study calls for comprehensive and detailed processes that measure financial performance to give comprehensive description of the results for easy understanding, without which stakeholders will not understand and therefore limited in contribution.

2.3 Benefits and challenges of decentralization.

Decentralization reforms have numerous advantages but are unattainable due to implementation challenges. Cabral (2011) and Scott (2009) agreed that decentralization reforms had failed to achieve much as expected. The reforms fail due to several factors including but not limited to policy, administrative, operational, economic, social, and political issues. Cabral (2011) observed that decentralization reforms achieve desired benefits if they are well-planned and implemented. In addition, Smoke (2001) discovered that well-funded decentralization reforms were more likely to produce the desired results than poorly funded ones. It implies that reaping the benefits of decentralization reforms is not automatic; it requires adequate effort and resources. The benefits of decentralization reforms include stability, democracy, and economic development (USAID, 2009). However, Sinde (2016) pointed out that the practical impact of decentralization reforms on economic development needs to be more conclusive. The results were inconclusive because some studies, such as that of Iqbal and Nawaz (2010), produced positive results, whereas Neyapti (2010) produced negative ones. It is therefore essential to consider local context and customized methodologies when analysing reforms because they influence results, that also hint on the need to consider contexts in results generalization to avoid faulty generalizations. Other benefits of reforms include eradicating corruption (Arikan, 2004) and enhancing local revenue generation (Sinde, 2016; Lee and Seoh, 2022). However, eradicating corruption and enhancing local revenue mobilization requires effective strategic and operational systems. So, it is crucial to ensure that sound systems are in place to drive the desired changes.

It is also necessary to understand factors influencing the revenue mobilization strategic and operational systems and how they do so, because that guarantees enhanced revenue mobilization

and therefore the attainment of the benefits. Several factors jeopardize the systems differently and some are more devastating than others. For instance, stakeholder conflicts significantly hamper revenue mobilization system (Smoke, 2001). Conflicts between politicians and technocrats, technocrats and taxpayers, and LGs and central government negatively affected local revenue mobilization in Malawi as the parties fought to frustrate each other (Tambulasi, 2009). Hence, each actor must act responsibly and in harmony with the others to avoid and eradicate conflicts. Further, Karanikolas and Hatzipanteli (2010) concluded that the extent of power accorded to LGs greatly influenced local revenue mobilization. Enhanced empowerments prevent interference by the central government and promote policy customization, which advances local performance. Finally, Msewa (2005) noted that inappropriate fiscal decentralization policy and poor execution have disastrous consequences for the entire decentralization reforms and LGs' performance. Hence, the need to employ appropriate policies and continuously assess them to ensure that they are still capable of attaining the desired results. It is necessary to understand and mitigate the negative impact hindering fiscal decentralization from the several factors to attain the benefits of decentralization reforms.

2.4 The design and responsibilities of the local governments

Local Governments in different countries have varying structures and responsibilities depending on the decentralization system. Although LGs seem alike (Sinde, 2016), they differ in the modus operandi and objectives. For example, LGs in countries with two-tier and one-tier systems differ, as do those in countries implementing devolution and deconcentration. Oppong (2020) noted that LGs' structures and responsibilities were outlined in the constitutions and explained in Local Government Acts or other statutes. However, it varies among countries due to different legal and governing systems. LGs in developing countries are enshrined in the constitution, while in developed countries are more like statutory bodies (Olowu, 2012). However, despite the legal provisions, the actual composition, functions, and responsibilities of LGs depend on the central government's decisions because sometimes they deviate from the provisions of the reforms.

On the other hand, Sinde (2016) and Oppong (2020) emphasized that the primary responsibility of LGs is to raise revenues locally to provide public services to the citizenry. Hence LGs needs to ensure that they can raise adequate local revenues to support the provision of the public services as the central government transfers are not fully under their control. That requires

effective tax policies and execution (Oppong, 2020) and a good relationship with the central government (Sinde, 2016). Productive collaboration between the two levels of government and local efficiency are essential to achieving the primary responsibility.

2.5 Local revenue mobilization and LGs performance under fiscal decentralization

LGs' independence is a prerequisite for successful local revenue mobilization and fiscal decentralization (Sinde, 2016). However, most LGs are entangled in central government's power usurps. Additionally, other LGs lose their independence to institutions that help them to eradicate operational challenges including the central government. Apart from the local autonomy, the amount of local revenue sources devolved to LGs (Smoke, 2001) and their administration by the LGs (Sinde, 2016) affect the ability to collect local revenues.

Most local governments around the world are facing various challenges with most of them facing financial challenges as population grow and demand more public services increases (UN Habitat, 2015). The increased demand for public services requires a corresponding increase in resources to support the increased costs. As a result, local governments have become overly reliant on the central government (Kutengule et al., 2014) because they are unable to raise sufficient funds locally (Brosio, 2000). Therefore, LGs that have limited revenue bases are suffering with the increasing population as their revenues are unable to cover the required public services, however, those with extended revenue base may benefit from it since many people pay taxes thereby increasing collected local revenues. The revenue base and tax compliance by taxpayers determine the LGs' ability to collect revenues and provide public services to the citizenry. Hence, LGs with limited tax base and non-compliant taxpayers struggle to raise adequate revenues to provide public services (Chiweza, 2010). Therefore, a broad local revenue base and effective revenue mobilization system are the best means of eradicating the financial challenge issue in LGs (Olowu and Wunsch, 2004). The central governments must therefore ensure that the LGs are given an appropriate local revenue base to attain financial sustainability to support public service provision and reduce dependence on the central government. In addition to the extended revenue base, the LGs need to have an effective taxation system that ensures comprehensive revenue collection from the devolved revenue sources. Bird (2011) agreed with Olowu and Wunsch (2004) that a good local revenue collection system is critical to LGs' performance and attainment of financial

autonomy. A weak system disadvantages the LGs leading to mediocre performance. According to Smoke (2013), if the LGs collect higher revenues, the citizenry will be empowered, thereby ensuring accountability in the LGs. In addition, Carmeli (2002) noted that empowered citizenry become interested in local governance matters forcing the LGs to become transparent and accountable which promote collaboration. It is therefore necessary that the LGs consider empowering the citizenry to solicit citizenry participation (Chiweza, 2013). Hence, it is important to use a system that prioritizes the involvement of stakeholders, however, making that choice is yet another challenge for many LGs (Fjeldstad et al., 2014). That comes in due to poor choices or limited resources to support a robust system.

The challenge of having an appropriate local revenue mobilization system is more visible in African countries where LGs struggle to raise local revenues (Fjeldstad et al., 2014). Upon acquiring independence, some African countries changed the legal and administrative systems of local taxation systems (Fjeldstad and Heggstad, 2012). However, the changes mainly focussed on reflecting the change in the political system than enhancing the system's effectiveness; therefore, the changes did not bring much efficiency in the systems. Most African local governments collect local revenues in the broad forms of taxes, fees and services charges, and operating licenses (Fjeldstad et al., 2014), as well as income from commercial enterprises (Chiweza, 2010). The broad categories have multiple individual sources within them (Fjeldstad and Heggstad, 2012). The existence of multiple taxes, fees and charges within the broad categories is problematic because it makes developing an efficient and transparent system difficult and causes local tax budgets to be overestimated (Fjeldstad, Chambas, and Brun, 2014). That is also a challenge in Malawi LGs which has five broad categories of taxes, but some LGs have numerous individual taxes which makes their management a challenge and costly leading into poor administration. For instance, Nkhonkhotakota district has six types of Business Licences, seven types of Liquor Licences, thirty-four forms of Occupational Licences, twenty-one types of fees and service charges, and six forms of other charges (Nkhonkhotakota District Council, 2017). In addition, the system makes LGs' comparison problematic as each LG introduce numerous and different taxes within the categories taking away the chances of comparing them for improvement. It is necessary to ensure that there is not very much deviation from the provided revenue bases to ease management and comparison which has high probability of enhancing tax performance in the LGs by learning from others.

The lack of significant changes to the local taxation system adopted from the colonial masters meant that the basic structures from the colonial systems remained (Fjeldstad, Chambas, and Brun, 2014). That added to the poor local taxation system administration in Africa since the new managers and implementors had limited knowledge about the operations of the system because they were not comprehensively trained to use them (Fjeldstad et al., 2014). The LGs struggled to understand and effectively use the adopted systems at the same time they could not replace them immediately as there were no immediate available options. That led to the takeover of the local revenue management by the central government as they had capacity to handle the local taxation systems. However, with passing time the central government continued exercising control over LGs and clung to some lucrative local revenue sources claiming that the LGs had limited capacity to administer them (UN Habitat, 2015). In essence, which should not be the case since the central governments were technically responsible for capacitating the LGs during the devolution of functions and responsibilities. Therefore, the central governments' claim highlights that the central governments deliberately failed to capacitate the LGs to hold on to the lucrative revenue sources. It also reflects the inability of the central governments to implement successful fiscal decentralization reforms as they fail to allocate the functions and resources to the appropriate levels of government.

Some of the taxes held by the central governments in some African countries include but not limited to property tax, poll taxes, utility taxes, and foreign business licenses (Fjeldstad, Chambas, and Brun, 2014). That means the LGs' revenue base in such countries are limited as the above taxes are still under the central government, which limits the LGs' ability to raise adequate revenue as some sources are not yet devolved. Therefore, revenues collected by LGs in those countries may not entirely reflect their ability to raise local revenue as claimed by Fjeldstad et al., because the collection is within the limited base, if the base is expanded the LGs are likely to perform differently even with the same operational capacity. Apart from the limited base accorded to LGs, local revenue collection is also hindered by the complex legal framework, lack of transparency, restrictions from the central government, and poor cooperation between central and local governments (Fjeldstad, Chambas, and Brun, 2014). Dulani (2008) noted that the LGs in Malawi performed poorly in local revenue mobilization because various legal tools conflicted limiting LGs' tax collection capacity. Dulani noted that the LGs could not collect taxes from foreign nationals that conducted business in the LGs as it was collected by the central government

even though the businesses benefitted from local public services. On the other hand, Kutengule et al. (2014) noted that districts in Malawi were barred from collecting property taxes despite the provisions in the local government Act of 1998 because they were not classified as ratable areas for property taxes. All such limitations disadvantaged local revenue mobilization forcing the LGs to operate on the mercy of central government financial assistance.

Fjeldstad et al. (2014) noted that the best means of solving the challenges limiting LGs' local revenue mobilization was changing the modus operandi at the central and local levels. However, it was not easy because both levels of government had some deep-rooted customs that badly influenced performance but were difficult to uproot. That highlighted the need for early and continuous eradication of challenges in the taxation system to avoid their normalization which makes solving them harder. To create a conducive revenue mobilization environment, LGs need to formulate solid and coherent tax policies that ensures comprehensive revenue collection using a well-designed database covering all sources of revenue, improved service delivery, LGs' collaboration with stakeholders, use of appropriate tax rates calculated from a well-designed formula for each class of revenue, and enhanced awareness campaigns (Chambas, 2010: see Fjeldstad et al., 2014). Improvements to the local revenue system cannot be completed unless the administration of the system is considered (Sari, Muzaki, Mulyatini, Faridah, and Prawiranegara, 2019). In short, the local revenue mobilization system must be developed in a such a way that it is efficient to collect all the available taxes with the consideration of stakeholders who are well informed, involved, and satisfied. In addition, the system administration needs to be given adequate attention to take out operational challenges.

Despite the overwhelming need for the strategic and operational changes in local taxation, most African governments have done little to improve the situation (Fjeldstad et al., 2014). The problems hindering local revenue mobilization performance are known but are left unsolved leading to the deterioration of the situation. Fjeldstad et al. noted that the numerous challenges including the fragmentation of revenue mobilization processes, poor information management and use of inappropriate estimates are left to flourish in the systems. Revenue estimates are important in local revenue mobilization as poor budgeting wrongly reflect performance. The LGs in Malawi needed to pay extra attention to this area as Chiweza (2015) noted that even a 100% collection rate of local revenue did not satisfy the LGs' needs. It is important to ensure that the budgets are

formulated from adequate and relevant data so that they reflect the actual required resources to adequately provide public services to the citizenry. A revenue budget that does not depict the required resources to provide public services is misleading and its achievement may wrongly indicate success when it was in fact underestimated. In addition to the operational changes aimed at improving local efficiency, Fjeldstad et al., noted that comprehensive empowerment of LGs, establishing separate administration units for different types of revenues to ease administration, making reliable projections, improving collaboration between the levels of government, and utilizing capable people to perform revenue mobilization processes are necessary to improve performance.

2.5.1 Local tax administration and factors affecting it.

A robust local taxation system guarantees successful local revenue mobilization in LGs and fiscal decentralization (Bird, 2010). However, such systems and their administration require adequate resources which are not readily available in many countries, particularly, developing countries. According to Opong (2020), tax administration involves planning, execution, monitoring, and evaluation for improvement and enforcement. Competent execution of the processes draws LGs close to success. Opong added that customized tax collection strategies are necessary to consider local prevalent conditions. The exclusion of local politics, social values, operational systems, and taxpayers' issues is a recipe for disaster. Chiweza (2010) observed that the legal framework, satisfaction of taxpayers, and implementation style determine the success of a tax system. The three elements are critical for local tax administration since the laws empower LGs, taxpayers' treatment influences their willingness to pay taxes, and an effective tax system maximizes tax collection.

The central governments and LGs fiscal relationship is another vital factor influencing local revenue mobilization. The central government allocates revenue sources to the LGs to enable them raise revenues to cater for local expenses (Opong, 2020). Depending on its willingness, the central government may devolve adequate sources or not, adequate local sources enhance local performance while limited base limits it. Various suggestions exist in the literature to ensure the devolution of adequate local sources. Sinde (2016) suggested matching LGs' responsibilities with available resources. However, generating the resources needs more attention; it is necessary to

understand the process. In addition, it is also a common claim that central governments are better capacitated to collect taxes than LGs leading to the central governments' clinging to some local revenue sources (Bird and Vaillancourt, 2008; NDP, 1998). However, some local governments in developed countries administer local taxes far better than the administration of national taxes in developing countries. Thus, it is not universal that central governments collect taxes better than LGs. LGs deserve a chance and adequate resources to collect local revenues in their area (Litvack and Seddon, 1999). Appropriate allocation of resources between levels of government is necessary to eradicate conflicts among them. In addition, it also helps to eradicate vertical fiscal imbalance. A well-designed system of resource allocation guarantees enhanced LGs' performance under fiscal decentralization (Oates, 1972).

Local tax policy is another prime influencer of tax administration since it directs revenue mobilization. Public policy, like other contested terms, is defined differently by different scholars, with some focusing on specific areas and others being broad and contentious (Birkland, 2011). Therefore, it is important to understand what constitute a policy as some definitions may exclude some elements which are included by others. Cochrane and Malone (2005) defined public policy as choice made to handle issues affecting the public. They did not specify who is responsible for making the policy, implying that an action that targets public matters adopted at diverse levels of the community may become a policy and guide how things should be run. Lowi and Ginsburg (1996) defined public policy as an officially declared course of action that is accompanied by specific forms of rewards and punishments. The LRESP fall in this category even though the rewards and punishment are not strictly implemented, however, without official declaration and approval by the LGs' councils, any action cannot be considered as LRESP based on the 2009 NLGFC direction on formulating a local tax policy. On the other hand, Birkland defined public policy as the course of action decided upon to address public matters. Due to the varying definitions, Birkland advised stakeholders to use the definition that best suits their needs to achieve the targeted objectives. Birkland added that a public policy must be made by agents on behalf of the citizenry, who is the principal; intend to eliminate a public problem; by government institutions; and be what the government decides to do or not do. That is the citizenry who makes part of the stakeholders is vital in the formulation and management of the public policy since it address issues affecting them.

Public policy can also take the form of a law, regulation, or a combination of the two (Fischer, Miller, and Sidney, 2007). It can also be revealed through practices, symbols, and a discourse of undertaking activities, as observed by Anne Schneider and Hellen Ingram (see Birkland 2011). Therefore, even in the absence of publicly declared policy, a policy can be detected by observing the accepted ways of doing things. For instance, the use of aggression by tax collectors towards taxpayers in Malawi LGs as discussed in the findings chapter may depict existence of an inherent policy. According to Birkland there are three types of public policies: redistributive, regulatory, and distributive. Substantive policies describe how government institutions intend to achieve their objectives, while procedural policies describe how government businesses will be regulated. Other policies, such as financial or tax policies in local governments, are procedural but have substantive effects according to Birkland.

Fiscal policy is critical in enhancing financial performance in an organization (Casal and Gomez, 2011). As indicated by Carmeli (2002), comprehensive understanding of tax policy is key to addressing LGs' financial performance issues. Hence, LGs must strive to comprehend its processes and how they operate. Financial policy, according to Spearman (2013), is a stance taken by LGs to achieve financial goals. Spearman added that it is like an ideology pursued by the LGs to appropriately manage their finances. It is basically a plan of how the LGs intend to prudently manage their finances. Spearman further added that local financial policies must be consistent with national policies, which must be known by all local personnel participating in managing local policies. According to Spearman, financial policies are adopted when new annual budgets are implemented. Thus, there is a link between a financial policy and budget as the successful execution of the budget depends on the policy. Hence, a disconnection between the policy and budget entails disaster. The assessment of the LRESP in which it is detached from the revenue budget indicate a weakness that requires immediate attention (NLGFC, 2021b). The Local Authority Performance Assessment (LAPA) evaluates the LRESP without connecting it to local revenue budget which distort the results. The attitude and capacity of the policymakers is also important because it determines the type and effectiveness of policy they can formulate (Jochimsen and Thomasius, 2014). Financial policy formulation is difficult, and it requires serious attention and resources to produce an effective one. Policymakers must ensure that the policy process adhere to all national laws and regulations, involves all necessary stakeholders, addresses issues affecting

the communities, and are fit to attain the targeted objectives (Spearman, 2013). The policymakers must dedicate themselves to produce an effective policy since a poor policy attracts failure and translate to wastage of resources. According to Lowi and Ginsburg (1996), there is need for a stiff punishment for incompetent policymakers and managers to deter incapable staff from taking the challenging roles. The policymakers must promote transparency in the system to ease information access by stakeholders (Garcia-Fenix and Gonzalez-Gonzalez, 2020). Availability of information helps the stakeholders to trust the LGs. It is critical to engage citizens because fiscal policies have a significant impact on them (Jimenez, 2014). If the taxpayers or other stakeholders feel neglected by the policy, they may frustrate its execution which induces failure.

Considering that the policy involves providing guidance and direction on matters which affect the citizenry (Olowu and Wunsch, 2004), it is necessary that the policymakers and citizenry productively collaborate in formulating and managing it. Hence, the capable staff managing the policies must prioritize consultation with the relevant stakeholders (Jasanoff, 1990: Breeman et al., 2015). Breeman et al., emphasized that the policy needs to be communicated to stakeholders with customized mediums to ensure that each targeted stakeholder receives and understands the disseminated taxation messages. Lack of such understanding may induce undesirable behaviours from the taxpayers which will severely affect tax compliance and tax collection. Policy execution needs to be well thought, resourced, stricter, and more focussed to attain the desired goals (Jasanoff, 1990: Thissen and Walker, 2013). Failure to strictly execute it affect the entire revenue mobilization system as other revenues are not collected which jeopardizes taxation performance. Further, the policy needs to be continuously monitored collectively by various stakeholders to detect weaknesses for improvement (Thissen and Walker, 2013). Lack of monitoring will mean piling up of challenges that harm the system. Furthermore, the policy needs to be enforced with acceptable techniques to ensure that stakeholders are compliant with its requirements (Thissen and Walker, 2013). Finally, the policy processes must be coordinated to synergistically attain the desired results (Cohen, March, and Olsen, 1972) as the collective functionality boost its effectiveness (Pavone, 2014) since each component is operational and positively influence the others leading to optimization of the system, failing which the system collapses (Redcliffe, 1935). This entails that there is need for effective policy management if it is to achieve the desired results.

Allison (1971) defined policy management as a rational actor's decision-making and execution process. It is important that rationality in the process is upheld otherwise disorganized approaches yields catastrophic results. Various scholars have described various public policy cycles that have contributed differently to LGs' policy management (Fischer et al., 2007). Enserink et al. (2013) defined five policy models: a rational decision-making process, a political game, a discourse, a garbage can, and an institutional process. Rational decision-making is regarded as the ideal form of policy formulation, but it does not exist in practice (Thissen and Walker, 2013). It does not exist because it requires high volumes of information as it requires the consideration of every bit of information to avoid failure. The rational model is built on three pillars: perfecting policies based on well-summarized information; a policy-making process that follows a systematic cycle; and institutional contextualization of normal behaviours and power organograms in an organization (Thissen and Walker, 2013). The model is a highly logical process in which the actor chooses an option from a set of options based on well-organized data (Simon, 1981). It further involves understanding and prioritizing government beliefs; defining goals that are congruent with the beliefs; defining all possible options to achieve the goals; assessing and rating the losses from all available options; and finally choosing the option that maximizes the attainment of the objectives in relation to the beliefs while minimizing the losses (Walker, 2000). This is a rigorous and costly process which cannot be managed by most public institutions hence its non-existence.

The rational approach, according to Thissen and Walker (2013), has a cyclical policy making process that includes policy agenda formulation, policy formulation, policy adoption, policy execution, and policy evaluation (Stone 1998: see Thissen and Walker, 2013). The LRESP formulation follows a similar structure but does not give attention to detail as required in the approach. While the LRESP formulation requires situation analysis, mostly that is not done which is a deviation from the requirement of this approach. Despite being an ideal policymaking process, the resulting policy can fail due to errors in the highly logical process, a lack of adequate information, a lack of understanding, the exclusion of some policy options, process complication, and actor problems, according to Thissen and Walker. Thissen and Walkers noted that the challenges can be overcome by ensuring access to accurate and adequate information, using clearly defined objectives, strict adherence to the policy process, increasing the capacity of decision

makers, and changing or improving the policy implementation approach. Thus, use of incompetent personnel and inadequate information jeopardizes the use of this approach and produce unfavourable results.

The political game model is founded on three policy pillars: policy, policy formulation, and institutional context (Birkland, 2011). According to Birkland, the policy stage focuses on settlements between independent related parties; the policy making process focuses on activities aimed at increasing policy influence; and the institutional context focuses on leadership, with either the elites or a combination of stakeholders taking leadership. Stakeholders' engagement for collaboration of leadership is very vital in this approach. The process is based on the interests of the stakeholders, which are represented and bargained over by their representatives (Lindblom, 1965). Poor skills in engaging stakeholders severely affect the approach as there will be unsolved conflicts. In the bargain, stakeholders strive for collaboration to achieve the desired results, but this does not always benefit all parties (Huxham, 2000). Parties which are stronger capitalize on their strength to advance their agenda over those of the weak counterparts. In this policymaking process, decision makers are strongly connected to things like budgets and capabilities; they use such connections and coalitions to push their interests and minimize their losses by bending the policy towards their interests (Birkland, 2011). Without forming coalitions and fighting rival groups, gaining policy management dominance is extremely difficult (Teisman, 1992: see Thissen and Walker, 2013). Thus, coalition and collaborations are the best means of winning influence in policy formulation and management processes. Therefore, the policy is managed by the influential group opposed to competent group which may sometimes negatively affect the effectiveness of the policy. The process is complicated further by simultaneously addressing each problem with a different policy, resulting in more actions by actors (Birkland, 2011). Many policies can be used positively to serve as a platform for combining them into one with broader coverage (Koppenjan and Klijn, 2004). The approach is criticized for focusing solely on top-level cooperation (Birkland, 2011), as well as the need for greater control over policy development and direction (Hoppe, 1999). There is less focus on the lower-level stakeholders as only policy makers are involved in the manoeuvres to decide who significantly contributes to the formulation and management of the policy. The multiple strategies may also be problematic and costly to manage leading to inefficiencies.

The Discourse policymaking process is based on the opinions of the stakeholders who participate in the process (Fischer and Forrester, 1993). The model has three policy pillars: policy, policy process, and institutional context (Birkland, 2011). According to Birkland, the model's policies emphasize organized resolutions from policy discussions that promote sharing ideas and testing, and institutional context which emphasizes different groupings that promote the policy and oppose it. The groups oppose or support the policy depending on their group goals. The process is more akin to a deliberation in which one group attempts to persuade the others to join their beliefs by promoting their ideas while dismissing those of others (Hoppe, 1999) using a well-organized set of arguments (Hajer, 1995), considering that people think and understand differently (Schon and Rein, 1994). Therefore, it is necessary that the policymakers comprehensively understand the groups that do not support their ideas to convince them, this basically highlight the need for good negotiation skills and understanding what others believe in. According to Sabatier (1987; see Birkland, 2011), the pattern of developing arguments is based on groups harbouring the same ideologies, making it difficult for groups to change their positions, resulting in minimal or no policy change (Birkland, 2011). The resistance to change in Malawi LGs which hinders progress observed by Kutengule et al. (2014) may be a manifestation of hidden policies emanating from this approach though it may be active without the knowledge of the policymakers. The approach also promote fixation in which same failed strategies are used over and over with no positive effects because the policymakers are stuck in the prevalent ideologies embraced by the group. The model attributes policy failure to the parties' failure to reach a common position to address the challenge at hand, which stems from the parties' holding different ideas (Birkland, 2011). That is exactly what the tax collectors and taxpayers in Malawi face as they are always in disagreement with none of the side willing to understand the other party leading into the much-talked stakeholders' conflicts in the LGs (Tambulasi, 2009). This can be resolved by educating the actors to adopt a new way of thinking and acting in accordance with the topic at hand (Birkland, 2011). That may not be easy as standardized ideologies are hard to eliminate and that leads to resisting latest ideas.

The garbage can policy process is used to create haphazard policies (Cohen et al., 1972). Policies entail matching actors, problems, and solutions at the right time; the policy process begins at any time with no prior plans and cannot be predicted; and organization is shambolic, disjointed, and unstable (Birkland, 2011). There is no clear and systematic method of developing policies as

policies emerge in a firefighting approach with almost no logic and sequence. According to Birkland, the policies that result are essentially a balance of the problems and solutions available at the time, and the process is best suited to disorganized institutions with no rational way of operating. The solutions or strategies may not be the best but just those available at the formulation time. The model, according to Cohen et al. (1972), lacks a systematic cycle, and each component is independent of the others to the point of delinking problems and solutions. That is the formulated policies may sometimes not address the targeted problem as they are not connected indicating that the process may produce ineffective strategies. The model is diametrically opposed to the rational policy-making model, and it can only be developed at the appropriate time when the three elements listed above (actors, problems, and solutions) can be put together (Birkland, 2011). It is more of a convenient than planned decision making with less focus on the chances of attaining the objectives. Birkland went on to say that the model's disorganization calls into question the importance of defined regulatory structures in an organization. Birkland added that, the policy's success or failure is determined by how well the three factors listed above come together at the right time and how well the disorganization that arises during the process is handled. Thus, while the policymakers are solving one problem, they create another with the shambolic process that also need to be solved entailing that the process solves one problem by creating another. Therefore, the approach is not good in organization that takes time to eradicate issues as the problems created by the process may be normalized which will jeopardize performance. This approach may not be ideal LGs as there is need for planning and consideration of the views of the citizenry to satisfy them in formulating policies.

The institutional process model emphasizes the significance of institutional factors in policy formulation (March and Olsen, 1984). In this model, policies are an improved version of the previous ones and considers institutional values, norms, and ways of doing things; the policy making process is more like the previous one in terms of the organization's values and norms; and a well-organized and stable business protocol exists (Birkland, 2011). This is a typical approach used in most LGs, however, sometimes some elements like social factors are not accorded adequate attention leading to the distortion of the process. The model falls under the broad umbrella of new institutionalism and focuses on how organizations' structures and their social dynamics influence actors' behaviour in a common bidding (Williamson, 1996). Both structured and unstructured social systems influence actors in this process. Groups try to find their ways to

control the process by collaborating with others. Because of their continuous interactions, the actors form policy relationships, which may result in the exclusion of ideas from those who are underrepresented or do not belong to groups, resulting in unfavourable outcomes (Monnikhof, 2006). This entails that the strongly collaborated parties may disadvantage other parties by demeaning their contributions. Policy relationships may further complicate the situation by keeping others out of deliberations and thus shutting down their perspectives (Koppenjan and Klijn, 2004), leading to the development of policies based on limited perspectives and thus losing opportunities to use a comprehensive approach to solving the challenges (Birkland, 2011). The exclusion of stakeholders in LRESP development detected by Kutengule et al. (2014) and NLGFC (2022a) manifest that the detrimental collaboration that disregard other stakeholders exists in Malawi LGs. The firmness and strictness of policy connections and groupings are determined by how deeply ingrained the organization's customs, values, and norms are (Birkland, 2011). The social structures and political sides play a crucial part in establishing the collaboration. Policymakers are likely to work with those in political parties that they share same agenda to frustrate those opposing them. It is important that the strong stakeholders adopt some of the ideas from the weak counterparts to enhance acceptance and comprehensiveness of the policy otherwise the weak counterparts may try to frustrate the execution of the formulated policy. Birkland added that the formalization of institutions and the relationship between institutions in an organization are the causes of policy success or failure in this approach. Thus, the standardized way of doing things is the main determinants of style of operation. According to Birkland, focusing on institutions that influence the behaviour of actors and including minorities improves policy success. LRESP formulation follows this process but due to operational challenges, all processes are not conducted as required leading to its failure in the LGs.

Despite the use of the approaches, policymakers need to understand that the constantly changing environments require serious attention to matters which affect policy management to avoid catastrophic outcomes (Fisher, Miller, and Sidney 2007). However, most LGs are unable to pay that attention to policy management resulting into deficient performance. Nevertheless, the policymakers need to understand the environment, actors, and processes involved in policy management (Breeman, Scholten and Timmermans 2015) to avoid execution challenges. Additionally, policymakers must make sure that stakeholders are knowledgeable about local

taxation because informed stakeholders act positively towards the policy thereby enhancing its chances of success (Rivenbark, Roenigk, and Noto 2013).

2.5.2 LGs strategic performance and performance analysis

Ko (2013) defined LGs' performance as the desirable strategic and operational management, results, and ability to keep up with the citizenry's needs. Basically, it describes the outcomes from the implementation of the operational and strategic processes. The performance is determined through the performance evaluation.

Policy evaluation is an important part of the policy management process because it does not only determine performance, but it also allows for policy improvement by eradicating the detected challenges (Gerston, 2010). The process begins with a comparison of the effects and the desired outcomes to detect deviations from the plans which forms the basis for improvement (Fischer et al., 2007). There is a need for an effective monitoring and evaluation system to guide such a significant process. As a result, selecting appropriate evaluation personnel is critical to comprehending the effectiveness of the policy being evaluated and achieving the desired results (Gerston, 2010). Failure to use a robust system with competent personnel may render the process ineffective. It is crucial that competent staff are selected to undertake the monitoring and evaluation role to ensure that the processes produce meaningful results. The term "public policy evaluation" have a variety of meanings because different stakeholders define it differently, according to Enserink et al (2013). It is therefore crucial to understand and use the right processes to conduct it.

Nagel (2002) defined public policy evaluation as the act of selecting and implementing a method of problem solving in various fields of society. On the other hand, Cairney (2012) defined policy evaluation as the examination of a policy's accomplishments. The examination is done in comparison to the plans. Gerston (2010) defined policy evaluation as the examination of a policy's appropriateness in achieving desired results by comparing targets to actual results. Gerston went on to describe policy evaluation as responsive because it occurs after policy implementation. Despite the differences in definitions, Nagel (2002) observed that the definitions share elements such as the pursuit of objectives, the availability of solutions for existing problems, the connection between the solutions and the objectives, the selection of the solution to be taken, and the listing

of the solutions in order of goodness. Therefore, the evaluation can simply be described as a check on the productivity of the policy in relation to what was planned. That evaluation determines whether the policy will be maintained in its entirety, amended, or dropped to guarantee the attainment of the set objectives. Evaluation can also be difficult when the objectives are not clearly defined, and the process is not objective (Marsh and McConnell, 2010). It is therefore important to ensure that objectives for each policy are clearly defined and appropriate structures are used.

Even though this process appears at the end of the policy-management cycle, it determines the adoption of effective or ineffective policy (Gerston, 2010). Gerson added that, since policy are implemented to induce change, evaluation is vital to understanding whether the intended changes have been achieved or not in a way ascertaining whether the implementation was a success or failure. Thus, the evaluation enables the understanding of the policy's effect and outcome (Dye, 2017). Dye added that, policy evaluation has numerous benefits, but it basically serves as a response to the taxpayers and policy makers on the outcome and effects of an implemented policy. Policy evaluation is beneficial as it enables stakeholders to appreciate if the policy in question was implemented as planned, detect challenges that affected the policy implementation, redesigned the policy to avoid the detected failures, iron out the consequences brought about by its preceding implementation (Gerston, 2010), and understand if the investment was worthwhile (Kraft and Furlong, 2018). Thus, this is a determining process for the stakeholders and the benefitting organization on policy direction. In short policy evaluation ensures the understanding of the effectiveness of the policy and the competence of those who managed it (Gerston, 2010).

2.6 Gap in the literature review.

Despite the literature covering various vital areas, it left some gaps that require attention. Firstly, there was not much documented deviation from the traditional approach. Most studies used a quantitative approach and compared revenues and expenditures to explain tax performance and fiscal decentralization (Lee and Seoh, 2022). Further, despite the significance of the local tax policy processes in local tax administration and fiscal decentralization, no study mainly assessed its influence on the two. Tax policy influences tax performance and fiscal decentralization thereby requiring excellent attention (Fjeldstad et al., 2014). Hence, the need for a study to explain the influence of tax policy processes on taxation performance and fiscal decentralization. Besides, the studies that analysed the fiscal decentralization processes ignored local tax policy processes, and

social and taken for granted factors influencing the processes and performance. They focussed on the fiscal decentralization policy processes, and LGs' financial performance measurement and operational processes neglecting local strategic processes which directs the operational processes. Furthermore, no study in Malawi investigated LRESP processes, making this study the first to do so. This study therefore covers that gap as it investigates the LRESP processes, social and taken for granted factors affecting the processes and performance and investigates how the processes and social factors produce varying outcomes. The use of the Small-N and systematic process analysis methods which was not used in the previous studies allows deep investigations, consideration of the social determinants and comparison which was not done in the previous studies as most of them were quantitative.

2.7 Conclusion.

The review showed that a deep understanding of the local tax policy processes, environment and actors is essential to improving local revenue mobilization performance. However, many African countries have yet to reap such benefits due to the decentralization reforms' various operational, and strategic challenges. The calls for further tax policy studies in the Sub-Saharan region by Fjeldstad et al. (2014) to improve local revenue mobilization performance attest to that fact. Hence, the review also discussed LGs' local revenue mobilization performance evaluation. Considering the above factors, the chapter discussed the functions and capacity of the LGs and the local tax policy administration. The study found that no previous study investigated LGs' tax policy processes with focus on social and taken for granted factors which influenced the processes and performance. Further, the LRESP was not investigated in Malawi.

CHAPTER THREE

EVOLUTION AND PROGRESS OF DECENTRALIZATION

3.0 Introduction

This chapter presents the background and progress of decentralization in Malawi. It also highlights the areas that require interventions to strengthen the taxation system in the LGs. First, it explains how decentralization has evolved to reach the devolution system. It then explains the devolution experiences including service delivery, tax performance trends before and after introducing the LRESP. Finally, it concludes.

3.1 Evolution of decentralization in Malawi

Malawi has practiced decentralization system for an extended period (Chinsinga, 2008), dating back to 1800's (Dulani, 2008). While in the early days it was not very structured, with time the system was getting perfected. It has been part of the ruling system, but it has been changing with the political system. While it is very visible in the governing structures, it is also part of the social system as the high-ranking traditional leaders (Traditional authorities) give some powers to lower ranking leaders (Senior chiefs, group chiefs and village chiefs) to administer small areas within the broader traditional area. Dulani categorized the history of decentralization into three phases of colonial, one-party, and multiparty eras. Much is not known about the pre-colonial period but considering the basic social structures in which parents empower the older children to manage the younger ones suggest that the systems existed in an unorganized form even at family level.

According to Dulani, 1891 to 1963 was the colonial era. During the period, the British who colonized Malawi then Nyasaland indirectly governed the local communities using structured institutions and local governments were introduced. The LGs were led by centrally appointed District Commissioners (DCs) who worked with centrally appointed council members with limited decision-making authority (Chiweza, 1998). The central authority selected agents to implement central decisions locally rather than make local decisions, meaning that there was no local

empowerment. Administrative, local tax collection, public service delivery and development decisions were made centrally and overseen locally by the selected agents, the council was merely a structural figure than a functional one. Later, the DCs included the Traditional Leaders in the system to execute central orders and restrict their followers (Dulani, 2008). The inclusion of the traditional leaders was to allow the central power to exercise more control over the local communities than giving them powers, the central control intended to crush any local rebellion using the local leaders. The British used the Native Authorities, Traditional Authorities, and District Councils' decentralization systems (Cammack, Golooba-Mutebi, Kanyongolo, and O'Neil, 2007). According to Cammack et al., the local government systems were established to strengthen national colonial power, not empower the citizenry. That era used deconcentration type of decentralization as the central power instituted an agent at the local level to execute central orders than make local decisions. Cammack et al. added that the District Council rule was modified in 1961 to allow local members to be elected to make and implement decisions locally. This was a big shift indicating the political maneuvers that were being undertaken underground to change the status quo from the colonial system to independent one.

The second era commenced after attaining independence from the British. Cammack et al. indicated that Kamuzu Banda declared the one-party state in 1966 after independence in 1964, ushering in the one-party decentralization era. Upon the materialization of the political maneuvers, central power was given back to Malawians and so was the local administration. Cammack et al. added that upon taking power, Kamuzu Banda immediately thwarted LGs' ability to elect empowered council members. Instead of embracing the changes that gave power to the locals to elect political leaders for local decision making prior to the independence, the new leader went back to the old system in which the central power selected local agents to implement centrally made decisions. Therefore, central authority under Malawian leadership also failed to relinquish power to the locals in the LGs. Local administrative, taxation, public service delivery and public decisions continued to be made centrally with no local involvement. Cammack et al. claimed Dr. Banda centrally controlled the LGs' councils by choosing members from his Malawi Congress Party (MCP). The party and the government were so fused together that it was hard to tell whether the decisions were made by the party or the government, but what was known is that Kamuzu Banda single handedly controlled both the central and local decisions using his trusted party

royalist. Like the colonial era, the one-party era also used deconcentration. The one-party era ended together with Kamuzu Banda's reign in 1993 after he lost presidential elections to Bakili Muluzi who became the first democratically elected Malawian president paving way for the democratic era (Cammack et al., 2007). The National Decentralization Policy (NDP) guides the democratic era using devolution system.

3.2 Devolution implementation in Malawi

Democratic decentralization was approved in 1998 and officially launched in 2002. Stakeholders including the citizenry had lofty expectations from the system and the LGs. They expected a separate way of doing things opposed to the mistreatment and disregard of stakeholders' experienced under the colonial and one-party rule in which LGs were by far superior to the stakeholders since they were central authority agents and did not need support from the locals (Cammack et al., 2007). That meant the LGs bulldozed their decisions on the local people even without their consent. Considering the brutal approach used by the Malawi congress Party then according to Cammack et al., the stakeholders feared to express themselves leaving all the decisions to the party royalist who acted on orders from the central command. The National Decentralization Policy (NDP), which guides the process, has faced a lot of hindrances limiting its progress. The policy describes what is supposed to be done, who is responsible, how to do it, and the expected results.

3.2.1 The National Decentralization policy (NDP).

The policy aimed to establish democratic structures; create a single productive local administrative institution; improve local governance; and encourage citizenry participation in local socioeconomic activities (Malawi government, 1998). The system aimed to empower the citizenry and LGs to collaborate and enhance LGs' governance and development. The actions to achieve the policy objectives were LGs' political and administrative empowerment; setting LGs as focal points for local program execution; allocating appropriate roles and authority to the two levels of government; and encouraging citizen participation in local governance issues (Malawi government, 1998). While there was no clear mention about financial empowerment, the financing mechanism in the policy aimed to adequately finance LGs with central government transfers, ceded funds, and locally generated revenues highlights it. With shrinking government financial support, LGs'

financial autonomy through enhanced local revenue mobilization has been significantly emphasized to cut the dependency on central government (Kutengule et al., 2014). That has amplified the drive for enhanced local revenue mobilization for the LGs to cater for their expenses. The policy emphasized the involvement of the citizenry in local issues and the creation of effective structures at the local level believing that these will be the primary drivers for success. Further, the policy directed several structural changes in the LGs to appropriately execute the activities and achieve the objectives. The changes included creation of local councils and function committees to make policies and guide the operation of the LGs in which the politicians were the policymakers and technocrats supported them technically; allowing the LGs to employ staff locally to boost functional capacity; allowing the LGs to develop and execute plans which would enhance development in the LGs; and giving powers to the MoLG to coordinate the implementation of the devolution process to ensure that there was clear guidance, collaboration among members and strict implementation of the reforms (Republic of Malawi, 1998). The NDP clearly outlined the activities and actors to implement them to attain the desired goals, however, implementation of the activities needed more attention to succeed.

3.2.2 public services to be provided by the LGs and experiences.

The constitution of the republic of Malawi 1994 and the Local Government Act of 1998 requires the LGs to provide some public services to the citizenry. Section 146 (2)(d) of the constitution states that the LGs are responsible for the welfare of the citizenry under their control by providing public services prescribed in the LGA (Malawi, 1994). Section 6(2) under the third schedule outlines the public services to be provided by the LGs (Malawi, 1998) as described below.

Under the clinical and health services, the LGs are required to manage clinics, health centers and dispensaries. That involves keeping the structures in decent shape and ensuring that the facilities are operational and attaining the health objectives. LGs are also responsible for employing staff in the facilities to ensure their smooth running both administratively and technically. However, Makwero (2018) noted that provision of primary health care in the health centers, dispensaries and clinics was challenged by a lack of resources as the LGs failed to adequately finance the facilities. They were unable to provide the required medical equipment and

resources for normal operations. Makwero added that the facilities were also affected by high vacancy rates as the LGs were unable to employ adequate technical and administrative staff due to lack of finances. Thus, the LGs frustrated the operations of the health facilities thereby failing to satisfy the citizenry entailing failure.

The LGs were also required to develop and oversee waste management systems in their jurisdiction covering solid and liquid waste. This includes ensuring that the LGs have well operating sewer and drainages system to ensure proper disposal of waste and management of water. In addition, the LGs were supposed to put in place measures to check the disposal of waste which was hazardous to the citizenry and endangered public health. Further, as part of environmental check, the LGs were supposed to check all organizations operating in their jurisdiction that they followed public health provision in manufacturing and conducting businesses. However, most LGs failed to adequately provide in this area as observed in Zomba city. Kaziyenda (2022) reported that the citizenry accused Zomba city of failing to maintain a broken sewer system that put the citizenry lives in danger and halted businesses in the city. According to Kaziyenda one of the citizenry a Grace Ndalowa lamented that “ *the smell from the brokage caused respiratory problems and the waste flowed into residential houses pausing a risk to the lives of the citizenry.*” Responding to the issues, the Vice mayor for the city Munilah Chitseko indicated that city did not collect adequate local revenue to address the issue and they contacted the MoLG for financial assistance to eradicate the problem. That was also echoed by Councilor Gertrude Chirambo from Blantyre city who indicated that the city had no adequate capacity to collect all waste in the city due to inadequate local revenues leading to the pollution of rivers like Mudi River (Pensulo, 2021). That highlighted the failure of the LGs to adequately provide the waste management services which in turn endangered public health.

The LGs were also supposed to provide public local roads in connection with other public institutions like the National roads authority in charge of roads provision nationally. In addition, the LGs were supposed to provide and maintain street lights and bus shelters and parking spaces. However, due to poor revenue mobilization in the LGs, the central government used Malawi Social Action Funds (MASAF) to fund the establishment and maintenance of local roads in the LGs (Chiweza, 2010). In addition, due to lack of resources in the LGs, most street light projects were

funded by external stakeholders like the Zomba city solar powered street light project which was funded by the central government using the Road Funds Administration (Kalimbuka, 2017). Worse still, sometimes the LGs even failed to keep the street lights operational due to lack of maintenance and prepaid electricity. Thus, after the systems were provided to the LGs they failed to keep them running leading to grave damage which rendered the cities without lights at night.

The LGs also had the responsibility to provide ambulance and fire services in the LGs. They secured the vehicles and water to be used in the extinguishing of fires in their jurisdiction. In addition, they are supposed to provide ambulatory services to transport patients to treatment centers. However, currently only the four cities of Lilongwe, Blantyre, Mzuzu and Zomba have firefighting trucks which are not even in decent shape and cannot cover the entire jurisdictions. Zomba city council mayor Davie Maunde indicated that the city was in dire need of firefighting trucks as the ones in service were obsolete (Nation online, 2022). Maunde added that the trucks serviced the entire southeastern region as other LGs did not have them hence the need to have good machines to cover a wider area. The mayor hinted that it was impossible to respond urgently to fires around the region with the old fire trucks putting private and public properties at risk. Thus, in districts like Mulanje and Nkhosakota there are no firefighting services and those in the four cities are significantly deficient which leads to loss of property.

The LGs were also required to provide recreational, leisure and cultural facilities. However, due to lack of resources, all LGs lack facilities like parks, recreational spaces, forests, and sports facilities. Only Zomba city had a botanical garden and Blantyre city had CI park which was almost non-functional due to lack of maintenance, but all other LGs lacked such structures. Most of such structures belong to private entities. The structures held by the LGs were developed by the central government and handed over to the LGs as part of the devolution process. With support from the central government, other LGs like Mulanje and Thyolo were building stadiums which were more of revenue sources to the LGs than recreation for the citizenry as the locals could hardly afford to pay for such facilities.

In addition, the LGs were responsible for regulating designs and construction of new buildings to ensure that the LGs' plans were preserved. Thus, any changes to existing buildings

and construction of new buildings needed to be within the standards provided by the LGs and not in prohibited spaces. The LGs needed to approve construction projects in the jurisdictions to avoid deviation. The LGs had the powers to demolish structures which were unfit and placed in disallowed spaces. Application of such laws was however problematic in the districts where land was considered to belong to the local leaders than to the LGs under the customary land system. The situation in the cities, municipalities and towns was not so encouraging either. Namangale (2022) stated “*Illegal and substandard structures sprouted unhindered in undesignated and prohibited spaces in Malawi’s cities, disrupting urban master plans in the process.*” Namangale added that the officials from Mzuzu, Blantyre and Lilongwe cities indicated that the cities were failing to curb the situation leading to unacceptable buildings in wrong places and thereby compromising overall LGs development plans. The official complained that they were unable to keep up with legal costs as most developers drag them to courts to protest their decisions, which led to the continuation of building substandard structures and use of prohibited spaces.

Further, the local governments were responsible for providing operational licenses to businesses in their jurisdiction upon comprehensive assessment of the provided information to ensure that the businesses were legal, operating in the designated places and did not in any way pose danger to the citizenry in the LG. That also included promoting tourism and providing necessary environment and resources for boosting tourism. Monitoring and supervising the existing businesses to ensure that they followed the laid down rules and regulations was part of that mandate. The officials from Mzuzu, Blantyre and Lilongwe cities indicated that most businesses were operating in the authorized places while few were not, and actions were being undertaken to curb the situation (Namangale, 2021). However, the fact that the businesses were already operating in wrong places highlighted the failure of the cities to comprehensively vet the businesses before approval. That may indicate incompetence of the staff or corrupt practices which normally call for the violation of formal rules for personal gains. The closure of Epic bar by Lilongwe city after it operated for years based on citizenry complaints about noise pollution was a good example (Nyasatimes reporter, 2020). The city approved the bar, which also operated as a night club in a residential area contrary to what the city considered in its previous assessment for similar businesses.

Furthermore, the LGs were also expected to provide market premises and structures to create a conducive environment for conducting businesses. The structures include market sheds, roads, shops, toilets, and other structures to make such places business friendly. The cleaning and waste management services were expected to be done by the LGs. However, the findings of this study in chapter five indicate that the LGs failed to provide the demanded public services leading to revolts which decreased tax compliance. All taxpayers from the four LGs complained about the lack of structures like toilets and cleaning in the market centers. Chiweza (2015) and Kutengule et al. (2014) also observed that the LGs did not raise adequate revenues to support provision of public services to the citizenry which created a rift between the two.

In addition to the above functions in the different areas, the LGs were required to provide agricultural services like livestock and crop husbandry support, and management of small dams; water services to ensure that the citizenry have water; social and community services to empower the local citizenry; trade services to boost economic activities; and registration of birth and death and issuance of certificates. However, due to lack of resources, the death and birth certificates are provided by the central government and part of the other functions are undertaken by the central government. Nursery and kindergarten, and primary schools were also devolved but the LGs were unable to fund their operations leading to the continued financing by the central government though they are managed by the LGs.

While the above are the functions outlined in the LGA, the NDP lists more responsibilities which were supposed to be devolved to the LGs, but they are yet to be devolved due to inadequate resources in the LGs. The central government is therefore also using the failure by the LGs to provide the devolved public services as a basis for withholding some local functions. That is so because the system gives many powers to the line ministries to decide what to devolve and what to retain leading into deliberately delayed devolution (Kutengule et al., 2014). It is therefore crucial that the NDP reconsider the powers given to the line ministries to decide on what can be devolved and retained to fast-track the devolution of functions and responsibilities to the LGs.

3.2.3 Experiences from the NDP implementation

As discussed above, the implementation of the NDP has been significantly challenged, the meager achievements made are bringing little satisfaction as the stakeholders had huge expectations. Both the central and local governments are players to the devolutions reforms' implementation network. The network is disorganized, the disorganization in the system distorted central and local operation as the players did not have clear direction and responsibilities to execute. The implementation process can be better described as 'autopilot' as each stakeholder operated as they wished leading to stagnation of the process (Kutengule et al., 2014). Due to the shambolic operation style, stakeholders exploited every opportunity to attain their interests even if the benefits came at the expense of the devolution objectives. Thus, with each day that the problems remained unsolved, they worsened. In addition to the challenges listed in section 1.1, the system was challenged by deviations from legal frameworks composed of the LGA of 1998 and 1994 constitution of the republic of Malawi (Dulani, 2008), poor citizenry involvement in local governance (Tambulasi, 2009), poor central and LGs relationship characterized by LGs' dual reporting to line ministries and MoLG (Sustainable Livelihood in Southern Africa (SLSA, 2008), unclear allocation of roles (Kamanga et al., 2001), delayed amendment of conflicting laws (Dulani, 2008), and poor financial performance particularly, taxation performance (Kutengule et al, 2014) which is of much interest to this study. According to Kutengule, the central government was transferring less than the required 5% of the national budget and it did not cede non-tax revenue to LGs as expected, and the LGs underperformed in local revenue mobilization. The numerous challenges indicate that the system may collapse if remedial actions are not introduced to clean them. However, it is necessary to ensure that effective remedial actions are used effectively address the challenges.

3.2.3.1 Deviations from the legal framework

Deviations from the legal framework have been observed for several years with negative consequences on the entire devolution system and LGs' financial performance. Firstly, the central government should have held local elections, which left LGs without councillors (policymakers). The LGs operated without councillors for nine years, from 2004 to 2014 (Mustafa, 2017). That meant LGs could not make tax policies and by-laws, and there needed to be oversight for

technocrats, that negatively affected the effectiveness of the LGs as they could neither make customized strategies for tax collection and enforcement was non-existent. According to Mustafa, the late Professor Bingu Wa Mutharika's administration did not fund the local elections because it considered them irrelevant. That was probably done to achieve political advantage, but it disadvantaged the reforms and the LGs as they operated without a crucial component in enhancing performance. It is therefore necessary to consider limitation of political interference in the system by drawing clear lines to separate government and party business to avoid reoccurrence of such phenomena.

Secondly, the central government always attempted to usurp the devolved powers from the LGs. In various instances, the central government imposed its decision on the LGs. For instance, the former state president Dr. Bakili Muluzi ordered Lilongwe City to extend the contract of the former CEO, Donton Mkandawire (Tambulasi, 2009). According to Tambulasi, the city rejected the order stating that they had local decision-making mandate, leading to a tit-for-tat relationship between the two levels of government which compromised performance. Tambulasi added that a comparable situation occurred in Kasungu district council in which the MoLG forced the district council to reinstate the suspended chairperson of the council; the LG declined the instruction stating they had local decision-making powers leading to a conflict. Thus, the government tried to undermine local interest to boost their interest which were mostly political, that was therefore not in favour of promoting local efficiency.

In addition to usurping power from the LGs, the central government also sabotaged the implementation of fiscal decentralization in ways that negatively affected LGs' local revenue mobilization performance. First, this study found that the MoLG stalled the activation of by-laws for Mulanje and Zomba LGs. CMZ3 and CZA2 (respondents to the study described in chapter five) indicated that their LGs submitted by-laws for review and approval to the ministry before March 2022 but did not receive any positive response at the time of authoring this dissertation. In addition, the studies of Kutengule et al. (2004 and 2014) and Chiweza (2010) found that the central government provided a limited local revenue base which could not support LGs operational, public service delivery and development needs. That was confirmed by this study as even a collection of over 100% in 2018/2019 for Zomba city was not adequate to cover the basic expenses as it still received salaries support from the central government. The central government worsened the

problem by issuing tax collection restrictions, for instance, the districts were not allowed to collect property taxes and the MoLG has maintained that situation since the inception of devolution in 1998 clearly showing neglect and sabotage to the LGs. Further, the central government inadequately financed the LGs opposed to national requirements limiting LGs' comprehensive local revenue mobilization due to lack of resources. Kutengule et al. (2014) noted that the central government was transferring less than 1% of national revenues opposed to the required 5%. In addition, it did not cede the non-tax revenues to the LGs as required by the NDP. Worse still, the central government withdrew some local revenue sources that were already devolved to the LGs. Pondani (2022) observed that the central government withdrew chain store business licencing from the LGs which further shrank the limited local revenue base. The above examples highlight that the central government somehow hindered LGs' financial performance and limited fiscal decentralization despite claiming to be promoting it.

Finally, the withdrawal of powers from the LGs by the 2010 amendments to the LGA devastated the reforms. The amendments included the Members of Parliament (MPs) as voting members of the local councils (Mustafa, 2017), which meant introducing central players to local government; withdrew the policy-making function from the LGs (Mustafa, 2017) though it remains in the constitution thereby complicating the legal framework; empowered the Minister of local government to appoint controlling officers in LGs (Kachule, n.d), this poses a threat of political appointments; and subjected the determination of LGs' staff salaries to the Minister of LG (Kachule, n.d). The changes contradicted the provisions in the Constitution and NDP as they aimed to forbid LGs from executing local functions. Mustafa (2017) described the changes as dangerous to LGs and decentralization performance. However, the changes are dangerous and fatal to the devolution reforms. There is an urgent need to reverse the changes or effect counter-amendments if devolution is to survive. Interestingly, despite the withdrawal of the policy-making powers, the LRESP is still done by the LGs. However, making by-laws requires a review by the ministry. That further highlight the chaos in the system as the LGs lost the policy-making powers but are still formulating the LRESP without the intervention of the MoLG while the by-laws are subjected to the ministry review. The disorganization in the system needs attention to ensure that the processes are timely done and are effective.

In addition to the deviations, weaknesses in the legal framework also required attention. First, some provisions did not perfectly support the decentralization ideology. For example, Kamanga et al. (2001) noted that the LGA of 1998 needed to clarify the roles of the Ministry of local government, line ministries, and other emerging structures in the decentralization system. Such lack of clarity led to the birth of dual reporting by the LGs as they reported to the MoLG and the line ministries which overburdened them (SLSA, 2008). Kamanga et al. added that lacking clarity on the roles of stakeholders triggers fragmented efforts and conflicts that did not favour improved performance. In addition, Tambulasi (2009) noted that poor demarcation of roles for local actors triggered conflicts that severely affected performance. The policymakers and technocrats fought for power which compromised collaboration and negatively affected the monitoring process as they needed to collectively monitor LRESP execution. Second, Dulani (2008) noted that the prolonged delay in amending laws that were inconsistent with the decentralization provisions like The Business Licensing Act negatively affected local revenue mobilization as it limited the LGs from collecting taxes from some businesses despite the provision in the LGA.

3.2.3.2 Central and local governments' relationship

A Cordial relationship between the central government and LGs is vital to the success of decentralization reforms as it ensures collaboration and progress, while an antagonistic relationship limits success. Conflicts negatively affect institutions of progress (Nhema, 2002). The relationship between the two levels in Malawi has gone through good and tough times. Below are some experiences of the relationship and how they influenced performance in the reforms. The relationship made some positive contributions to the progress of the reforms. First, it facilitated the devolution of some local functions to the LGs though less than expected (Kutengule et al., 2014). Collaboration between the MoLG and LGs pressurized the line Ministries to devolve the functions. Secondly, according to Kutengule et al., it helped to create operational institutions like MALGA to facilitate devolution's implementation and solve emerging problems in the reforms. Finally, it helped to combine the two administrative units at the local level as required by the NDP. However, the relationship is more unproductive than productive as demonstrated below.

Firstly, it has been confrontational, negatively affecting LGs' and decentralization performances (Tambulasi, 2009). The Lilongwe City case above is one example. The central

government takes advantage of the LGs' limited empowerment, to advance its interest over those of the LGs leading to the conflictual functionality. The central government also uses the same to cling to powers meant to be devolved (Chiweza, 1998). There are also instances of LGs staff suing the central government to resist decisions like transfers from one LG to another. As a result, the parties fight to frustrate each other rather than collaborate to enhance productivity. In addition, introducing MPs as voting members in the local council worsened the contentious relationship since the central war is right in the LGs, and councilors feel threatened which compromises collaboration and performance.

Secondly, the relationship led to delays in eradicating problems in the reforms. A lack of coordination, meetings of central players, and the busy schedule of the OPC delayed eradicating the problems reported to the central government by LGs (Kutengule et al., 2014). For instance, in 2012, delayed promotions for LGs' controlling officers led to work disruption in LGs as the staff defied the MoLG and downed their tools. In his reaction to the turmoil, the former Principal Secretary (PS) in the Ministry, Mr. G. Mkondiwa, indicated that politicians delayed the promotions (Kasalika, 2012). It later transpired that the former state president, the late Bingu Wa Mutharika halted the promotions because he did not agree with some institutional structures (Kasalika, 2012). Mkondiwa added that the central government's grip on LGs caused decentralization failure as LGs were not freely operating. In addition, the remarks by the PS indirectly indicated that there was no functional relationship between the OPC and the MoLG. Further, the situation highlighted that political influence frustrated the system and local performance as it frustrated efforts to capacitate the LGs.

Amorphous factors also challenged the reforms. Firstly, MPs from the ruling parties inherently controlled operations at the local level (Chiweza, 2013). They prioritized political agendas over institutional ones, leading to system failure. Secondly, chaotic operations in the reforms emanating from poor leadership of the central government disturbed the regular working pattern leaving actors scattered and abandoning their roles, according to Chiweza. Thus, the central and local governments acted disjointly leading to deficient performance overall. Chiweza also noted that the introduction of numerous operational systems by central players worsened the problem as they broke the initially structured systems, and overburdened LGs to manage the numerous systems. That also brought chaos as the various systems meant many activities by the

LGs. Finally, Chiweza noted that the decentralization system had numerous invisible, informal rules and relationships that guided the visible relationship between the two government levels. According to Chiweza, the systems overruled formal rules and relationships, bringing stakeholders confrontations. Informal factors operated underground but were detrimental; therefore, it is necessary to understand taken for granted factors affecting the relationship to be eradicated.

3.2.4 Trend of taxation performance in the LG.

The NDP article 10.2 and LGA of 1998 section 44 empowers the LGs to collect local revenues in their area to fund operational, public service provision, and development expenses. They provide for the collection of Property rates, Ground rent, Fees and Licencing, Commercial undertakings, and Service charges. However, local revenue mobilization performance in LGs has raised concerns for years. The LGs have been underperforming as they failed to collect adequate local revenues to support their expenses and contribute significantly to the annual revenue budgets. The LGs in distinct categories have varying taxes. As indicated in Tables |one, two, and four, property tax is the main source of revenue for cities and market fees for districts, however, the respective LGs have failed to comprehensively collect them due to poor administration (NLGFC, 2022a). The local revenues in the LGs are collected physically by tax collectors who visit the taxpayers to collect the taxes, sometimes, some taxpayers visit the LGs' offices to pay the taxes. Use of digital revenue collection has not gained popularity even though it is better than the manual system (Fjeldstad et al., 2014). This study also found that use of mobile money by Mulanje district proved effective confirming the observation by Fjeldstad et al. on the effectiveness of an automated tax systems. It is therefore necessary to consider the introduction of automated tax systems to enhance performance. Chiweza (2010) found that LGs struggled to raise local revenues as the collections showed no considerable progress even though there was some increase in central government transfers. Further, Kutengule et al. (2014) observed that there was improvement in the collection of the property rates and market fees but not adequate to support basic expenses of the LGs. Furthermore, NLGFC (2022a) found that the LGs performed poorly in collecting property rates and market fees due to operational and policy issues which hindered LGs' effectiveness. NLGFC added that the figures were increasing but the value was not enough to cover the LGs' expenses.

Measuring the LGs' local revenue mobilization performance proved to be relevant to ascertain progress made in the performance. Most studies measured local revenue mobilization

performance by comparing collected local revenues to total LGs' annual revenues. Although there was not a clear-cut line to what constituted failure and success, all the government sanctioned studies considered a contribution of local revenue to total annual revenue of less than 25% for districts and 50% for cities to constitute failure. The government sanctioned studies of Kutengule et al. (2004), Chiweza (2010) and Kutengule et al (2014) used that yardstick to assess revenue mobilization performance. In addition, NLGFC (2022a), observed that cities' local revenues contributed between 50% to 60% to their total annual budgets and districts contributed less than 25%. On the other hand, the LAPA consider the collection of less than 80% of the local revenue budget as failure for all LGs. However, Kutengule et al. (2004), Chiweza (2010), Kutengule et al. (2014), Mustafa (2017), and NLGFC (2022a) found that the LGs failed to collect adequate local revenues to carter for their operational, public service delivery and development expenses and relied on the central government for basic expenses like staff salaries. The findings of this study indicate that even a collection rate beyond the budgeted revenue was not enough to cover basic local expenses, implying that the problem is beyond the collection rate. To that fact, this study considers failure as the inability to collect adequate local revenues to cover the basic needs of the LGs. The basic needs include operational and service delivery expenses.

Kelly, Montes, Maseya, Nkhata, and Tombere (2001) conducted a study to enhance local revenue generation. They discovered that locally generated revenues were particularly low. Local revenues accounted for less than a quarter of their total annual revenue budgets. According to Kelly et al., inadequate information for revenue collection, under collections, lack of enforcement and poor tax administration were responsible for the failure. In the year 2004, Kutengule et al. discovered that local governments performed poorly in financial management, with fewer local revenues raised which made meager contributions to the total annual revenue budgets. According to Kutengule et al., the failure was caused by conflict among policies and stakeholders, and lack of LGs' capacity. In 2005, the MoLG also found that on average LGs collected less than 21% of their total annual budget with cities collecting more than districts. According to MoLG, revenue collection was low due to citizenry poverty and a constrained revenue base. Further, Chiweza (2010) found that locally generated revenues were too low, contributing less than 20% of the LGs' annual revenue budgets which could not guarantee local governments' financial autonomy. Chiweza studied Rumphu, Mulanje, Dedza, and Ntcheu districts. According to Chiweza, lack of

monitoring and evaluation system and undertaking ad hoc activities were responsible for the deficient performance. One common thing in all the studies was that the LGs could not afford to cover their basic expenses with the collected revenues as senior staff were still being paid by the central government, they failed to comprehensively collect revenues due to limited resources and they were unable to provide public services to the citizenry due to the limited revenues. The studies depicted that the both cities and the LGs failed to comprehensively collect their main taxes of property tax and market fees respectively, leading to the overall failure.

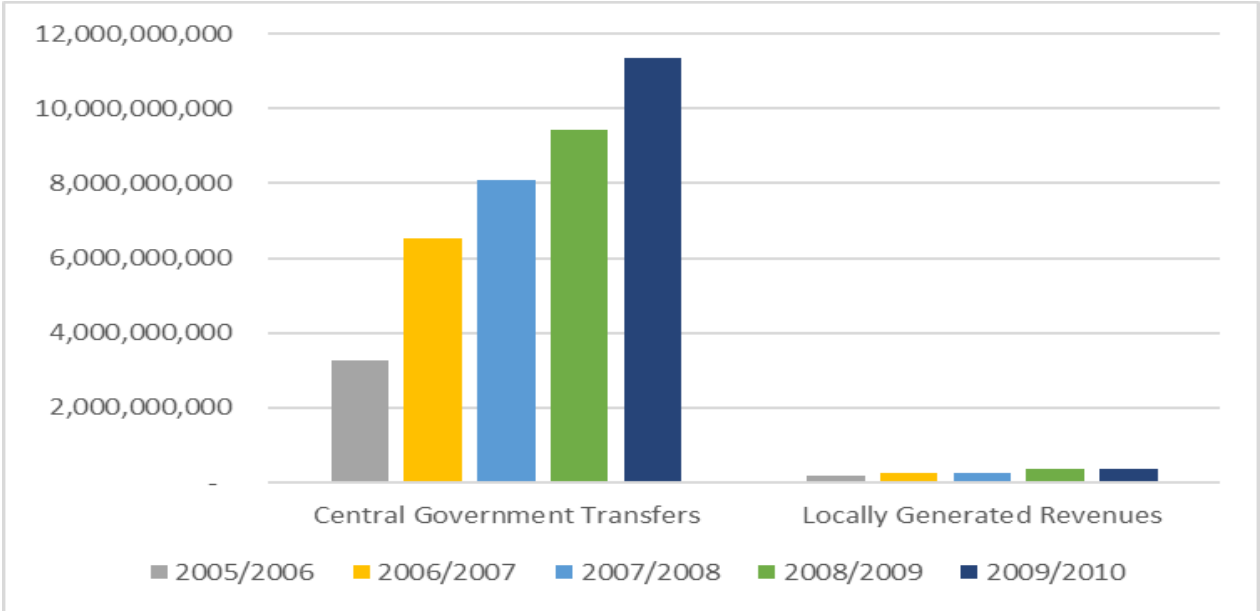
Kutengule et al. (2014) agreed with the previous scholars on the LG's taxation failure. According to Kutengule et al., in the fiscal years 2011/2012 and 2012/2013, the locally generated revenues contributed extraordinarily little to the total annual revenue budgets. In fiscal year 2011/2012, 85 percent of local governments contributed less than 20% to the total annual revenue budget, with 71 percent contributing more than 10% but less than 20%. In 2012/2013 fiscal year, 78 percent of LGs contributed less than 20 percent their total annual revenue budgets, with 71 percent contributing less than 10 percent. The four cities and two municipalities contributed more than half of the total annual revenue budget from the high-priced property rates that were not collected by district councils (Kutengule et al., 2014). Kutengule noted that the LGs failed to support their basic needs even the cities which collected more than others depended on central government support.

End-of-year consolidated financial report for 2018/2019 and 2019/2020 fiscal years further highlighted the poor local revenue mobilization performance (NLGFC, 2020). According to the consolidated report for 2018/2019, on average LGs locally generated revenues contributed 14% to their total annual revenue budget (NLGFC, 2020). A similar report for the fiscal year 2019/2020 indicated an average 12% contribution to the total annual revenue budget. The undesirable performance was also depicted in the 2020/2021 fiscal year, according to the report, the LGs contributed an average of 10% to the total annual revenue budget (NLGFC, 2021a). Similarly, the LGs failed to adequately support their basic expenses with the meager local revenues during that period.

The trend of the performance shows that the LGs have been performing poorly in revenue mobilization performance. The LGs failed to go beyond the threshold used by previous studies.

Most important to this study, the LGs failed to collect adequate local revenues to cover their basic expenses. Below is a graph showing the performance of LGs’ local revenue mobilization performance before introducing the LRESP. The graph shows central government transfers in comparison to locally generated revenues. Data for the selected LGs was not readily available in the districts and NLGFC leading to the use of national figures from the reports of other studies. Therefore, the figures in the graph represent transfers that were made to all local governments and the local revenue collected in all the LGs. The data depicts that revenue mobilization was very low and the contribution to the total annual revenue budget was insignificant.

Figure 1 LGs’ local revenue mobilization performance before LRESP



Source: Prepared by Author, data was adapted from Chiweza (2015) Accountability report.

3.3 Interventions made in the LGs to enhance taxation performance.

The persistence of poor local revenue mobilization performance worried various stakeholders. That coerced the government to institute investigative studies for solutions. The government sanctioned studies of Kutengule et al. (2004), Chiweza (2010), and Kutengule et al. (2014) outlined proposed solutions to the problem. Since then, various remedial actions have been introduced in the LGs to eradicate the challenge and accelerate the performance (Chiweza, 2015). According to

Chiweza, the interventions include recruitment of Financial Analysts; introduction of the Integrated Financial Management Information System (IFMIS); staff training, introduction of LRESP; legal reforms; and enhancement of transparency and accountability. The study focusses on LRESP, IFMIS, and capacity-building. The functionality of the targeted areas is instrumental to eradicating challenges in revenue mobilization and enhancing performance; hence the study's choice—Local Authority Performance Assessment (LAPA) framework results by NLGFC and other necessary reports help to understand the outcomes of the remedial actions.

LAPA is the only comprehensive performance assessment conducted in the LGs. It is conducted annually to analyze LGs' performance in various functional areas using a pre-planned framework, it has distinct indicators for the functional areas. According to NLGFC (2021b), LAPA aims to assess LGs' capacity to manage grants, promote LGs' superior performance by financially rewarding and punishing them, and identify areas requiring improvement. NLGFC added that it uses Minimum Access Conditions (MACs) and Performance Measures (PMs) as indicators of performance. The MAC analyzes LGs' ability to manage performance-based development grants. LGs that need to attain the desired score lose their chance to receive development funds. On the other hand, PM depicts the level of performance in the functional areas. There is an explicit punishment for MACs, but the same is lacking for PMs. The study focuses on the PMs. LAPA covers two broad categories of Delivery of quality investment which covers project management, and Efficient mobilization, management, and accountability of resources which covers mobilization of locally generated revenues, budget execution, financial management systems, and monitoring and evaluation. The focus is on mobilizing locally generated revenues and financial management systems.

While the three interventions were introduced in the taxation system at contrasting times and targeted different areas, they cannot independently achieve the desired results. There is a need for collective functioning to optimize the taxation system (Pavone, 2014). Because the capable staff can create and maintain a comprehensive taxation database in the IFMIS to provide adequate and necessary information to effectively formulate communicate, execute, monitor, and enforce LRESP. In such a way, the interventions collaboratively enhance taxation performance as failure

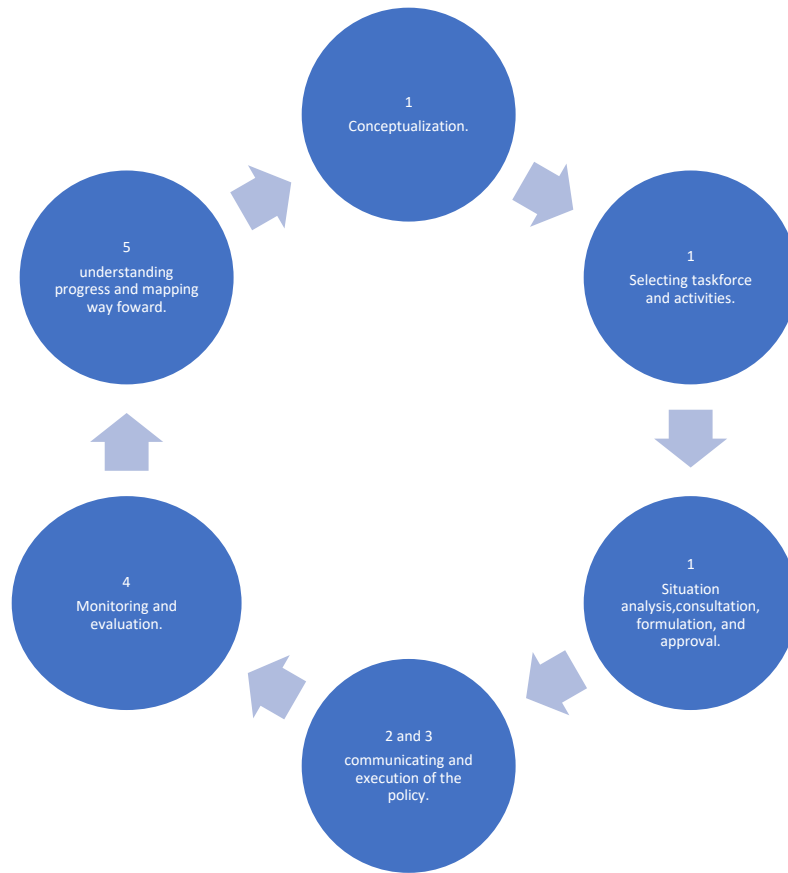
by one negatively affects the others (Redcliffe, 1935). It was therefore necessary to consider their collective functionality to benefit from the synergy.

3.3.1 LRESP

The LRESP intends to enhance revenue mobilization by boosting the collection of unpaid taxes, public service delivery to encourage tax compliance, tax awareness and coverage of tax collection (NLGFC, 2009).

The NLGFC describes the LRESP as a collection of strategies meant to eradicate challenges detected in revenue mobilization system and strengthen it to improve revenue collection. In addition, it must specify the desired performance level, describe how to get to the desired position and outline indicators to depict progress towards achieving the desired level. The strategies must be formulated after a comprehensive analysis of the performance trend and prevailing status quo to ensure that all significant factors affecting the performance are incorporated. Thus, the strategies contained in the LRESP are techniques/means that the LGs plan to use to turnaround the poor revenue mobilization performance and ensure that there are no deviations from the initial plans during execution. LGs need to formulate customized strategies that will eradicate the problems and causes identified during the analysis. Further, NLGFC requires LGs to formulate feasible strategies with manageable activities, deadlines, and responsible personnel, and monitoring, implementation, and financial plans. Figure 2 below outlines the LRESP management cycle processes. The numbers 1, 2, 3 4 and 5 in the Figure represent the processes of formulation, communication, execution, monitoring and evaluation and enforcement to be investigated in this study, respectively.

Figure 2 The LRESP management cycle.



Source: NLGFC (2009).

Based on the above management cycle, LGs need to hatch an idea, schedule activities and institute a team to lead the formulation process. Thereafter undertake a comprehensive situation analysis to understand the prevalent taxation performance and consultation with stakeholders to include their views in the LRESP. The situation analysis is very vital in the process because it reveals the strengths, weaknesses, threats, and opportunities in the system. The revealed information forms the basis for formulating the strategies to eradicate the weaknesses while maintaining the strength to maximize revenue collection, explore opportunities and manage the threats. Stakeholders consultations help to expand coverage of the LRESP and boost its acceptance. After which, the strategies are formulated and put together to form a draft LRESP that is presented for approval at the council. Upon its approval, it must be appropriately communicated to all

taxpayers to ensure that they are reached and understand the disseminated message to boost awareness. It is necessary to choose appropriate and effective means of communication to guarantee reaching all stakeholders. Strategy execution follows, it must adhere to the set plans to ensure that all strategies are utilized to maximize revenue collection. The process needs to be well resourced to ensure that it is not hindered with operational issues bordering around resources. After that, monitoring and evaluation are undertaken to assess the progress of its execution providing basis for improvement. Finally, refocusing is done to ensure that all the detected challenges are eradicated, and its execution is back on track to enhance revenue mobilization, this also includes ensuring that the LRESP is adhered to. During the piloting stage, NLGFC noted that the LGs needed more funds, capacity, commitment, and efficient operational styles to manage the LRESP (NLGFC, 2009). It is therefore necessary that LGs formulate and manage the LRESP bearing in mind the challenges to save it from being hindered.

The LRESP is assessed by the Local Authority Performance Assessment (LAPA). The LAPA framework analyses Local revenue mobilization performance using three indicators.

- Existence of an approved LRESP
- Realistically budgeted local revenue
- Increased locally generated revenue with at least 80% collection rate.

Thus, unlike the government sanctioned studies which measured local revenue mobilization performance by its contribution to the total annual revenues, the LAPA measures it by the availability or absence of the above elements. However, it is also necessary to consider the success of the LRESP by considering the satisfaction of the taxpayers. Satisfaction of the stakeholders may be indicative of the effectiveness of the LRESP processes and therefore the whole policy since satisfaction of the stakeholders entails that the policy functioned as they anticipated.

The 2019/2020 LAPA report indicated that overall, LGs scored 35.14% on local revenue mobilization, below the average 50% (NLGFC, 2021b). Additionally, 50% of the districts did not develop LRESP, 71% of the LGs failed to collect at least 80% of the budget, and 57% failed to depict increase in revenues. The results highlighted that revenue collection was poor in most LGs. However, despite the general failure, there were isolated cases of LGs which did better than others

as indicated by the percentages above; they developed the LRESP and collected revenues beyond the set threshold. There were various social factors in the LGs that influenced the differences which are discussed in chapter five. Nevertheless, even those LGs that did better than others were unable to adequately cater for their operational, service delivery and development expenditures as indicated by the report. According to the report, the main challenges to revenue mobilization were failure to enforce institutional systems and procedures, absence of LRESP, weak tax strategies and administration, dependence on central government, deficient capacity, and limited resource base for LGs.

In 2020/2021, LAPA reported an overall score of 49% on revenue mobilization, an increase from the previous year but still below 50% (NLGFC, 2022c). The report showed that 46% did not develop and execute LRESP, 78 did not collect revenues according to plan, and 39% did not depict revenue increase. Just like in the previous fiscal year, other LGs outperformed while others did better but were unable to cater for their expenditures for smooth local operations. Poor strategic and operational structures, use of poor practices, deficient capacity, and absence of LRESP affected the performance. The report concluded that there was a need for adequate improvement in LGs, but the future is bright, it indicated that despite the improvement and variations in performance, the LGs were still unsuccessful.

The lack of the LRESP, use of ineffective strategies and failure to fund basic expenses highlight the failure of the LRESP in most LGs as those are the primary goals of the LRESP. It is therefore necessary to understand the failure of the LRESP.

3.3.2 IFMIS

The Integrated Financial Management Information System (IFMIS) was introduced to enhance local revenue mobilization and fiscal management in LGs. Kutengule et al. (2004) observed that automated information systems improve financial management performance. Hence, the adoption of IFMIS to improve local revenue administration. The system was introduced to the LGs in phases (Ministry of Finance, 2023). The roll-out started in 2008 with financial assistance from the World Bank. In 2009, LGs got a customized version with a revenue management component. Thus, the initial system did not have the revenue management component, its addition highlighted its

significance in promoting enhanced local revenue mobilization performance. However, its addition after a year of IFMIS usage also made it seem less relevant as it was considered as an addition and not a primary element of the system.

IFMIS “*is a computer-based information system that enhances effectiveness and transparency of the financial management system*” (Duracell and Erlandsson, 2004, P27). According to Duracell and Erlandsson, the system has various sub-systems to undertake different financial transactions. The main objective of adopting IFMIS was to enhance financial management (Ministry of Finance, 2023). However, specific goals included prudently managing funds, transparency and accountability, and timely reporting to detect and address weaknesses in the financial system. However, the inclusion of the revenue mobilization module in the LGs highlighted the objective of enhancing local revenue mobilization. Overall, the LGs were supposed to undertake all financial transactions in the system (NLGFC, 2021b). During the roll-out, the NLGFC discovered that a lack of capable staff to manage it, continued use of a manual system, delayed eradication of detected problems in the system, and lack of coordination in using the system affected the implementation (Duracell and Erlandsson, 2004; Kutengule et al., 2014). The LGs needed to ensure that such issues were not prevalent to guarantee successful implementation of the system.

LAPA assessed IFMIS without specific indicators for revenue mobilization, it used three indicators which were embedded in financial management PM:

- Maintenance of all relevant books of accounts
- Conduct all transactions using IFMIS and produce reports accordingly.
- Having a clean audit report.

The 2019/2020 LAPA report indicated that the overall score on financial management was 42.85%, below the average 50% (NLGFC, 2021b). That demonstrates that LGs did not significantly use the IFMIS. According to the report, challenges leading to poor revenue mobilization included poor record keeping and the inability to utilize the IFMIS. 2020/2021 LAPA report indicated that 72% of the LGs failed producing information from the IFMIS system

(NLGFC, 2022c). According to the report, the main challenges included a need for more competence in operating IFMIS and an updated taxpayer database.

Furthermore, the findings of this study in chapter five indicate that the IFMIS failed to enhance revenue mobilization in some LGs as they needed a comprehensive database for tax collection. Thus, the study's findings agree with LAPA findings that poor record keeping and lack of a database in LGs highlight the failure of IFMIS to improve revenue mobilization performance. Therefore, the system still needs to achieve its desired objectives. Hence, it is necessary to establish why the system failed to attain the desired goals. The lack of revenue mobilization indicators in IFMIS assessment indicates the disconnection between the system and the revenue mobilization process despite the inclusion of the revenue management module in the system.

3.3.3 Personnel Capacity building.

Capacity deficiency is a familiar worry in the decentralization system. As indicated above, Kutengule et al. (2004, see Chiweza, 2010) recommended enhancing capacity building to improve LGs' performance. However, after years of recruiting and training staff, Kutengule et al. (2014) and Mustafa (2017) found that LGs still lacked capacity to collect local revenue, particularly failed to manage IFMIS and LRESP (NLGFC, 2022c). The LAPA does not have specific indicators for this intervention hence the use of general findings.

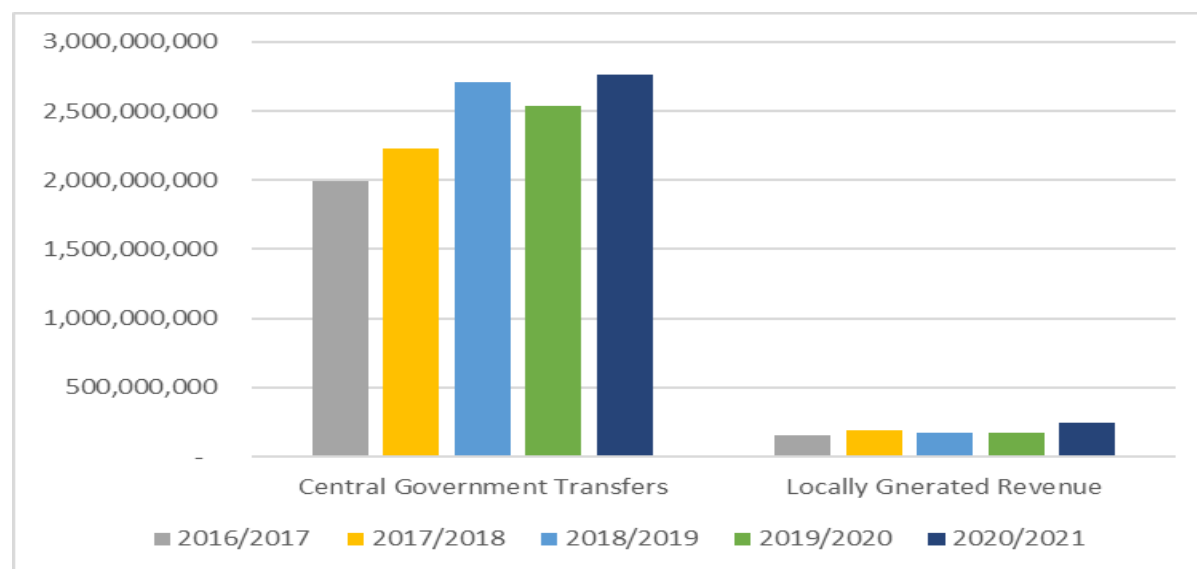
The 2020/2019 LAPA report indicated that failure to follow systems and procedures, undesirable records management, less staff, and incapable staff negatively affected LGs' taxation performance. The findings highlight the existence of capacity deficiencies in the LGs which exacerbated the poor revenue collection.

The 2020/2021 LAPA report also indicated that poor record management, inadequate and incapable staff, and inability to recruit and retain capable staff negatively affected LGs' performances. With inadequate and incapable staff, significant capacity challenges still exist in the LGs, and the poor taxation performance is likely to continue. The persistent capacity deficiencies highlight that the intervention is running short of eradicating the challenge. The report also wondered why LGs were still under performing despite filling some critical positions. That highlights the need for the LGs to solve both the challenges of personnel availability and competence.

3.3.4 Performance after Introduction of Intervention

As observed above, the interventions failed to achieve what was expected by stakeholders. The collection rate and contribution to total annual revenue was still lower and the LGs failed to cover the basic expenses. Figure 4 below however depicts that the cities significantly contributed to total revenues unlike the district, the causes are discussed in chapter five. NLGFC (2022a) noted that the visible growth did not match the economic changes, the growth was just nominal and insensitive to the changes. The graphs below show five years performance for the two districts and cities after introducing the LRESP. The Tables show the contribution of various sources to the total revenues. The varying performance between the cities and districts is very visible in the graphs, however, the combination of the LGs in the graphs inhibits the performance difference between LGs in the same category (cities or districts). The two LGs in each category depicted varying performances which this study investigates to understand how the LRESP processes produced different outcomes in the LGs. The differences are clearly depicted and discussed in chapter five. The two categories have been presented separately to highlight the difference in the revenue collection capacity which the NLGFC (2022a) attributed to the collection of the property rates in the cities. NLGFC indicated that despite the increase shown in the revenues and high contribution to the total annual revenue especially by the cities did not depict superior performance as the LGs still poorly collected the market fees and property rates which were their main revenues sources leading to failure to support basic local operations.

Figure 3 central government transfers and locally generated revenues for the two districts



Source: Prepared by author from LGs' end of year financial reports and study reports.

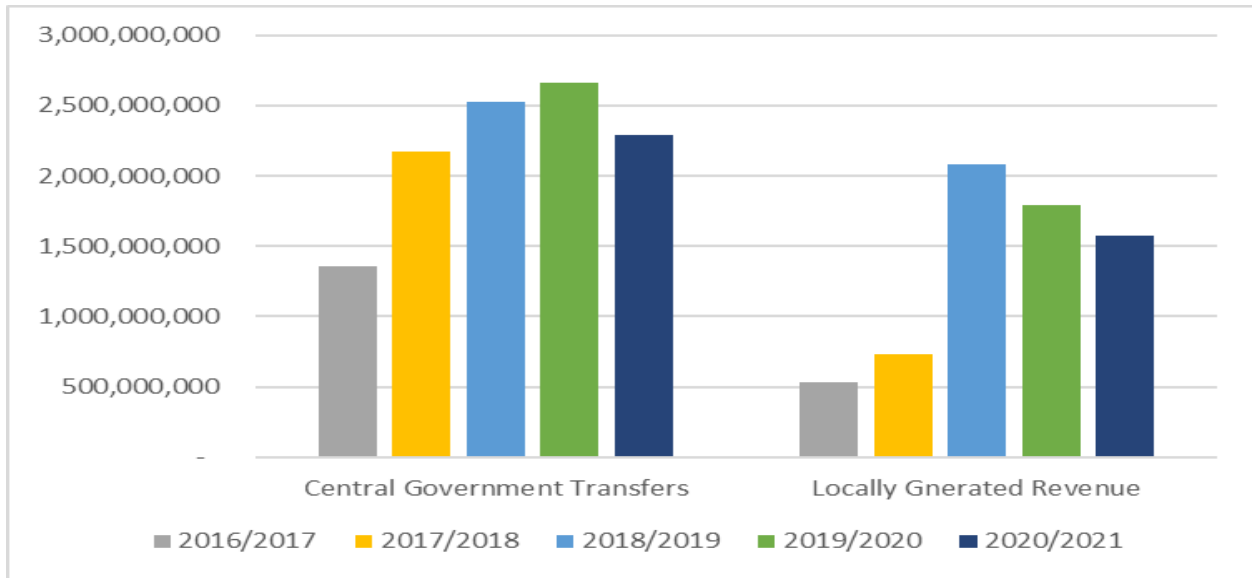
The locally generated revenue for the district largely comprised Market Fees. The Market fees made up more than 50% of the total revenues in each year as depicted in the table below. On average the source contributed 67% in Mulanje and 50% in Nkhotakota.

Table 1 Contribution of Market Fees to the total local revenue collected by the districts

MULANJE					
Locally Generated Revenue	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Central Government Property Rates				-	-
Other Property Rates				-	-
Market Fees	68,189,550.00	66,500,450.00	60,179,674.00	63,686,330.00	57,574,300.00
Fees and Service Charges	11,500,300.00	23,450,450.00	25,003,024.00	12,542,887.04	2,377,375.00
Licences and Permits	11,510,150.00	18,349,100.00	11,027,310.00	10,375,500.00	25,176,498.00
Other Income				-	-
Total Income	91,200,000.00	108,300,000.00	96,210,008.00	86,604,717.04	85,128,173.00
NKHOTAKOTA					
Central Government Property Rates			-	-	-
Other Property Rates			-	-	-
Market Fees	29,532,250.00	40,357,700.00	34,167,419.03	47,409,130.00	68,275,342.99
Fees and Service Charges	15,468,187.00	26,459,505.00	18,551,350.00	12,604,500.00	14,673,961.38
Licences and Permits	15,249,300.00	13,245,000.00	21,717,301.00	22,400,000.00	56,436,284.00
Other Income				-	-
Total Income	60,249,737.00	80,062,205.00	74,436,070.03	82,413,630.00	139,385,588.37

Source: Compiled by author from financial reports.

Figure 4 central government transfers and locally generated revenues for the two cities



Source: Prepared by author from NLGFC’s end of year financial reports and study reports.

Unlike the district whose local revenue was mainly made up of the Market fees, the cities’ main revenue source was property rates. On average the source contributed 70% in Zomba city and 47% in Mzuzu city as depicted in the table below. The researcher was unable to find detailed scores for each revenue source for Mzuzu city for the fiscal years 2016/2017 and 2017/2018 as the city and NLGFC were unable to provide the data.

Table 2 Contribution of Property Rates to the total local revenue collected by the districts

ZOMBA					
Locally Generated Revenue	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Central Government Property Rates	3,720,987.53	4,674,358.00	47,000,000.00	50,000,000.00	41,462,098.00
Other Property Rates	163,259,251.80	220,461,460.00	718,386,310.17	793,599,730.63	247,797,460.63
Market Fees	54,419,750.00	72,487,153.00	76,102,721.00	85,700,850.00	67,724,598.40
Fees and Service Charges	42,535,800.00	58,789,723.00	201,114,222.36	72,775,059.42	37,251,950.36
Licences and Permits	8,162,964.00	11,023,072.00	64,817,500.00	95,601,125.00	42,952,150.00
Other Income				-	-
Total Income	272,098,753.33	367,435,766.00	1,107,420,753.53	1,097,676,765.05	437,188,257.39
MZUZU					
Central Government Property Rates			12,000,000.00	24,000,000.00	24,000,000.00
Other Property Rates			589,949,024.61	351,865,534.30	614,507,158.45
Market Fees			73,774,665.00	57,778,230.00	119,371,860.00
Fees and Service Charges			148,963,719.15	114,441,398.11	185,300,857.66
Licences and Permits			149,171,509.55	146,665,958.71	196,309,656.37
Other Income				-	-
Total Income	259,987,654	367,876,876	973,858,918.31	694,751,121.12	1,139,489,532.48

Source: Compiled by author from financial reports.

It is therefore apparent that the LGs are still performing poorly after introducing the LRESP which was touted to eradicate the challenge. Therefore, LRESP, IFMIS and capacity-building interventions individually and collectively failed since most LGs still had poor revenue mobilization strategies, no taxation database, capacity gaps and overall, the deficient performance persisted.

3.4 Conclusion

Democratic decentralization has made some achievements but has significantly slowed down due to numerous challenges in the system. Both the central and local levels have contributed to the emergence of the difficulties. The challenges include poor funding from the central government, poor public service delivery, conflict between stakeholders and structures, and poor local revenue mobilization. There is need to develop effective remedial actions to address the challenges upon understanding the factors that hindered the interventions that were previously introduced in the system. It is also necessary to appreciate the causes of performance variations among LGs to improve performance.

CHAPTER FOUR

METHODOLOGY

4.0 Introduction

This chapter describes the methodologies used and the reasons for choosing them. It starts with describing the approaches used to undertake the investigations: the qualitative approach and Small-N analysis. Then, it describes the coverage and area of the study. Thereafter, it discusses how data was collected, both primary and secondary. A discussion of data processing methods of narrative and systematic process analysis follows. Finally, it outlines ethical considerations and field experience before the conclusion.

4.1 Research Plan

The study uses the qualitative research method. It uses the Small-N analysis technique to investigate the targeted cases.

The Small-N analysis enhances the study in many ways. First, it enables deep and detailed investigation since it considers a small number of cases as the name suggests (Abbott, 2004). According to Abbott, the technique allows the researcher to select a small number of cases to intensely investigate them within their environment, making it easy to understand and compare them, it is opposed to Large-N method in which many cases and participants are required and necessary since investigations for each case are not detailed and deep. Consideration of the actors and their roles strengthens the approach as they explain the way of doing things. Hall (2003) observed that considering the actors and actions weaken the criticism of using limited number of cases and respondents provide the chance to comprehensively investigate interactions among actors which determines operational system. Secondly, it allows comparison of the few selected cases to distinguish them from the general processes which reveals contextual and non-contextual factors affecting each of the cases. In this study, it allows to investigate the operations of the LRESP processes in each of the LGs comprehensively and deeply to get extensive information from the few selected respondents for comparison with those from the other LGs to understand

how the varying performances came about. Abbott indicated that the technique is aimed at discovering the similarities and differences in small number of cases, which is exactly what this study intends to do. Thus, the technique is in line with the objectives of the study and therefore enhances the chances of attaining them. Abbott added that by selecting more than one observable case, the technique enhances the generalizability of results since the study covers a broad base. Hence, selecting the four LGs and twenty respondents in each LG boosts the study's investigations and results base for theorization. The method also saved costs by using a small sample. That was necessary because time and funds for the study, particularly fieldwork, were limited. Finally, the Small N analysis hugely boosts narrative studies because it provides for interpretive, narrative, and analytical elements in one study which makes it rich as it borrows elements of both qualitative and quantitative methodologies.

The qualitative approach is vital for the investigations of the LRESP processes. The cause and outcome back-and-forth relationship that the qualitative approach addresses (Goertz and Mahoney, 2012) made it easy to understand the relationship between tax policy processes and taxation performance. According to Goertz and Mahoney, in the relationship, a causal factor or a mechanism of causal factors triggers the outcome. They added that the factors must be adequate to cause the effect. Therefore, by using the approach the study takes the right path to understand what factors in the LRESP processes influenced the different outcomes in the LGs and if they were adequate to influence the variations. The cause-and-outcome movement in the qualitative approach, as discussed by Goertz and Mahoney, proved relevant since the study investigates the causes of poor revenue mobilization performance, performance variations among LGs, and failure of remedial actions. The need for the causes to be adequate also provides a chance for profound and extensive investigations in the LRESP process to exclude factors which might have not contributed to the variations, or they contributed to the variations but are not linked to the LRESP processes. Despite the advantages, Osuala (2007) argued that the results from this approach are hard to generalize due to the varying case context. Bassey (1981) counterargued that the results can help future scholars relate causal factors to outcomes in other cases. The linkage is more vital than generalization since it establishes a relationship between the two. In addition, Goertz and Mahoney (2012) observed that qualitative scholars comprehensively investigate the causes of a phenomenon, making it easy to detect the actual causes. The deep investigations strengthen the method, thereby

making theorization possible. As discussed above, the selection of more than one case also broadens the generalization basis. The four cases selected from different regions, having different revenue mobilization capacity and significant sources of revenues ensures that the selection covered all categories of the thirty-five LGs in Malawi making generalization more reasonable.

4.2 Sampling Method

Purposive sampling was used for sample selection. It guided the selection of LGs and respondents. The method does not accord units in a population an equal chance of selection; instead, the researcher selects units that help to yield favorable results (Kothari and Garg, 2014). That requires the researcher to comprehensively understand the objectives of the study to make informed decisions, without which the selected cases may not help to attain the targeted results. The fact that the researcher worked in the MoLG for more than ten years guarantees understanding of the objectives of the study and the targeted population to make appropriate selection. The researcher uses personal judgment to choose the samples. Merriam (1988) described it as a method that seeks to comprehensively understand a phenomenon by enabling the investigator to select a sample that gives comprehensive and in-depth information about the topic and better represents the population. Hence, the need to understand the entire population. According to Kothari and Garg (2014), the opponents of the technique have argued that it produces a biased sample since it targets the cases to be selected. However, proponents counterargued that the neutrality and sound judgment of the researchers do away with the fear of choosing a biased sample. To that fact, the researcher declares that he does not have any emotional attachment with any of the selected cases and the selection was based on their performances to allow meaningful comparison and provide a clear picture about the varying revenue mobilization capacities and other factors necessitating comparison.

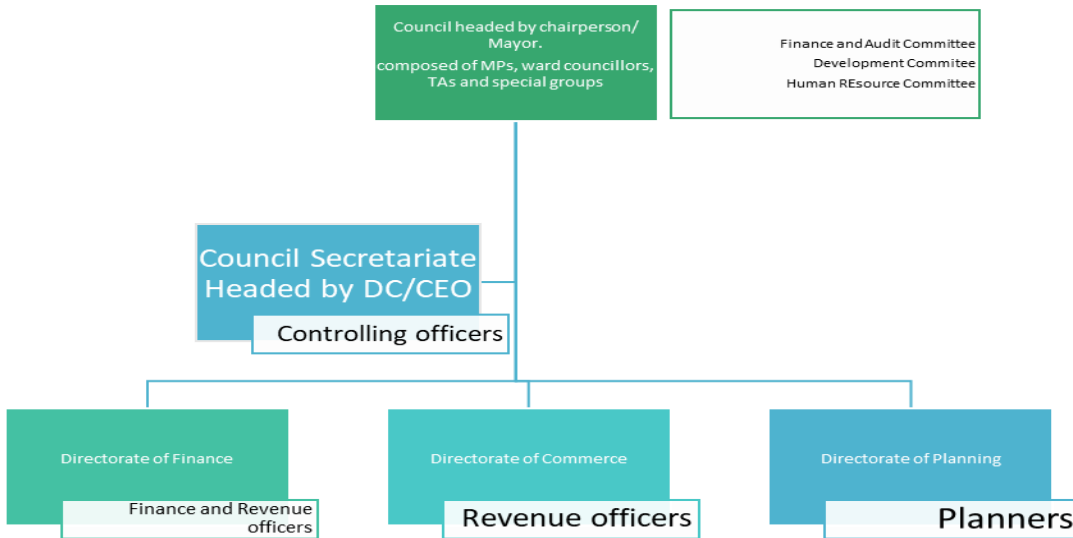
Purposive sampling was ideal for attaining the study's objectives because it eased some choices—for instance, the selection of LGs from different regions and categories representing the population was simplified. Further, the technique enabled the selection of local governments with adequate knowledge and information to help explain the relationship between LRESP processes and taxation performance. Similarly, the choice of the policy formulators, managers, and implementers was simplified, easing the acquisition of the targeted data from reliable and direct sources. Furthermore, it enabled the inclusion of taxpayers. The inclusion of taxpayers enhanced

the study as they are crucial stakeholders in formulating and executing the LRESP since they are on the other side of LRESP execution and felt its effects. Finally, the technique eased the replacement of the LGs that declined to participate in the study for varied reasons.

4.3 Population, sample size, and Study area and period

The population of respondents comprised LG's staff and stakeholders connected to local revenue mobilization; staff included politicians and technocrats. The two groups form the political and technical arms of the LGs. The Chairperson or Mayor heads the political arm, and the controlling officers heads the technical arm; the functional committees help the political leader, and departments/ directorates support the controlling officer, as depicted in the organogram Figure 5 below. The politicians made policies and provided oversight while the technocrats executed the policies. The study sampled Five (5) policymakers from the Finance and Audit Committee, five (5) managers involved in LRESP management, including the Director of Finance, five (5) tax officers engaged in execution, and five (5) taxpayers. The Finance Committee was responsible for all strategic financial matters, including local revenue mobilization. Its members were vital to understanding how the tax policy was formulated and monitored. The tax managers discussed the administration of the LRESP. The tax officers explained the actual operationalization of the policy. Finally, taxpayers explained how they perceived tax policy and their involvement in its management.

Figure 5 Local Governments' Structure



Source: Author.

Table 3 below depicts the categories and total number of the targeted respondents in the four LGs in accordance with the above description.

Table 3 Number of respondents

	MULANJE DISTRICT	NKHOTAKOTA DISTRICT	MZUZU CITY	ZOMBA CITY
Policymakers	5	5	5	5
Policy managers	5	5	5	5
policy implementors	5	5	5	5
Taxpayers	5	5	5	5
TOTALS	20	20	20	20

Source: Author

LGs’ population comprised twenty-eight districts, four cities, two municipalities, and one town. The study selected Mulanje and Nkhotakota District Councils and Mzuzu and Zomba City Councils. The reasons for selecting the four LGs are discussed below.

Firstly, the selection of Urban (Mzuzu and Zomba) and Rural (Mulanje and Nkhotakota) LGs help to provide a comprehensive coverage of Malawi LGs. The selection counters the limitations that Chiweza (2010) faced as the selection of only rural LGs limited the representation and generalizability of the study’s findings. In addition, the LGs have different local revenue mobilization capacities as cities contribute more to the total annual revenue budget than districts (NLGFC, 2022a). Secondly, the LGs depicted some interesting performance fluctuations. For instance, in 2019/2020 fiscal year, Nkhotakota was the best LG in local revenue collection while Mulanje was one of the worst, what made it more interesting was that in 2020/2021 Nkhotakota dropped while Mulanje improved in performance (NLGFC, 2022c). On the other hand, in 2018 Zomba collections surpassed its budget while in 2019/2020 Mzuzu city collected less than half of its budget, these significant fluctuations in performance may help to explain LRESP processes’ dynamics which yield the varying performance in LGs. In addition, their varying primary sources of revenue may also help to explain the influence of LRESP processes on varying taxation performance. Finally, Mulanje and Zomba LGs received comprehensive technical and financial support to enhance local revenue mobilization while the other two did not. Mulanje was supported by DAI under the Malawi Local Government Accountability and Performance (LGAP) program (DAI, 2019a) and Zomba city was supported by a domestic Non-Governmental Organization named Bwalo Initiative (Zomba city, 2022). That may help to explain how interventions from externals stakeholders influenced taxation performance in the benefiting LGs leading to the variations. Therefore, inclusion of the best and worst performers, those receiving support and those which are not, LGs from different geographical regions, and from different LGs’ categories justifies the selection of the four LGs and makes the sample comprehensive to cover full range of LGs in Malawi.

Table 4 Profiles for LGs

	MZUZU	ZOMBA	MULANJE	NKHOTAKOTA
Location	Northern region	Eastern region	Southern region	Central region

Population	221, 272	105, 013	684, 107	393, 077
Land size	146 sq. km.	42 sq km.	2, 056 sq. km	4,338 sq. km
Situation analysis	Yes	-	Yes	Yes
Leading revenue source	Property rates	Property rates	Market fees	Market fees
Major Economic Activities.	Banking, Trade, Construction, Communication, Tourism, Public administration, Manufacturing.	Banking, Trade, Construction, Communication, Tourism, Public administration, Manufacturing.	Farming, Tourism.	Farming, Tourism, and Fishing.
Local revenue sources	Income from commercial undertakings; property rates; market fees; licenses; and other service charges	income from commercial undertakings; property rates; market fees; licenses; and other service charges	income from commercial undertakings; market fees; licenses; and other service charges	income from commercial undertakings; market fees; licenses; and other service charges
2020/2021 Tax collection	MK 1,139,489,532	MK 437,188,257	MK 85,128,173	MK 139,385,588
Targeted LRESP	2015-2019	2017	2020-2025	2017-2022

Source: Author (extracted from LRESPs).

The study covers a twenty-four-year period starting from 1998 to 2021. The period covers the implementation of devolution to the year the study commenced. Nevertheless, specific years are selected for LRESP analysis to depict performance before and after the introduction of the

LRESP. However, no period is specified for remedial actions' analysis because they had no timeframe and were implemented erratically over a prolonged period.

4.4 Data sources, collection tools and methods

The study uses both qualitative and quantitative data. Questionnaires and interviews collected primary data, while the literature review amassed secondary data. The data collected from the respondents was mainly qualitative, quantitative data was from the secondary sources; the quantitative data served to support the qualitative data. Primary data answered the first question, while secondary data answered the second with the quantitative data supporting answers for question one.

The questionnaires comprised open-ended questions to elicit detailed responses, provide a platform for follow-up questions and conduct interviews. The researcher paid attention to similar and conflicting answers. They prompted further investigations to ascertain the material truth while keeping the dynamics of stakeholders management in mind, and reference was made to previous studies. Such approach was relevant considering the poor relationships among stakeholders that were discovered in the LGs discussed in chapter five. However, the questionnaires delayed responses, were incompatible with illiterate respondents, and resulted in a lower percentage return.

Secondary data was from published and unpublished documents. Focus was on government-issued and related reports to use reliable data. According to Dr. A.L. Bowley's observation (see Kothari and Garg, 2014), it is necessary to use verified secondary data to avoid using information prone to critiques. Based on that observation, most of the data collected was checked with the NLGFC which is responsible for all fiscal management matters in the LGs, which allowed to verify the figures and other narrative reports which explained the performance trend and occurrences in the LGs. Dr. A.L. Bowley added that ensuring that the data is well-assembled, reliable, precise, and appropriate for the research is essential. Thus, both content and context must align with the study's objectives. LGs' and NLGFC's reports received special attention to confirm and obtain quantitative data. Other documents, such as LRESP, provided qualitative data. Additional sources such as newspapers, articles, study results, and books supplemented the secondary data.

4.5 Data Analysis Techniques

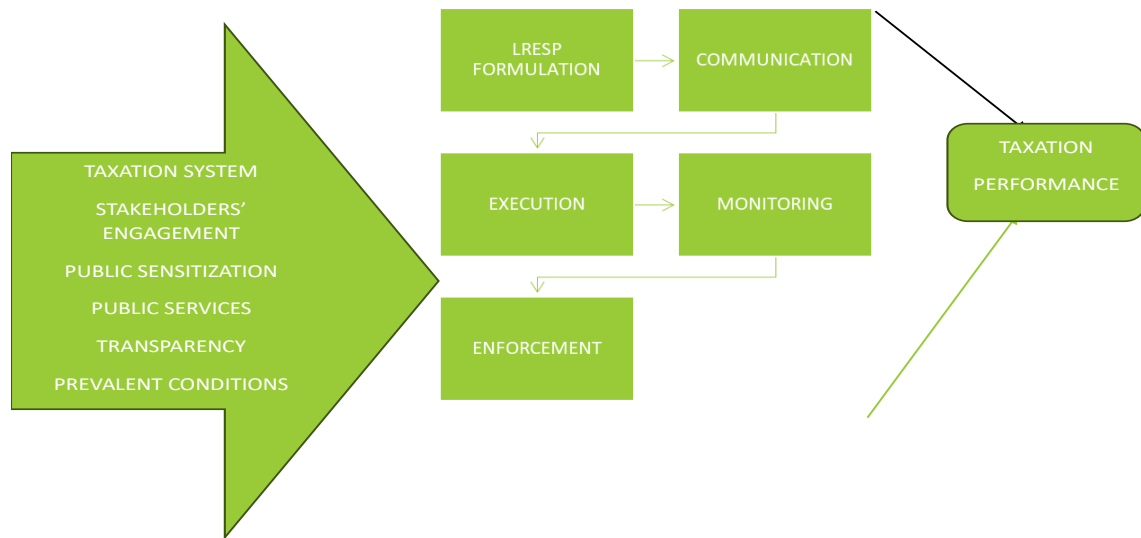
The narrative and systematic process data analyses are used to interpret data. Hatch (2002) described data analysis as extracting meaning from data or information. The process involves examining data and explaining what is meant or implied. The narrative method analyzes narratives about the tax policy and LGs' resistance to interventions. On the other hand, the systematic process analysis focused on the LRESP processes. Thus, the methods are used to attach meanings to occurrences in the LRESP processes and determine how such occurrences determined the local revenue mobilization performance and variations in the LGs.

The origin of the narrative data analysis is linked to the hermeneutic studies of the Bible. The modern-day version connects to the 1928 work of Vladimir Propp titled *Morphology of the Folktale* (Barusch, 2012). It focuses on how an organization communicates and manages stories and ideas. Such a focus brings an understanding of an organization's policies and procedures. The analysis involves data compilation, coding and classification, consideration of implied content, comparison and contrast, consideration of background variables' effects, and identification of information that illustrates themes and insights. The method analyses the data on how one perceives narratives by putting together pieces to form the meaning of a situation (Abbot, 2004). Thus, the process helps to profoundly investigate the primary and secondary data and explain the meaning of numerous factors that led to the failure of the interventions. It also facilitates the acquisition of information from diverse sources to tell one complete story.

The method is paramount when changing operational and policy procedures (Liberty, 2019; see Moyo, 2020). The technique investigates the narratives to explain how tax policy processes influenced performance and what hindered remedial actions, focusing on the remedial actions' narratives. Further, the approach eases the understanding of stakeholders' coordination in communicating and executing activities. Furthermore, it reveals hidden elements which affect local operations. The components and stages of the method are also beneficial to the study. For instance, the "considering the implied content" stage facilitates the retrieval of sensitive and disguised information implicitly expressed for fear of reprisal or punishment. That is, it allows us to look deep in each response or piece of information to dig out hidden meanings.

Systematic process analysis explains the influence of policy processes on taxation performance by analyzing how the processes operate and drive the performance. According to Hall (2006), systematic process analysis originates from the works of notable scholars like Moore (1966), Skocpol (1979), and Moravcsik (1998). It analyses the processes and outcomes of a system and compares them with projected events to explain an idea (Hall, 2003). Firstly, the approach analyzes LRESP management processes of formulation, communication, execution, monitoring and evaluation, and enforcement to understand how they function and interact with each other to influence taxation performance. The analysis focuses on social factors influencing the LRESP processes but also considers other significant factors provided by the respondents. The factors are grouped into public sensitizations, public service delivery, transparency and accountability, the effectiveness of the tax system, stakeholders' engagement, and LGs' prevalent issues. These factors determine the influence of the LRESP processes on local revenue mobilization performance as they regulate how the processes function and interact with each other. Examining the operations of the LRESP enables us to explain how each process and their interaction influenced taxation performance. Further, the analysis also considers how the environment in which the LGs operated affected the way of doing things and taxation performance. The figure below depicts the grouped factors driving the LRESP processes.

Figure 6 LRESP processes



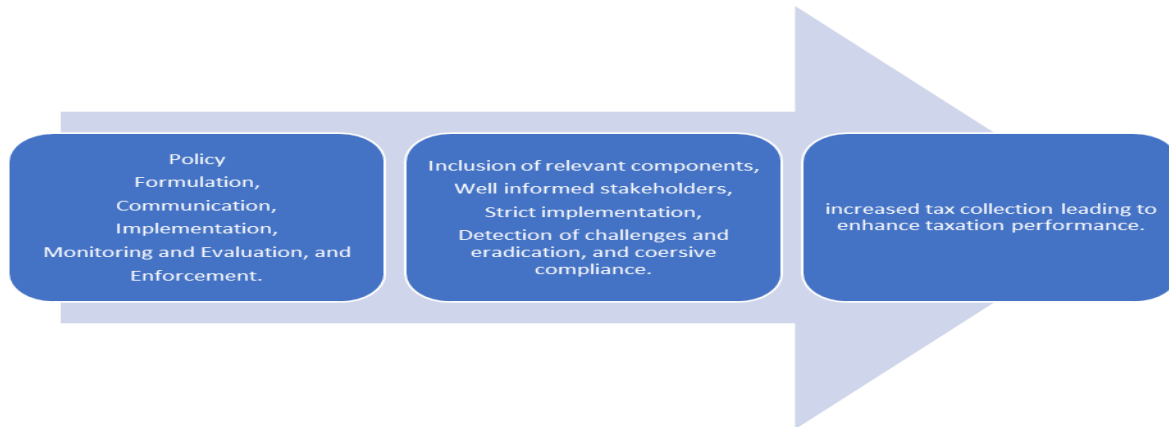
Source: Author

With reference to Figure 2 in chapter two, the formulation process implies putting together generated strategies meant to turn around revenue mobilization performance into a single plan. The communication process involves informing stakeholders about the formulated LRESP, how it will be implemented and its objectives. The execution process implies the actual application of the formulated strategies to eradicate the challenges detected during situation analysis and strengthen the system to maximize revenue mobilization. Monitoring and evaluation processes involves supervising the application of the LRESP to detect strengths, weaknesses, and deviations for corrective actions. Finally, the enforcement process implies policing of taxpayers to comply with the provisions of the LRESP. Tilly (1995) observed that it is easy to understand a system by investigating its operations. Hence the need to understand the LRESP processes. While the individual processes may vary in impacting the taxation performance, collectively they determine the overall taxation performance since the processes operate as a system (Pavone, 2014) in which one failed process negatively influence the subsequent processes and eventually the entire LRESP system leading to its failure (Redcliffe, 1935).

The systematic process analysis also explains an idea/supposition about the effectiveness of taxation policy and taxation performance. According to Hall (2003), explaining an idea using the method involves stating the concept and expected pattern of events to occur if the idea is valid, then observations of the selected cases are done. After that, the results of the observations are compared with the predictions to explain the concept based on the congruency of the two (Hall, 2006). If the two are congruent, the concept is valid. Appropriate comparison is necessary to avoid concept misclassification. According to Lakatos (1970; see Hall, 2003), the predictions guide the case observations. Therefore, the determination indicates the validity of the observations and the concept itself.

The technique explains the supposition that an effective tax policy enhances tax performance. Owen (1994) used the approach to explain the relationship between democratic ideologies and peace. According to Owen, the model describes how the claimed causal factors create significant driving forces for attaining the declared outcome. The Figure below shows the causal relationship between policy processes and taxation performance.

Figure 7 The causal process



Source: Author

The idea/supposition will be considered sound if the following conditions exist in the LGs. The conditions were created considering the author's work experience and good practices.

- Capable staff formulate tax policy and engage relevant stakeholders (Jasanoff, 1990).
- LGs use customized and comprehensive communication methods to reach all stakeholders (Breeman et al., 2015).
- Policy implementation is stricter and more focused (Jasanoff, 1990).
- There is collective routine monitoring and evaluation to improve the system (Thissen and Walker, 2013).
- Practical and acceptable enforcement techniques are in place to coerce tax compliance (Thissen and Walker, 2013).
- The policy processes are coordinated (Cohen, March, and Olsen, 1972).

Finally, the performance analysis model used by Carmeli (2002) is applied to describe LGs' performance. The method reveals performance trends, status and other issues affecting taxation performance; the analysis focuses on performance trends before and after LRESP and between LGs.

4.6 Ethical Points to Consider

The study made several ethical considerations. First, it involved willing participants only, and provision of personal details was optional. Due to confrontational relationships among stakeholders, most respondents did not provide personal information. Secondly, the respondents were informed about the study's objectives and techniques and that the data was solely for the study. Thirdly, data collection in all LGs commenced upon approval from the LGs' authorities. Finally, data collection aligned with the direction of LGs leaders to avoid causing disturbances to office operations.

4.7 The unforeseen challenges encountered during fieldwork.

The researcher conducted fieldwork in Malawi between February and March 2022 for three weeks. Unfortunately, the work did not go as planned due to unforeseen circumstances on the ground.

Firstly, the initially selected LGs of Blantyre City, Lilongwe City, and Kasungu district showed no interest to participate in the study and were replaced by Mzuzu City, Zomba City, and Nkhhotakota district councils, respectively. The LGs did not respond positively to the researcher's requests and follow-ups. Eventually, the Director of commerce for Blantyre City indicated that they were busy with tax collection campaigns, but the other two LGs have yet to respond. Due to time limitations, the replacement was done immediately with similar LGs. The replacing LGs gave approvals, and investigations started. Data collection began in Mulanje district, then Mzuzu, Nkhhotakota, and Zomba. Secondly, there needed to be a higher questionnaire return. That forced the researcher to use questionnaires for interviews to collect the data instantly. Even with that change, 100% data collection was not achieved, as depicted in Table 3 below.

Table 5 Data collected in each LG.

	MULANJE DISTRICT	NKHOTAKOTA DISTRICT	MZUZU CITY	ZOMBA CITY
Tax policy makers	5	3	3	4

Tax policy Managers	4	3	4	3
Tax policy implementors	5	5	5	4
Taxpayers	5	5	5	5
TOTALS	19	16	17	16
PERCENTAGES	95%	80%	85%	80%

Source: Author

4.8 Conclusion

The chapter discussed the methodologies and techniques used in the study. The qualitative method fits the investigations because the study investigates causes and not effects (Hall, 2003). The Small-N analysis method enables us to conduct deep and detailed investigations. It also allowed the comparison of LGs to understand how the LRESP processes variedly influenced revenue mobilization performance. Narrative and systematic process analysis methods eased the interpretation of the enquiry and results. The selection of the methods was well-thought to attain the study's objectives since method selection depends on the type of study (Saunders, Lewis, and Thornhill, 2012). Further, the chapter described the supposition explained by the systematic process analysis and predictions to validate it.

CHAPTER FIVE

FINDINGS AND DATA ANALYSIS.

5.0 Introduction

This chapter discusses the findings of the study. Firstly, it presents findings on the influence of tax policy processes on taxation performance. It discusses the observations made in the four LGs, how the LRESP processes produced varying results in the LGs and how the factors in the processes influenced that effect. The discussion starts with Mzuzu city, Zomba city, Nkhotakota district and finally Mulanje district. Secondly, it discusses the reasons behind the failure of the interventions made in the taxation system leading to the persistence of challenges in some LGs.

The discussion for the LGs uses pseudonyms to identify respondents. The names comprise letters representing the role and LG of the respondent and a specific number for distinguishing each respondent. The letters C, M, O, and T at the beginning indicate the roles of Councilor (policymaker), tax Manager, tax Officer, and Taxpayer, respectively. The combination of the subsequent two letters is an acronym for the LGs: MJ, KK, MZ, and ZA, representing Mulanje district, Nkhotakota district, Mzuzu, and Zomba cities, respectively. For instance, CMJ1 is Councilor number one for Mulanje district, and TZA1 is taxpayer number one for Zomba City.

5.1 MZUZU CITY

Mzuzu city formulated its first LRESP in 2015, upon its expiry, it adopted the same document without changes owing it to lack of funds. The city used strategies that were formulated to deal with issues that prevailed in the past and did not include new strategies to eradicate the current challenges, let alone to explore the current opportunities and deal with threats.

5.1.1 Formulation Process

The policymakers and managers agreed that only the effectiveness of the taxation system, stakeholders' engagement, public service delivery and prevalent conditions influenced the LRESP formulation process as indicated in Table 6 below.

Table 6, Factors influencing the formulation process in Mzuzu.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	12	50
Engagement of stakeholders	5	20
Public sensitization	0	0
Public service delivery	3	13
Prevalent conditions	4	17
Transparency and accountability	0	0
TOTAL	24	100

Source: Author.

The politicians and managers indicated that the city needed to carefully put together all the necessary information to formulate an effective tax policy. The councilors indicated that they considered previous LRESP and prevailing conditions in formulating the LRESP while managers indicated political will, past performance, and strengthening the taxation system. MMZ1 and MMZ2 mentioned that the city needed to embrace technology like electronic tax collection and electronic database in administering taxes while MMZ4 noted that staff motivation was necessary in the formulation process to encourage hard work and foster discipline in tax collectors. However, the city did not have another LRESP before the one in use indicating that the policymakers were not conversant with reality of operations in the city because they referred to an annual investment plan as the previous LRESP. The managers indicated that the city did not have LRESP before the one in use. That put the competence of the councillors in question as they were unable to understand the documents used for local revenue mobilization in the city.

In addition, CMZ2 indicated that they failed to put necessary measures in place to eradicate the lack of transparency and accountability in the city, CMZ2 blamed it on the

technocrats instead of developing robust policies to enforce transparency. Further, MMZ3 also indicated that the councillors failed to produce the by-laws as the city operated without them. Previously, Chinsinga and Dzimadzi (2001) also noted that the LGs had policymakers who needed to know more about the operation of the LGs which negatively affected their effectiveness and eventually the productivity of the LGs. The finding imply that the issue of the incompetent policymakers has been in the system for about twenty-two years indicating LGs' negligence to solving issues and belief in continuity and not change, typical of business-as-usual approach. There is need for an initiative-taking approach to handling issues to avoid such standardization and deepening of problems. Problems need not to be kept that long without eradication as they gain acceptance and become part of the system. With the incompetence, the policymakers were unlikely to formulate an effective LRESP which could positively drive the desired changes. Therefore, the incompetence of the policymakers disadvantaged the formulation process as they formulated ineffective strategies. The LRESP depicted the poor strategies which had no implementation activities, timeframe, and financial plan.

Further, MMZ2 indicated that the lack of updated taxation database challenged the formulation process as they did not have adequate and relevant information to comprehensively understand the previous and prevailing revenue mobilization performance which forms a robust basis for strategy formulation. The city intended to address that by enhanced usage of IFMIS as mentioned by MMZ1 and MMZ2, however, at the time of the study that was not yet done indicating that they still suffered from the challenge. Kelly et al. (2001) also found that lack of information in the LGs negatively affected decision-making processes leading to continued poor revenue mobilization performance. The persistence of the problem for about twenty-two years amplified the fact that the LGs were not paying adequate attention to significant issues as they took business casually and believed in continuity. That may also indicate that the LGs deliberately reinforced the distorted systems for personal gains like fraud and theft. Chiweza (2015) noted that the LGs' staff explored weaknesses in the taxation system to steal revenues and indulge in corrupt practices which involved senior managers. It is therefore necessary that the LAPA focusses on establishing what reinforced the challenges for such a prolonged period. The LGs' managers may not be the best to investigate it as Chiweza (2015) found them to be part of local revenue looting syndicates.

The respondents also highlighted that the formulation process omitted some crucial elements which negatively affected the formulated LRESP. CMZ1 stated that the city did not consider the cost of implementing the strategies and challenges faced by the revenue collectors. While the idea of embracing technology in revenue mobilization was welcomed to enhance performance, CMZ1 indicated that the maintenance of electronic ticketing machines that were being piloted in the city was expensive which limited comprehensive coverage and use of the machines as they did not plan adequate resources to manage the technology. According to CMZ1, the provider of the machines demanded 15% of any amount collected using the machines, which was unbearable for the city due to the poor plans in the LRESP. That meant sliding back to manual system where theft and fraud were rampant leading into losses. CMZ1 stated, *“the newly introduced electronic ticketing system raised monthly tax collection, which was lost to corruption and theft, but the city could not bear the costs of the machines.”* That indicated that appreciation of fashion trends to adopt technological means for administering and collecting local revenue was ideal to do away with fraud and theft in the city. However, the poor LRESP formulation devoid the technology of attention. The city needed the trending technology to significantly enhance performance. Previously, Chinsing and Dzimadzi (2001) noted that LGs failed to operate effectively due to poor planning and lack of operational resources. Therefore, the lack of strategic and operational resources needed attention in the formulation process to ensure success of the LRESP. On the other hand, the lack of resources also highlights an unbalanced relationship between fiscal decentralization and tax policy in which there is devolution of fiscal functions and responsibilities to LGs without corresponding resources to execute them, thereby weakening the tax policy to effectively contribute to the success of fiscal decentralization. The relationship between the two needs to be balanced if they are to favorably influence each other since they are connected.

The city also excluded relevant stakeholders in the process as the frontline staff were not given a chance to express the challenges that hindered their work. The omission negatively affected the subsequent processes as OMZ1, OMZ2 and OMZ3 indicated that they were unable to undertake their tax collection duties comprehensively due to lack of resources as that issue was not addressed in the LRESP. That indicates that the inclusion of the tax collectors in the process was necessary to avoid operational challenges during execution of the policy. Chiweza (2013) found that exclusion of stakeholders in decision making reduced the chances of policy success as

the policy was frustrated. Further, CMZ2 and CMZ3 indicated the omission of public service delivery and taxpayers' ability to pay taxes, respectively. The two proved to be excessively big oversight as they eventually became point of revolts for taxpayers. Taxpayers used them as reasons for their failure to pay taxes and tax revolts. TMZ3 and TMZ4 said that taxpayers were discouraged to pay taxes due to lack of public service delivery. Chiweza (2015) also noted that taxpayers who paid taxes demanded quality public services without which they shunned tax payments. It is therefore clear that without provision of public services in the city, the taxpayers would continue evading and avoiding taxes, therefore excluding such an essential element was detrimental to tax compliance.

On the other hand, TMZ1 also noted that the city did not consider taxpayers' ability to pay taxes which triggered tax avoidance and evasion as taxpayers considered the taxes to be unfair. Taxpayers' ability to pay taxes was a crucial element in tax collection and there was need to allocate it adequate attention. TMZ1 noted that the city charged property tax to citizenry without any form of income and used the same old high rates during the Covid-19 pandemic, the targeted taxpayers were likely to default as they had no source of income and their businesses were disadvantaged, respectively. It was therefore necessary for the city to understand the taxpayers' ability to use appropriate strategies for the affected taxpayers to avoid high default rate. The omissions made the formulation process to be ineffective producing limited strategies that would not eradicate the prevalent challenges or accommodate unusual phenomena to enhance performance. Furthermore, MMZ2 and MZ4 noted that the city paid less attention to satisfying taxpayers in the formulation process. CMZ4 specifically stated that the lack of attention to the needs of the stakeholders and staff motivation led to misconceptions among stakeholders particularly about misuse of funds which negatively affected the image of the council reducing tax compliance. The omission of the significant factors in the formulation process further highlights the incompetence of the policymakers as they did not have an idea about the essential elements of the LRESP.

Involvement of stakeholders in general was necessary for the success of the LRESP. However, in addition to the exclusion of tax collectors, MMZ3 noted that most stakeholders in the city were not interested to participate in the formulation process pushing the city to entice them with allowances which led to stakeholders' apathy. MMZ3 stated, “ *stakeholders showed no*

interest to participate in the LRESP formulation and we used allowances to entice them". While the respondent did not specify the reason for the lack of interest, it can be assumed that it was due to poor relationship with the city because they would not decline participation if they had a good and productive relationship with the city. Tambulasi (2009) found that the lack of collaboration among LGs' stakeholders negatively affected performance as they deliberately frustrated each other's efforts. The stakeholders apathy in the formulation process rendered the LRESP narrow and prone to rejection or frustration by the stakeholders since they did not participate in its formulation. In addition, 100% of the taxpayers indicated that they were not consulted in the formulation process. The confrontational relationship between the tax collectors and taxpayers to be discussed later was therefore not surprising considering that neither party participated in the formulation process.

CMZ1 and CMZ2 also noted that the formulation process excluded what CMZ1 called "controversial taxes" and was marred by political interference, respectively. CMZ1 referred to bicycle tax which was mostly used by politicians particularly councillors to woo votes during electoral campaigns, politicians promised voters that they would not pay bicycle tax in the city. That was collaborated by CMZ2 who noted that the policy formulation process was made ineffective by political interference as the politicians advanced political agendas other than city's goals leading to exclusion of some potential forms of revenue. NLGFC (2022a) found that LGs underperformed in tax collection due to poor administration of taxation system. In addition, Kutengule et al. (2014) noted that political interference was one of the hindrances of decentralization process. Such issues were a challenge for technocrats as they did not vote on decisions made by the LGs therefore giving all the authority to the politicians. While it was expected that the politicians would make responsible decisions, sometimes that was not the case leading to loss of revenues like the one from the bicycle taxis.

Finally, as discussed above, the city failed to formulate new strategies due to lack of funds. That led to the continued use of the expired LRESP which was not effective since the strategies were out of touch with reality due to economic, political, and social changes over time. It was critical for policymakers to understand the prevailing problems thoroughly and follow proper guidelines to formulate a policy that would avoid catastrophic outcomes due to changing situations (Thissen and Walker, 2013). The continued use of the old LRESP excluded some significant

prevailing factors that impacted taxpayers’ ability to pay taxes. Between 2019-2020 in Malawi there was national political demonstration in reaction to announcement of election results which brought businesses to a standstill nationally and Mzuzu was not spared. In addition, the strategies did not consider the Covid-19 pandemic conditions which also triggered tax defaults due to turbulent economic conditions. NLGFC (2022c) acknowledged that post-election violence and Covid-19 pandemic negatively affected local revenue mobilization efforts as taxpayers failed to pay taxes. Therefore, LGs that did not have strategies to manage revenue mobilization during that time like Mzuzu city had problems to managing the situation. That indicated that the formulation process did not have any contingent plan or strategies to deal with unforeseen circumstances making it weak.

5.1.2 Communication

The study found that the communication process in the city was influenced by taxation system, public sensitization, and stakeholders engagement. The magnitude of the factors’ impact is depicted in the Table below with public sensitization being more influential than the others.

Table 7, Factors influencing the communication process in Mzuzu.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	2	15
Engagement of stakeholders	4	31
Public sensitization	7	54
Public service delivery	0	0
Prevalent conditions	0	0
Transparency and accountability	0	0
TOTAL	13	100

Source: Author

MMZ1, MMZ2, MMZ3 and MMZ4 agreed that mode of communication was very vital in ensuring that all the targeted stakeholders were reached and understood the disseminated messages. MMZ4 added that it was necessary to follow communication fashion trends since that determined most effective ways of passing information to the targeted audience. Trending modes of communication like social media could be embraced to expand reach than focusing on the

traditional tools like Public Address systems which proved to be ineffective as taxpayers did not still understand the local taxation system. On the other hand, MMZ1 added that it was necessary to comprehensively understand all categories of taxpayers to customize the medium of communication to ease reach and understanding. That demonstrated the need for the city to embark on targeted communication rather than the traditional holistic approach which was hard to assess if the targeted stakeholders were reached and understood the information. However, MMZ2 indicated that the city focused on the use of radio stations and public address systems to disseminate taxation information to stakeholders, the city neglected trending communication tools like mobile phones and social media. The two conventional methods however proved ineffective as CMZ2, CMZ3, TMZ2 and TMZ2 noted that taxpayers were unwilling to pay taxes because they did not understand why they needed to pay taxes to the city. The city needed to depart from the traditional means to go with society changes to boost public awareness. Chiweza (2010) noted that LGs did not have effective communication channels to communicate with taxpayers and the citizenry leading to broken communication which affected collaboration and LGs' performance as the stakeholders were not knowledgeable of what was expected of them.

The city's LRESP listed various communication mediums like written reports, electronic media, newspapers, public meetings, and council events but did not specify the targeted stakeholders and how they will be used. That indicated that the city had knowledge of the need to use various communication tools, but did not act accordingly, that proved some sort of negligence or incompetence by the responsible officers as they did not do the right things to attain positive results despite knowing. That was confirmed by CMZ3 who indicated that the city needed to improve its communication with stakeholders by using means like emails, text messages and social media platforms like WhatsApp. DAI (2019a) observed that customized communication was relevant to exchanging information between LGs and taxpayers. That is the city was losing the chance of getting feedback from the taxpayers by using the ineffective traditional methods which provided the stakeholders with no chance to give feedback to the city. In addition, the city needed to provide necessary information to change the taxation compliance landscape. CMZ2 and CMZ3 noted that taxpayers did not understand why the city was collecting taxes as discussed above, which indicated ineffectiveness of the communication channels and inadequacy of disseminated

information. It is necessary that the stakeholders are given adequate information to enhance the chances policy success (Mayer and Venter, 2014)

Further, CMZ1, CMZ2 and CMZ3 also observed that enhanced and comprehensive public sensitization was very crucial in getting the stakeholders informed about taxation matters. A policy will fail if stakeholders do not have the necessary information (Mayer and Venter, 2014). OMZ1 and OMZ2 agreed with the policymakers that well-informed taxpayers were more compliant than uninformed taxpayers, highlighting that enhanced public sensitization could boost awareness which would trigger tax compliance leading to improved taxation performance. CMZ1 noted that public awareness also depended on the mode of communication used stating “ *churches and other social gatherings were used to sensitize taxpayers in rural areas.*”

However, despite the demonstrated knowledge about the importance of enhanced public sensitization, the findings indicate that the city poorly conducted public awareness activities. All the taxpayers indicated that there were no awareness campaigns to comprehensively inform them about taxation system in the city. TMZ2, TMZ3 and TMZ4 added that the city was deliberately withholding taxation information from them so that it can easily ambush them with the aggressive approaches during tax collection. That was confirmed by CMZ3 who indicated that the taxation staff did not provide the required taxation information to taxpayers which discouraged them from paying taxes. The taxpayers were therefore unaware of what was expected from them leading to the conflicts with the LGs’ staff which compromised tax collection. Tambulasi (2009) also found that uninformed stakeholders were unable to appropriately undertake their roles in the LGs triggering conflicts with the other stakeholders which compromised performance. Further, despite the tax collectors’ claim of conducting sensitization campaigns in the city, they lamented that their job was challenging because they dealt with uninformed taxpayers. To solve the problem, OMZ1, OMZ2 and OMZ4 suggested enhanced public sensitization to keep taxpayers informed and increased budget for awareness campaign to expand the areas to be reached. In addition, OMZ1 and OMZ2 stated that “*taxpayers would be easily paying taxes if meaningful awareness was there*”. That implied that if the awareness campaigns were conducted, they were superficial or extremely limited in effect. It was necessary that well planned and executed awareness campaigns were undertaken to enhance compliance. Uninformed taxpayers do not know when and where to pay taxes leading to tax default which leads to revenue losses (Kelly et al., 2001).

Stakeholders' engagement was another vital element in the communication process. The involvement of stakeholders in the communication process helps to ease the acceptance of the communicated messages. Effective communication among stakeholders enhances performance as they easily collaborate (Tambulasi, 2009). CMZ1 and CMZ2 stated that it was necessary for the city to ensure that it engaged stakeholders to ensure good relationship which eases information exchange. Poor working relationships negatively affect taxation performance as opposing teams aim to compromise other teams' efforts other than supporting each other according to Tambulasi. CMZ1 noted that lack of interaction with the taxpayers took away the opportunity for the city to understand the taxpayers to make informed decisions. Tambulasi noted that improved communication among stakeholders at the LG level is vital to solving confrontational relationships. Further, TMZ1, TMZ2 and TMZ3 agreed with the policymakers that a good interactive working relationship promotes easy communication between the two, the city needed to take advantage of that opportunity to put matters in the right track. However, that failed because the tax collectors used aggressive approach towards the taxpayers as confirmed by TMZ2, TMZ3, TMZ4 and TMZ5. Further, the poor relationship displayed by the rejection of stakeholders to participate in the formulation processes hindered collaboration in the communication process making the process ineffective.

Finally, the lack of transparency and accountability was a challenge in the communication process. CMZ3 expressly stated that *“the city needed to be transparent and accountable to the taxpayers,”* in addition, CMZ2 stated, *“we do not have the same information with the secretariate which makes collaboration a challenge.”* Besides, TMZ2, TMZ3 and TMZ4 indicated that the city was hiding vital taxation information from them making it hard to understand the taxation system for compliance. The failure of the secretariate to provide information forced the policymakers and the taxpayers to collude which jeopardized tax collection as taxpayers' resistance was supported by the policymakers making it hard for technocrats to enforce tax compliance. Also, the collusion of the two parties set a bad precedent as the taxpayers felt encouraged to rebel against the technocrats and that worsened their confrontational relationship leading to poor tax collection. Tambulasi (2010) also found that Mzuzu city lacked transparency and accountability when councilors were not there, however, the city is yet to become transparent and accountable after the coming of the councillors indicating that lack of the two was now a custom in the city. In addition, it signals the need for a novel approach to instituting and enforcing transparency and accountability

in the LGs than solely depending on the councilors who are failing to achieve it as they cannot put together effective strategies.

5.1.3 Execution

The LRESP execution process was affected by the effectiveness of the taxation system, stakeholders' engagement and public service delivery as indicated in the Table below.

Table 8, Factors influencing the execution process in Mzuzu.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	9	64
Engagement of stakeholders	4	29
Public sensitization	0	0
Public service delivery	1	7
Prevalent conditions	0	0
Transparency and accountability	0	0
TOTAL	14	100

Source: Author

The functionality of the taxation system proved significant in this process as indicated by the higher percentage. CMZ1, CMZ2 and CMZ3 agreed that the effectiveness of taxation system drives LRESP execution. They indicated that a system with a well-managed database could keep adequate and relevant taxation information including taxpayers' payment history, location, and revenue mobilization performance trend. However, the taxation system for the city had no database as indicated by CMZ2 and OMZ4 who stated that the development of a comprehensive and updated database could potentially increase revenue for the city since all taxpayers could easily be monitored. CMZ2 also noted that an effective taxation system would ensure the use of capable staff who would professionally conduct their duties without creating problems with taxpayers. Unfortunately, the findings indicate that the tax collectors acted otherwise. TMZ2, TMZ3, TMZ4 and TMZ5 indicated that tax collectors mistreated them indicating their unprofessionalism. TMZ3 went on to suggest the need for the city to recruit capable tax collectors who would treat taxpayers with dignity. That was supported by CMZ2 who echoed the need to train the existent staff and recruit capable staff to avoid issues with the taxpayers. The use of incapable staff in the LGs was

not a new finding as Chiweza (2010) and Kutengule et al. (2014) also made similar findings, they found that incompetent staff contributed to the failure of decentralization in the LGs as they performed poorly. On the other hand, CMZ3 noted that an effective system was necessary to curb illegal vending which was rampant in the city leading into losses of revenue as the illegal vendors did not pay taxes to the city. However, CMZ3 noted that the city did not have any strategies to curb illegal vending which meant continued illegal vending and loss of revenues. Furthermore, MMZ1, MMZ2, and MMZ3 indicated that an effective taxation system was needed to enable comprehensive tax collection. Tax collection in the city was flooded with operational challenges like a lack of operational resources and incompetent staff as discussed above. Specifically, OMZ1, OMZ2 and OMZ4 indicated that they were unable to collect taxes from the entire jurisdiction due to lack of operational resources, they had no allowances and vehicles to reach remote revenue centers. In addition, the aggression, corruption, and intimidation by the staff proved their incompetence. TMZ1 and TMZ5 stated that the tax collectors were corrupt as they demanded extra money from taxpayers. Tambulasi (2010) also observed that tax officers in Mzuzu city stole revenues since the taxation system was weak. The corruption and theft were embedded in the city's system since it has been occurring for long. While that is challenging to eradicate, strict punishment and dismantling of the known syndicate for theft may help to eradicate the challenge in the city.

The engagement of stakeholders was also vital in the execution process because the absence of the electronic tax collection system necessitated the meeting of tax collectors and taxpayers. MMZ2 indicated that the involvement of influential stakeholders like politicians was necessary to influence taxpayers' compliance as taxpayers trusted such figures more than city officials. Chiweza (2013) and NLGFC (2022b) also found that the involvement of influential stakeholders like politicians was necessary to enhance taxation performance. However, it was necessary to critically vet such stakeholders to avoid engaging those that could bring instability since political interference has been found to be a hindrance to the decentralization process (Kutengule et al., 2014). In addition, CMZ1, CMZ2 and CMZ3 indicated that it was necessary to comprehensively understand the behavior of taxpayers to enhance tax collection. CMZ1 particularly mentioned that the city needed to understand the negative attitude of the taxpayers towards the city and sources of such attitudes to reduce conflict and tax defaults. However, the city

did not have any strategies or programs to manage the taxpayers' negative attitude towards the city according to CMZ1. That meant the taxpayers were stuck with negative attitude towards the city about theft and mistreatment of taxpayers which discouraged tax payment. As discussed above, CMZ2 indicated that there was no collaboration between the politicians and the managers which made it hard for the politicians to appeal to taxpayers to be tax compliant as they once sided together against the technical officials compromising tax collection performance. Lack of engagement between the two deteriorated the situation of stakeholders' management in the city. Tambulasi (2009) found that lack of frequent engagement with stakeholders to address conflicts and get feedback reduced tax compliance from taxpayers. In addition, CMZ3 accepted that the city deliberately mistreated taxpayers who defaulted on taxes for a lengthy period like four years stating that *"Taxpayers are mistreated due to their chronic default on taxes."* That indicated the institutionalization of mistreating taxpayers, a lack of good strategies to eradicate conflicts with taxpayers and neglect of taxpayers welfare by the city. TMZ2 specifically lamented that the harsh treatment by the city amounted to human rights abuse. That was rather a profoundly serious allegation that the city needs to take action to address otherwise the efforts to enhance tax performance will remain futile.

Further, the taxpayers indicated that they were unwilling to pay taxes because their grievances were not addressed by the city. TMZ2, TMZ3, TMZ4 and TMZ5 indicated that the tax officers intimidated and used aggression against them which provoked tax revolts. Tambulasi also found that lack of compromise among stakeholders led to conflicts which eventually affected the city's performance. The approach resulted in a contentious relationship that negatively affected tax collection as both parties kept fighting. On the other hand, OMZ2 noted that the taxpayers used physical and verbal abuse against city staff while OMZ3 observed that the taxpayers aggressively resisted paying taxes. The situation got worse to the extent of the taxpayers intimidating tax collectors highlighting failed revenue mobilization strategies that led to losses. Furthermore, the taxpayers were discontented with the punishment of confiscating merchandise and closing shops by the tax officials, which increased the tension between them further hitting on the unhealthy relationship. TMZ5 went on to suggest that the city needed to attach the taxes to some utility bills like electricity and water to avoid physical contact between the tax officials and taxpayers. While that was indirectly encouraging electronic tax collection system which was the best way to go, it

also demonstrated the deep divide between the two parties as the taxpayers never wanted to interact with the tax collectors.

Despite having a poor rating from the policymakers and managers, public service delivery was crucial in the execution process especially from the taxpayers' side. All taxpayers agreed that the city needed to do more on public service provision especially structures in the revenue centers like roads, shops, market shed and toilets. Taxpayers in the city used the failure to provide the demanded public services as a ground for resisting tax payment. TMZ2 stated that it was not right for the city to collect taxes when it failed to provide public services stating, "*the city was reaping where it did not sow.*" The taxpayers wondered why they should keep paying taxes when the city did not meet its obligations to provide public services in the revenue centers. The taxpayers indicated that they were willing to meet their obligations after the city did so and they would default if the city did not meet its obligations to them. That was also found by Chiweza (2015) who observed that taxpayers expected public services in return for taxes paid. In addition, the tax officers and elected members amplified the need to enhance public service provision to taxpayers to encourage tax compliance. CMZ2, CMZ3, OMZ1 and OMZ3 indicated that the tax collectors had challenges in collecting taxes because the city failed to provide the required public services to the taxpayers, they suggested enhancement of public service delivery as a means of encouraging tax compliance. CMZ2 specifically stated "*the taxpayers were willing to pay taxes after receiving public services from the city.*" That highlights the need for the city to focus on public service delivery to induce and encourage tax compliance than solely depending on enforcement measures. Previously, Kutengule et al. (2014) noted that improved service delivery motivates taxpayers to be tax compliant.

5.1.4 Monitoring and Evaluation.

The monitoring process was influenced by the effectiveness of the tax system and engagement of stakeholders. The Table below depicts the significance of the factors in the process with the system being significantly influential.

Table 9, Factors influencing the monitoring and evaluation process in Mzuzu.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	8	89
Engagement of stakeholders	1	11
Public sensitization	0	0
Public service delivery	0	0
Prevalent conditions	0	0
Transparency and accountability	0	0
TOTAL	9	100

Source: Author

CMZ1 and MMZ1 agreed that monitoring and evaluation needs to be frequent to ensure that there is no time for weaknesses to flourish in the system. However, MMZ3 indicated that the city needed well-thought monitoring and evaluation activities, operational resources, and personnel with good capabilities to timely undertake the activities without operational challenges. On the other hand, MMZ4 noted that there was a need for a good monitoring and evaluation system with standard checklist to compare actuals and plans to detect deviations and take necessary actions. Further, CMZ1 noted that the city had infrequent monitoring visits which led to standardization of problems in the system and eventually affected performance. The observations highlighted weaknesses in the system. Tambulasi (2010) found that lack of proper monitoring controls in Mzuzu opened loopholes for local revenue theft. Theft and corrupt acts seem to be a routine in the city. Furthermore, CMZ3 noted that the use of automated systems for monitoring enhances effectiveness as information becomes handy and comparison of actual and plans becomes simpler. However, the lack of comprehensive database disadvantaged the city in that regard as it did not have adequate taxation information for monitoring and evaluation activities. The city could not easily identify areas that needed immediate attention since there was no effective system for detection. Thus, the deficient taxation system jeopardized the process.

Finally, CMZ noted that collective monitoring was ideal to achieve the objectives of the process. That corresponded with the requirements of NLGFC (2009) to conduct collective

monitoring exercises with stakeholders to enhance the effectiveness of the process and the entire revenue mobilization system at large. However, the conflict between the councillors and managers made it difficult for the two parties to work together as CMZ2 noted that the policymakers and managers had different monitoring and evaluation information. In addition, the lack of external stakeholders' interests to participate in the LRESP processes discussed above meant they shunned the monitoring process, making it less effective as it had limited contributions on the issues detected in the system.

5.1.5 Enforcement

The enforcement process was influenced by three factors namely, public service provision, stakeholders' engagement, and the effectiveness of the taxation system. The magnitude of the influence is depicted in the Table below. Taxation system was very crucial as signaled by the higher rating.

Table 10, Factors influencing the enforcement process in Mzuzu.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	6	75
Engagement of stakeholders	1	13
Public sensitization	0	0
Public service delivery	1	12
Prevalent conditions	0	0
Transparency and accountability	0	0
TOTAL	8	100

Source: Author.

Policymakers and managers agreed that the city needed an effective taxation system to enforce tax compliance. CMZ1, CMZ3, MMZ2, MMZ3 and MMZ4 indicated that the taxation system needed to have strong and punitive measures to coerce taxpayers to be tax compliant. CMZ1 suggested developing strategies to close off all loopholes for tax defaulting, MMZ3 suggested the facilitation of the development of by-laws and MMZ4 proposed the use of punishment and rewards to discourage and encourage tax compliance, respectively. However, the

city lacked acceptable strategies and measures for tax enforcement including by-laws according to CMZ1 and CMZ3. That was also found by Nyondo (2022), who observed that Mzuzu city lacked effective by-laws as defaulters owed the city 1.9 billion Malawi Kwacha (MK). Kutengule et al. (2014) also found that the LGs did not have enforcement measures in local revenue mobilization which led to revenue losses. The problem has existed for quite some time in the city. Eventually, the city used illegal punitive means like confiscating merchandise from the taxpayers and closing shops. The strategy proved both productive and detrimental to the city as other taxpayers complied while others resisted it and defaulted on tax payments. Overall, the measures were not legally backed implying that the city acted out of the law which must not have happened as the LGs are supposed to act within the national and local laws. CMZ2 noted that the approach needed to be changed as it brought confrontations with the taxpayers, the taxpayers rejected the measures and fought with tax collectors leading into tax defaults. Besides, tax collectors also indicated that lack of resources limited their capacity to reach all defaulting taxpayers which hindered the effectiveness of the process. OMZ1, OMZ2, and OMZ4 lamented that the lack of operational resources, meaningful stakeholders engagement, and support from management restricted them from reaching all defaulters. The lack of support for the tax officers indicated poor boss and junior relationship and fragmented operations in the city.

Stakeholders' engagement was another necessary factor in the enforcement process. For instance, MMZ2 suggested the use of lawyers for tax defaulters. While that may be ideal, it may be problematic for two reasons. Firstly, it may be very expensive for the LGs to cover legal costs which may not justify the pursued amounts. Secondly, the city was using illegal actions for enforcement and that might backfire which would further compromise the relationship between the taxpayers and the city. It is important that the city does not use illegal actions to force taxpayers to act legally. Further, CMZ2 noted that effective treatment and satisfaction of stakeholders was vital to inducing tax compliance because satisfied stakeholders are collaborative unlike the unsatisfied ones. Chiweza (2013) also found that satisfied taxpayers are compliant and participative in local governance issues. CMZ2 indicated that there would be no need for punishment if the two were done since the taxpayers would be satisfied and automatically become complainant as an appreciation for their satisfaction. CMZ2 therefore highlighted the need for the city to focus on satisfying the taxpayers than punishing them. It was also necessary to ensure that there was good internal cooperation. The collaboration of internal stakeholders will play as a good

example to the external stakeholders, otherwise if internal stakeholders are failing to cooperate, convincing the external stakeholders will be challenging.

Finally, there was need for the city to consider the impact of unforeseen circumstances in the tax enforcement process. The city needed to understand the prevalent conditions or taxpayers' situations before implementing punitive measures. For instance, TMZ1 and TMZ4 requested the city to give them tax holidays or allow flexible payment terms in response to the financial difficulties that emanated from the political instability originating from the disputed 2019 tripartite elections and covid-19 pandemic. The taxpayers claimed that they defaulted on tax payments because of financial challenges they experienced. That was acknowledged by CMZ3 who indicated that the city needed to consider the tricky situation faced by the taxpayers emanating from the above issues as they significantly affected the taxpayers' ability to pay taxes. NLGFC (2021b) also acknowledged the negative impact of the two factors on taxpayers' ability to pay taxes. However, the city ignored that leading into continued default and confrontational relationship with taxpayers who considered the city to be treating them unfairly. There was need to consider such eventualities. That hints to the need for flexible and more effective LRESP with strategies for unusual eventualities. Policymakers must consider the prevailing conditions in executing policies to avoid failure because the world and the citizenry are changing quickly (Fischer et al., 2007).

5.2 ZOMBA CITY

Zomba city council had a LRESP which was under formulation from the year 2017 but was used to guide taxation operations during the period. Prior attempts to approve it failed due to the incompetence of the policymakers who could not understand it according to CZA2. It was eventually approved after receiving technical and comprehensive support from Bwalo initiative. Thus, unlike Mzuzu city, Zomba received financial and technical support in revenue mobilization. Bwalo initiative supported the formulation and execution of the LRESP (Bwalo Initiative, 2021). On their Facebook page the organization stated "*Bwalo initiative organization is implementing a project that seeks to contribute towards enhancing good governance, active citizenship and unlocking Revenue Generation and capacity for Zomba city.*"

5.2.1. Formulation

The formulation process was influenced by three factors namely effectiveness of tax system, stakeholders engagement and prevalent conditions in levels depicted in the Table below.

Table 11, Factors influencing the formulation process in Zomba.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	12	57
Engagement of stakeholders	5	24
Public sensitization	0	0
Public service delivery	0	0
Prevalent conditions	4	19
Transparency and accountability	0	0
TOTAL	21	100

Source: Author

The taxation system was truly relevant in the LRESP formulation process as it was rated more highly than the other factors. CZA1 indicated that there was need for an effective taxation system with a comprehensive and updated taxpayers' database which could be used to comprehensively assess performance trends to guide the policy formulation process. CZA1 indicated that with support from Bwalo Initiative, staff were trained, and the database management was improved to enhance local revenue mobilization. Maurice Banda, the Zomba city principal Investment and Promotion officers acknowledged that the capacity enhancement support by Bwalo Initiative helped to boost revenue mobilization administration efficiency (Namanja, 2022). Thereafter, the city was able to assess trends and detect prevailing challenges to be considered in LRESP formulation thereby guaranteeing the chances of formulating effective strategies. Kelly et al. (2001) noted that the use of adequate and relevant taxation information for decision making led to making effective taxation collection decisions. Hence, the support enhanced effective decision making in revenue mobilization program. Further, MZA2 and MZA4 indicated that the ability to comprehensively collect significant revenues was essential in the formulation process as it provided a basis for formulating effective policies to comprehensively cover taxes. MZA4

specifically indicated that there was need to consider that ability of the system to furnish subsequent processes with adequate resources and personnel. That was partly supported as the personnel were trained. After receiving training from Bwalo Initiative, the city developed comprehensive strategies with budgets, responsible personnel, and time schedules. The city ensured that the activities included in the LRESP were adequately funded to avoid operational challenges.

Stakeholders' engagement was also influential in LRESP formulation. CZA1 and MZA2 agreed that the involvement of stakeholders like politicians, taxpayers, staff, and local leaders was necessary to enhance the acceptance of the policy and to widen its coverage. The city involved necessary stakeholders like tax officers, taxpayers, civil societies, market committees and ward development committees in the formulation process (Zomba city, 2022). However, CZA1 noted that Traditional Authorities should have participated in planning and introducing local taxes in unplanned areas, leading to lower compliance as the local leaders did not endorse the taxes. That was a reminder to the city that stakeholders' involvement in tax collection activities was always necessary to enhance acceptance of innovative ideas. Besides, taxpayers acknowledged their involvement but expressed dissatisfaction with the absence of their contributions in the final LRESP. It is important that the city genuinely involves the stakeholders than just involving them physically and ignoring their ideas. Continuity of such system may trigger rejection of participation by the stakeholders in the future that will lead to stakeholders' apathy which subject the policy to potential frustration. Thissen and Walker (2013) observed that the exclusion of views from stakeholders leads to policy failure as the excluded stakeholders frustrate its execution. Interestingly, all the front-line tax officers engaged in policy development. According to the officers, they expressed challenges that hindered their work and suggested practical strategies which may work on the ground. CZA2 also noted that interactions with stakeholders who assisted in revenue mobilization efforts were beneficial as they enhanced capacity leading to improved taxation performance. The involvement of Bwalo Initiative also enhanced the coverage and acceptance of the LRESP as they represented various communities in the formulation process and provided technical guidance to the city which helped to formulate a robust LRESP. DAI (2021) and NLGFC (2021) also found that productive engagement of stakeholders in policy formulation was instrumental to its success. In addition, Bwalo Initiative (2021) highlighted that it was very

necessary to involve stakeholders so that they understand the policy before execution to avoid its rejection.

Prevalent conditions were also an essential inclusion in LRESP formulation. CZA1 and MZA4 indicated the need to consider economic conditions in LRESP formulation because they determined taxpayers' ability to pay taxes which affect policy execution. The constantly changing environments require serious attention to matters which affect policy management to avoid catastrophic outcomes (Fisher, Miller, and Sidney 2007). For instance, MZA4 indicated that the city halted their plan to increase tax rates in 2020/2021 fiscal year because businesses were negatively affected by the post-election violence demonstrations and the Covid-19 pandemic. If the hike were implemented the taxpayers would be unable to pay the new taxes due to the turbulent economic situation. NLGFC (2021b) found that most taxpayers were unable to pay taxes due to the impact of Covid-19 pandemic. Apart from considering the influence of prevalent conditions, the move also indicated that the city cared for the welfare of its taxpayers unlike Mzuzu which made no consideration of such effects despite being directly requested by the taxpayers, which may also be part of the justification as to why Zomba outperformed Mzuzu. Therefore, Mzuzu cared more of tax collection than the welfare of the taxpayers, no wonder the conflicts were fierce. Further, MZA2 and MZA3 indicated that consideration of technology trends in policy formulation to enhance tax collection was necessary, they specifically indicated that the LRESP needed to embrace electronic tax collection and comprehensive usage of IFMIS to improve tax administration.

Unlike Mzuzu city which failed to develop new LRESP and comprehensively use IFMIS due to lack of finances and capacity, the financial and technical support to Zomba city eased such problems (Bwalo Initiative, 2021) . The technical and financial support boosted the city's capacity to collect revenue. Thus, even though both Zomba and Mzuzu cities were urban LGs and had the same capacity, Zomba had an edge over Mzuzu in revenue mobilization mainly due to the assistance from the external stakeholder.

5.2.2 Communication

Communication process was influenced by the effectiveness of the taxation system, public awareness, and engagement of stakeholders. The Table below shows the rating of the factors. Unlike in the other processes where the effectiveness of the taxation system proved to be the main driver, communication process was driven by the engagement of stakeholders and public sensitization, highlighting that the focus of the process which is passing taxation information to the taxpayers.

Table 12, Factors influencing the communication process in Zomba.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	2	11
Engagement of stakeholders	8	42
Public sensitization	9	47
Public service delivery	0	0
Prevalent conditions	0	0
Transparency and accountability	0	0
TOTAL	19	100

Source: Author.

However, the taxation system was also influential in the process. According to CZA1 and CZA2 this element was crucial to ensure that the city had details of all the taxpayers to enable communication customization. Thus, the taxation system needed a database with comprehensive taxpayers' information for planning and executing communication activities. CZA2 specifically stated that the database needs to have categories of taxpayers, location, literacy level and communication and payment history. That would ease the selection of the best mode of communication for each class of taxpayers, thereby ensuring effective communication. The city also needed capable personnel and resources to undertake the job. With the support from Bwalo Initiative, the tax officers were trained and that gave them an edge over the staff from other cities. Bwalo Initiative also found that mode communication was very vital in enhancing communication

and there was need to develop customized channels to achieve effective communication (Namanja, 2022). Thus, that was also supported but not comprehensively.

All policymakers and managers agreed that frequent public sensitization was essential to educating the public about the taxation system and their roles in the system to boost tax compliance. However, conducting sensitization campaigns using general communication methods to all stakeholders proved ineffective, triggering a need to customize communication for different taxpayers. DAI (2019a) found that customized communication with stakeholders is necessary to improve exchange of communication and collaboration as the stakeholders are reached and provide feedback. For instance, CZA1 and CZA2 observed that written communication, like letters and posters, could have been more effective for literate taxpayers. Local radio and local social gatherings were highly effective for illiterate taxpayers in rural areas. The city managed to undertake some significant public sensitization. 100% of the operating team indicated that sensitization was undertaken but faced numerous challenges, and 80% of the taxpayers acknowledged that. The operational staff cited a lack of management support to facilitate their work and a lack of working materials to effectively reach all revenue centers as barriers to the process. The awareness campaigns for the city were also conducted through community meetings, drama supported by Bwalo Initiative (Refstie, 2014). The organization noted that using various means of communication was necessary to reach the varying taxpayers.

CZA1 and CZA2 also highlighted the need for stakeholders' engagement in the communication process to ease the dissemination of information and getting feedback. The two observed that frequent meetings with the citizenry kept them adequately informed and engaged. The city was supported to hold several meetings with community members, market committees, development committee and other city structures to enhance awareness. In addition, they indicated that involving influential leaders was necessary to enhance tax collection. According to CZA1, the dissemination of taxation messages to the citizenry by ward councilors proved more effective than the secretariate staff, who had contentious relationships with the taxpayers and were not trusted. Thus, an excellent approach to stakeholders that attract trust leads to good working relationships and performance, as found by Tambulasi (2009) previously. CZA2 indicated that the involvement of the Director of Finance and Traditional authorities in promoting tax compliance proved to be effective. According to CZA2, the involvement of the two encouraged the taxpayers to pay taxes

as they trusted that they would solve their grievances. Taxpayers responded positively and tax compliance improved in the city. It is therefore crucial for LGs to have good relations with relevant and influential stakeholders to incorporate them in promoting tax compliance. It was interesting to note that the city quickly learnt from their mistake of excluding Traditional Authorities in introducing rural taxes and eventually engaged them to promote tax compliance, which worked successfully.

5.2.3 Execution

The execution process was influenced by the effectiveness of taxation system, Stakeholders' engagement, public service delivery and prevalent conditions as depicted in the Table below. The effectiveness of the taxation system was incredibly significant in this process as it was the basis of action.

Table 13, Factors influencing the execution process in Zomba.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	11	58
Engagement of stakeholders	1	6
Public sensitization	0	0
Public service delivery	4	21
Prevalent conditions	3	15
Transparency and accountability	0	0
TOTAL	19	100

Source: Author

All policymakers and managers agreed that an effective taxation system was ideal for effective LRESP execution. MZA2, MZA3 and MZA4 agreed that the system needed to provide necessary capacity for revenue mobilization. Capable personnel and adequate resources were necessary for the success of this process, without which failure was imminent. However, OZA and OZA2 indicated that they lacked resources to reach all centers as the support they got from Bwalo Initiative was limited implying that the city failed to reach all revenue centers which led to revenue losses. Further, CZA4 and MZA1 indicated that there was need to focus on the significant source of revenue (property rates) and seasonal income, respectively. While property rates collection

improved, CZA1 noted that the city lost seasonal income from Agricultural produce due to poor timing. In addition, the failure to reach all centers meant incomprehensive collection of the property rates. NLGFC (2022a) also found that there were deficiencies in the collection of the property rates in the cities due to operational and policy challenges. There was need to timely target the revenues as they were short-lived and focus on comprehensive collection of property rates as they had potential to significantly change the performance.

Stakeholders' engagement was necessary because tax collectors physically collected the taxes from the taxpayers. CZA1, CZA2 and MZA2 indicated that a good relationship with taxpayers was necessary to enhance taxation performance as taxpayers become compliant. Collaboration with other stakeholders was also necessary to avoid fragmentation which limited tax compliance. However, CZA2 noted that the introduction of local taxes in unplanned areas was resisted by the citizenry due to non-inclusion of the councilors and other local leaders. The city needed to understand the dynamic of the rural areas where local leaders directed how to run things. Such lack of social understanding was costly to the city, and it deserves adequate attention to ensure that they collect taxes in rural areas without social challenges. Chiweza (2013) noted that it was relevant for LGs to understand the citizenry to productively engage them in local governance. Besides, taxpayers indicated that the tax collectors mistreated them through intimidation and shop closures. TZA1 and TZA2 indicated that taxpayers were unfriendly as they demanded tax using intimidating and aggressive approaches. TZA3 and TZA4 considered the intimidation, shop closure, and lack of understanding by the tax collectors as indicators of poor stakeholder engagement and incompetence, which negatively affected tax taxpayers' compliance. TZA3 stated that "*staff should be taught how to treat taxpayers with respect.*" The mistreatment which breeds conflicts negatively affects the effectiveness of LGs' taxation system (Fjeldstad et al., 2014). The use of the poor approaches was surprising because the staff received training on approaching taxpayers. However, that may be indicative of resistance to adopting the newly introduced way of doing things by some staff who are stuck in the traditional operating style. Therefore, the city needed to look deeper into the trained staff to ensure that they operated as trained and introduce punishment for those acting to the contrary, an effective monitoring and evaluation system for the trained staff was necessary to solve the challenge.

Public service provision to the citizenry, particularly the taxpayers, was also relevant in the execution process. Policymakers and managers agreed that public service delivery to taxpayers was an adequate motivation for willful tax compliance. However, that was not in practice in the city. The taxpayers and tax collectors collaborated that taxpayers' resistance to paying taxes was due to the poor public service delivery by the city; the city failed to provide market structures, waste management services, and toilets in the markets. CZA3 and CZA1 specifically hinted that the city needed to enhance public service delivery to encourage tax payment. The poor public service delivery in the city negatively affected local revenue mobilization as it was the basis for taxpayers' resistance to paying taxes. TZA1 and TZA5 indicated that there was need for the city to listen to taxpayers and provide their needs to enhance collaboration and motivate tax payment. TZA3 said, *"I stopped paying taxes for one month because the city did not respond to our requests."* Thus, the city's inability to provide the required public services negatively affected taxpayers' willingness to pay taxes. That is a confirmation of Kutengule et al.'s (2014) observation that the provision of public services to the citizenry motivates tax payment without which taxpayers are discouraged. Hence, the need for the city to strive on providing the basic public services to the taxpayers and pay adequate attention to their requests and grievances.

Prevalent conditions were also a very vital part of the implementation process. CZA2 noted that political and economic conditions affected tax compliance because they determined taxpayer's ability to pay taxes. The local revenue collection changes from 2019/2020 to 2020/2021 best exemplified the influence of prevailing factors on tax collection (NLGFC, 2021a). The city showed significant movement in collected revenues in the stated period. There was a significant decline in collected revenues from MK 1, 432, 372, 719 in the 2019/2020 fiscal year to MK 437 188, 257 in 2020/2021. The poor tax collection was attributed to violent demonstrations from the post-2019 elections and Covid-19, which negatively affected business operations in Malawi (NLGFC, 2022a). Hence the need to take prevailing factors seriously during LRESP execution to derive appropriate means of dealing with the situations.

5.2.4 Monitoring and evaluation

Monitoring and evaluation process was influenced by effectiveness of taxation system and stakeholders engagement as presented in the Table below. Taxation system was very significant as shown below.

Table 14, Factors influencing the monitoring and evaluation process in Zomba.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	9	90
Engagement of stakeholders	1	10
Public sensitization	0	0
Public service delivery	0	0
Prevalent conditions	0	0
Transparency and accountability	0	0
TOTAL	10	100

Source: Author

CZA1 indicated that the taxation system was essential to provide the basis for instituting a monitoring and evaluation system. According to CZA1, the taxation system must provide adequate information to feed into a monitoring system. With the updated database, the system was able to feed into the system. CZA1 and MZA1 added that there was need for continuous monitoring to ensure that the system was always checked for weaknesses. Further, CZA3 noted that the system required capable personnel and adequate operational resources as their deficiency brought operational challenges. According to CZA2, monitoring was successful as all activities were according to plan. CZA2 observed that collective monitoring was very ideal in the city since it helped to produce collective solutions to identified challenges. However, the initial exclusion of local leaders and politicians reduced the effectiveness according to CZA2.

On a different note, The Principal Investment and promotion officer insinuated that the city used LRESP as a monitoring and evaluation tool for public service delivery to the people (Namanja, 2022). However, the LRESP did not have a service delivery plan, entailing that it was impossible to monitor the public service delivery when there was no plan. The claim was therefore not entirely

correct, there was need to focus on maintaining a robust monitoring and evaluation plan for public service delivery.

5.2.5 Enforcement

The enforcement process was influenced by the effectiveness of taxation system, stakeholders engagement and public service delivery.

Table 15, Factors influencing the enforcement process in Zomba.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	8	62
Engagement of stakeholders	3	23
Public sensitization	0	0
Public service delivery	2	15
Prevalent conditions	0	0
Transparency and accountability	0	0
TOTAL	13	100

Source Author.

The taxation system, particularly the taxpayers’ database and by-laws, were crucial to this process since they provided the necessary information to pursue defaulters and means for punishing defaulters, respectively. However, the city did not have active by-laws. That was also found by Nyondo (2022), who observed that the city lacked effective by-laws as defaulters owed it MK3.4 billion. According to CZA2, the by-laws were submitted to the MoLG for approval, and they are yet to be approved. Thus, the closure of the shops and getting stuff from the vendors were illegally done. It is important that the city takes the right direction to use legally accepted actions to avoid breaking the laws. CZA4 warned that implementation of illegal action exposed the city to potential legal action which may jeopardize its image and revenue collection efforts. On the other hand, CZA1 noted that there was need for IFMIS system to give reminders for unpaid taxes so that they could be followed up. Further, CZA3 noted that there was too much illegal vending in the city but there were no strategies to curb the practice leading into losses of revenue. Furthermore, CZA4 noted that taxpayers were issued invoices late but asked to pay faster, CZA4 suggested early distribution of invoices so that the taxpayers are accorded ample time to pay the bills. NLGFC

(2022a) also found that poor administration of property rates including late property tax billing was one of the reasons for poor property rates collection.

CZA3 and CZA4 also noted that the city was having challenges to enforce tax compliance because of poor service delivery. According to them, taxpayers resisted paying taxes because they felt that the city was robbing them as they did not enjoy any services from the city. The situation created a virtuous circle as the taxpayers did not pay taxes, the city had no funds to provide public services, and the taxpayers saw no reason for paying taxes due to lack of public services. That demonstrated how poor public service delivery negatively influenced the enforcement process and its relevance in the process. Therefore, the city must appreciate the fact that the easiest way to enforce tax compliance is to provide adequate public services.

Enforcement measures become effective if there is good cooperation between the city and its stakeholders to implement punitive actions. CZA1, CZA2 and CZA3 noted that cooperation with stakeholders was necessary for enforcement. CZA1 specifically stated that the involvement of the Director of Finance was necessary to ensure that the director understands what is on the ground but also to accord the taxpayers a chance to express their grievances. On the other hand, MMZ4 noted that engaging the taxpayers and market committees continuously was another way of easing enforcement though it was not being done to a desirable level in the city. Since the market committees, development committees and communities were trained to manage local revenue mobilization by Bwalo Initiative, the enforcement process effectiveness enhanced (Refstie, 2014). Further, there was also needs to boost collaboration with the central government. Zomba city and Mulanje districts engaged the MoLG to facilitate the activation of their by-laws but there was little action from the ministry which left the LGs without the by-laws. That relationship needs attention to facilitate the activation of the by-laws. CZA1 and CMJ3 indicated that they submitted their by-laws to the ministry for review, but it was taking too long for the ministry to respond. Kutengule et al. (2014) also found that the MoLG had limited capacity to undertake their responsibilities and coordinate the implementation of the decentralization system.

5.3 NKHOTAKOTA DISTRICT COUNCIL

Nkhotakota was implementing the 2017-2022 LRESP. The policy succeeded the 2014-2017 LRESP, which expired in 2017. The district was keen on developing and managing the LRESP.

Unlike Mzuzu and Zomba cities, Nkhotakota is a rural district with less revenue mobilization capacity (NLGFC, 2022a).

5.3.1 Formulation

The LRESP formulation process was influenced by the effectiveness of taxation system, engagement of stakeholders and prevalent conditions. The Table below shows that taxation system was rated more highly in the process by the respondents.

Table 16, Factors influencing the formulation process in Nkhotakota.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	8	62
Engagement of stakeholders	3	23
Public sensitization	0	0
Public service delivery	2	15
Prevalent conditions	0	0
Transparency and accountability	0	0
TOTAL	13	100

Source: Author

Policymakers agreed that the district lacked an effective taxation system to provide a basis for formulating an effective LRESP. CKK1 observed that the district needed competent personnel to formulate the policy without which it would be deficient. In addition, CKK2 noted that there was great need to comprehensively consider the tax base to ensure that all potential revenue sources were included in the LRESP. However, the study found that the policymakers omitted some taxes in the LRESP, and the district did not have a taxation database. NLGFC (2022b) previously noted that LGs were performing badly because they excluded some sources of revenues for collection. CKK1 further noted that the LRESP did not have awareness and service delivery plans, entailing poor formulation and impending failure of the policy. On the other hand, CKK3 and CKK4 noted that the actual formulation of the policies, and welfare of staff to execute the LRESP were crucial, but they received less attention. They explained that there was need to develop strategies after comprehensive analysis of the prevailing performance and considering motivation of staff to implement the LRESP. However, the LRESP shows poor strategies with no

budget, timing, responsible personnel, and activities. The strategies were also copied from Mzuzu city with minimal changes, making them ineffective in the district as the two LGs were different in location, operations, and revenue mobilization capacity. The deficiency of the strategies further highlights the incompetence of the policymakers, as they needed to develop customized and comprehensive strategies not the copied ones. They also failed to develop by-laws, further highlighting the incompetence.

Stakeholders' engagement was another crucial component in the formulation process. CKK1, MKK1 and MKK3 noted that inclusion of stakeholders in the process was relevant to boost its coverage and acceptance. The LRESP indicated that stakeholders were engaged in the formulation process. It further added that before its formulation, meetings were held with stakeholders but ran short of mentioning them. However, responses from the respondents brought some doubt on the LRESP's claim. While 100% of the operational staff acknowledged that they contributed to the policy formulation, 100% of the taxpayers indicated that they were not involved in the formulation process. The council did not consult external stakeholders, which works against the spirit of collaboration as the external stakeholders may frustrate its implementation. NLGFC (2022a) and (NLGFC, 2021b) also found the exclusion of the stakeholders particularly taxpayers in LGs' decision making. It proved detrimental to performance as the excluded stakeholders acted undesirably.

5.3.2 Communication

The communication process was influenced by the effectiveness of taxation system, stakeholders' engagement, and public sensitization. The Table below depicts the rating of the factors.

Table 17, Factors influencing the communication process in Nkhotakota.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	2	11
Engagement of stakeholders	8	42
Public sensitization	9	47
Public service delivery	0	0
Prevalent conditions	0	0
Transparency and accountability	0	0
TOTAL	19	100

Source: Author.

CKK1, CKK2, MKK2 and MKK3 indicated that the taxation system, particularly the database, was relevant for customizing communication to various taxpayers. CKK1 noted that such database would be vital to plan communication activities particularly in remote or hard to reach areas to avoid operational challenges. On the other hand, CKK2 indicated that such a system ensures that the district uses the appropriate communication medium for each taxpayer which ensures that they receive and understand the disseminated information. However, CKK1 noted that the formulated LRESP omitted plans to sensitize taxpayers in hard-to-reach areas making it hard to do so as there were no adequate resources while CKK2 noted that the district did not explore other forms of communication which might have positively influenced tax collection. The focus on traditional communication methods limited the coverage of the communication process. There was need to follow the communication fashion trend to use effective means. CKK2 went on to suggest the use of football competitions and drama festivals to easily communicate taxation messages to communities in rural areas. Kutengule et al. (2014) also found that the failure to embrace new ways of doing things hindered the progress of decentralization. Stakeholders got amazingly comfortable with traditional means of doing business leading to the neglect of effective available methods.

CKK1 and MKK2 agreed that the district needed to enhance its awareness campaigns to keep all taxpayers informed in the district. The LRESP indicated that the district needed to improve

the existent awareness plan as it had no budget, no responsible personnel for the activities, and no specific information to be disseminated. The LRESP indicated that the district used various means of communication to stakeholders, including written and oral communication, radio, and Newspapers (Nkhotakota, 2017). However, findings indicated that there were challenges in the process that limited its productivity. OKK2 indicated that taxpayers resisted embracing taxation messages from the district due to the district's failure to address their demands. In addition, tax collectors lacked operational resources to undertake the sensitization campaigns across the district comprehensively. Sixty percent of taxpayers denied that the district undertook sensitization campaigns; and 40% indicated that the district only communicated tax collection dates, not how taxation system works and what was expected of them. Without such information, the taxpayers resisted the introduction of new taxation activities including tax rates adjustments which led to high rate of tax default. A policy will fail if stakeholders do not have the necessary information as they act contrary to what it is expected of them (Mayer and Venter, 2014).

Stakeholders' involvement was another crucial element in the communication process. CKK2 stated that interactive engagement with stakeholders would reveal literacy levels, social values, local leadership structures, population composition, and taxpayers' behaviors which are relevant in choosing communication mediums. CKK2 added that the discoveries would help the district to effectively communicate to taxpayers through local structures and leaders like the Area Development Committees (ADCs), Members of Parliament, Local leaders, and councilors to avoid conflicting with the local stakeholder since they fully appreciate local environments and the way of doing things. Tambulasi (2009) found that lack of understanding the environment and actors leads to conflicts which compromise outcomes. In addition, the district would identify and involve the most active and influential members of society, like the youth, who would encourage other citizens to comply with local tax provisions. The idea of using influential local stakeholders by CKK2 needs to be given more attention as it proved successful in Zomba city where the involvement of traditional leaders and director of finance enhanced performance. The district needs to identify the influential local stakeholders and engage them to appeal for tax compliance in their areas.

Finally, the exclusion of transparency and accountability by the policymakers proved to be detrimental to the communication process as the taxpayers considered the process ineffective for

not providing necessary and adequate taxation information. TKK1 and TKK2 noted that the district was not providing information about the usage of the collected revenues which raised rumors of fraud and theft discouraging tax payment. It was therefore necessary that the component was considered to buy back trust. DAI (2021a) found that issues of fraud and corruption reduced tax compliance in LGs since the taxpayers lost trust and feared that their payments would be embezzled.

5.3.3 Execution

The success or failure of policy execution has a significant bearing on taxation performance. The process was influenced by public service provision, effectiveness of taxation system, engagement of taxpayers, and prevalent conditions. The Table below depicts the level of influence by each of the factors .

Table 18, Factors influencing the execution process in Nkhotakota.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	7	44
Engagement of stakeholders	1	6
Public sensitization	0	0
Public service delivery	6	38
Prevalent conditions	2	12
Transparency and accountability	0	0
TOTAL	16	100

Source: Author

The effectiveness of the taxation system proved instrumental to the execution process. However, the LRESP, CKK1 and CKK2 indicated that the district did not have a robust taxation database and needed more human and operational resources for the process (Nkhotakota, 2017). In addition, the district lacked robust controls to ensure that strategies were strictly executed according to plan, and collected revenues were not subjected to fraudulent and corrupt practices. The practices brought mistrust, TKK1 stated, “*tax officers needed to stop demanding kickbacks and abusing their powers to intimidate taxpayers.*” That did not only highlight the corrupt element

in them but also incompetence, the tax collectors failed to professionally undertake their roles. The fraud and theft were very pronounced as councilors (CKK1, CKK2 and CKK2) managers (MKK3), tax collectors (OKK1 and OKK2) and taxpayers (TKK1 and TKK2) denounced it and lamented that it was one of the reasons that taxpayers were unwilling to pay taxes to the district. Further, lack of attention to fashion trends on electronic systems in administering local revenue mobilization also betrayed the district as observed above that the usage of electronic techniques reduced fraud and theft, but it was partially used in the district. Chiweza (2015) noted that there was a lot of fraud and theft in revenue collection system in LGs which severely affects revenue mobilization as taxpayers shunned tax payments. Furthermore, CKK2 observed that the district had high vacancy rate in revenue management section which negatively affected the execution of the LRESP as the inadequate staff were unable to execute the strategies as planned. Such factors significantly affected revenue mobilization efforts according to CKK2.

Public service provision was also a necessary factor in the execution process. CKK2 and CKK3 indicated that there was need to provide public services to the taxpayers as a means of encouraging tax compliance. TKK1 and TKK3 specified that maintenance of dilapidated structures, provision of requested facilities like market structures, and cleaning the revenue centers would encourage tax payment. However, the taxpayers felt despised as such public services were not provided and with time they developed a negative attitude towards the LG which compromised their compliance to taxes payment. Unfortunately, newcomers in the revenue centers adopted the negative attitude putting it towards standardization and further reducing tax compliance. The need to provide public services to enhance tax payment was also highlighted in the LRESP as it stated that “*LRESP determined the council’s commitment to achieving its mandate and social obligation that meets the aspiration of the citizens of Nkhotakota*” (Nkhotakota, 2017). To the contrary, 80% of the taxpayers indicated that they were demotivated by the absence of public services in the revenue centers. All policymakers and 80% of tax officers supported the taxpayers' observation and suggested enhancing service delivery to enhance tax compliance. But they did not put in place any plan to enhance the public service delivery which led to the continuation of the problem and tax default from the taxpayers.

However, this is a huge problem for all LGs as Chiweza (2015) noted that even a combination of the locally generated revenues and central government transfers to the LGs was

not adequate to provide the desired public services and goods to the citizenry. Nevertheless, the LGs were taking a cold approach to sensitizing the citizenry about this challenge, if the LGs comprehensively inform citizenry about this, a positive compromise and solution might have been reached. On the other hand, the issues of theft and fraud in LGs made it hard for the LGs to convince taxpayers that the failure to provide the public services was emanating from the lack of resources. For instance, the taxpayers in Nkhotakota already had the belief that the district was losing funds to theft and corruption, it would be extremely hard to convince them that the district failed to provide services because it collected inadequate revenues. It is therefore necessary that the district start changing the public image by demonstrating professional conduct to the citizenry to convince them that the challenge really emanates from poor revenue mobilization and not the rampant theft and corruption.

Collaboration was also necessary to succeed in executing the LRESP. CKK1 noted that there was need to involve stakeholders to improve collaboration and performance. According to CKK1, the engagement of large corporations and taxpayers to improve the taxation system and close the information gap was crucial to taxation performance enhancement. The stakeholders felt involved and responded positively to the proposal of the district which led to increased tax compliance. Understanding taxpayers' social values, literacy level, demands, and political affiliation was necessary since the factors influenced taxpayers' responses to tax matters (Breeman et al., 2015). The district however badly treated taxpayers as TKK1, TKK2 and TKK3 indicated that the tax collectors aggressively approached them for tax payment and demanded kickbacks for normal services. That created a gap between the two leading into tax evasion and avoidance. Chiweza (2013) found that non-engagement of stakeholders in taxation activities led to failure as they did not positively cooperate in the execution of the strategies.

Finally, the district failed to eradicate prevalent conditions like unprofessionalism, lack of resources to reach all revenue centers and underutilization of technology to enhance revenue mobilization. Such failure meant the persistence of the issues and poor revenue mobilization. The failure to solve the prevalent issues affecting the system also highlights negative impact of the tax policy on fiscal decentralization. The failure reinforces the deficient performance that negatively affects the success of fiscal decentralization.

5.3.4 Monitoring and evaluation.

This process aimed to assess the effectiveness of the LRESP and identify areas that needed corrective actions. Examining a policy and implementing remedial measures helps maximize its intended influence (Enserink et al., 2013). The monitoring and evaluation were influenced by taxation system and engagement of stakeholders with the former being more influential as depicted below.

Table 19, Factors influencing the monitoring and evaluation process in Nkhotakota.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	9	90
Engagement of stakeholders	1	10
Public sensitization	0	0
Public service delivery	0	0
Prevalent conditions	0	0
Transparency and accountability	0	0
TOTAL	10	100

Source: Author

CKK1, CKK2 and CKK3 indicated that the district needed an effective taxation system to institute a good monitoring and evaluation system. CKK1 observed that comprehensive and updated taxpayers' database was prime to creating and managing the monitoring and evaluation system and processes. However, the LRESP indicated that the district did not have a comprehensive database and needed help to conduct monitoring activities. In addition, MKK1 indicated that continuous revenue tracking was necessary to reduce theft, but the elevated levels and persistence of theft and corruption highlighted a lack of the monitoring and evaluation system. Chiweza (2010), Kutengule et al. (2014) and NLGFC (2022a) found that the LGs had monitoring challenges in local revenue mobilization which created a conducive environment for deficient performance and loopholes for fraud and theft. However, the problem seem it was left for so long without solutions, now it is part of the system as syndicates of fraud and theft involve managers in the LGs as discovered by Chiweza (2015).

Besides, there were also conflicts among the councillors which made collaboration among them and other stakeholders a challenge. CKK2 stated that “*there was need to eradicate the challenges among the councillors to ensure collaboration in advancing the interests of the districts.*” The lack of collaboration made collective monitoring and evaluation an impossibility, highlighting lack of shared responsibility among stakeholders in the district. Their differences hindered them from collectively realizing the benefits of inclusive monitoring. That was also visible in Mzuzu where politicians and technocrats had different monitoring and evaluation information as indicated by CMZ3. There was no collective responsibility as each member pursued their own agenda aimed to frustrate the other. There was need for the authorities to eradicate the differences in the two LGs to ensure that there was collaboration between the stakeholders to allow for effective and collective monitoring and evaluation processes. However, the stakeholders normalized the creation of conflicts to avoid collaborating with some actors, tactically paving way for hidden agendas. Tambulasi (2009) noted that actors in conflicts deliberately frustrated each other to advance their agendas. Thus, they reinforced the distorted systems for their private benefits. It was therefore necessary to uncover the causes of the fragmentation and put measures to prevent such dubious occurrences.

5.3.5 Enforcement

This process involves convincing and coercing taxpayers to become tax compliant. The process was influenced by effectiveness of the tax system, stakeholders’ engagement, and public service delivery in varying degrees depicted in the Table below.

Table 20, Factors influencing the enforcement process in Nkhotakota.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	8	62
Engagement of stakeholders	3	23
Public sensitization	0	0
Public service delivery	2	15
Prevalent conditions	0	0
Transparency and accountability	0	0
		0
TOTAL	13	100

Source: Author

The efficiency of the taxation system was prime in this process. CKK2 and MKK1 noted that the district needed active by-laws to punish tax defaulters with legally backed actions. However, in the absence of the by-laws, the district used illegal punitive actions to coerce tax compliance just like the other LGs. On the other hand, the lack of a comprehensive updated database made the identification of defaulters a challenge leaving some undetected leading to revenue losses. Furthermore, MKK2 and MKK3 noted that there was need to involve community and local staff to ease the process as the local people could easily identify and engage the defaulters. However, it was easier to use an automated system for identification than physical checks in the revenue centers as there are thousands of taxpayers making it hard. According to them, it was hard for people from different areas to easily understand the way of doing things in a particular area, hence, the involvement of locals was necessary. But the bad attitude towards the district staff hindered such efforts leading to continued tax defaulting. Finally, the more the district failed to provide the demanded public services the more taxpayers avoided and evaded taxes. As discussed above Chiweza (2015) noted that taxpayers demanded quality services in exchange for taxes without which they declined to pay taxes.

5.4 MULANJE DISTRICT COUNCIL

Mulanje District council implemented 2020-2026. Just like Nkhotakota, Mulanje is a rural LG. However, unlike Nkhotakota the district received financial and technical support for revenue mobilization programs from the Local Government Accountability and Performance program managed by DAI from 2016 to 2021 (DAI, 2019a).

5.4.1 Formulation

The policy formulation process was crucial because it covered designing and deciding the execution approach of the policy. The LRESP indicated that the formulation process was critical in selecting components of the policy and how to execute it (Mulanje, 2020). The relevance of the process depended on several factors. The process was driven by effectiveness of taxation system, stakeholders' engagement, and prevalent conditions as shown in the Table below.

Table 21, Factors influencing the formulation process in Mulanje.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	15	62
Engagement of stakeholders	5	21
Public sensitization	0	0
Public service delivery	0	0
Prevalent conditions	4	17
Transparency and accountability	0	0
TOTAL	24	100

Source: Author

All policymakers and managers endorsed the effectiveness of the taxation system to be vital to the formulation process. MMJ1 indicated that system's capacity to manage taxation activities was a crucial component because it determined the success and failure of the policy. For instance, the LRESP indicated that the previous deficient performance was due to the ineffective tax system, lower tax charges, and inefficiencies by personnel, all these can be solved if an effective system is instituted and is administered appropriately. Fjeldstad et al. (2014) also noted that an effective taxation system is a prerequisite for good taxation performance. With support from Local Government Accountability and Performance Project (LGAP), the taxation system was enhanced as staff were trained and the database became comprehensive and updated making it relevant (DAI, 2019a). According to DAI an effective tax system was essential to boost tax collection as taxpayers needed to be registered and systems needed to operate efficiently. LGAP

also trained staff in LRESP formulation and implementation, making them more capable than before and better than other districts like Nkhotakota. Kutengule et al. (2014) noted that poor taxation system in LGs was responsible for poor revenue mobilization performance in LGs and noted that eradication of the challenges would enhance performance. However, despite the upgrade of the IFMIS, CMJ1 noted that the city needed to facilitate the introduction of the new revenue sources like mounting of roadblocks to collect toll fees and introduction of recognizable trading centers in the tea plantation areas where the district would collect fees and charges. Thus, the district needed to ensure that they included all sources of revenue in the LRESP.

Besides, MMJ3 and MMJ4 indicated that prevalent factors needed to be accommodated in the LRESP formulation process to avoid implementation challenges. They indicated that prevalent conditions were necessary because they influenced LGs' tax collection. MMJ3 indicated that economic, political, technological, and social issues impacted local taxation, as it was observed that the Covid-19 pandemic and 2019 post-election demonstrations negatively affected tax collections (NLGFC, 2021b). MMJ3 added that the use of technology in local taxation was also relevant as it enhanced performance. Fjeldstad et al. (2014) observed that automated systems improve financial management performance. The district benefitted from the use of IFMIS. Further, MMJ4 indicated that the district needed to consider geographical space of the district to plan comprehensive reach, as previously the district failed to comprehensively collect taxes due to limited resources to reach all areas. Furthermore, MMJ4 indicated that there was a need for the LGs to ensure that the district operated within the national legal and policy framework. However, the study found that the district used illegal actions to punish defaulters which is contrary to the suggestion. Chiweza (2010) found that the poor approach used to implement decentralization reforms left room for illegal actions which distorted the operations of the system leading to deficient performance in the LGs.

Stakeholders' involvement was also essential to ensure production of an effective and wide-covering LRESP. According to CMJ1, CMJ5 and MMJ2, the district used stakeholders' feedback to form basis for formulating the LRESP. They indicated that the drafted components were given to stakeholders for vetting, after which the district incorporated the elements that were accepted by the stakeholders and dropped those that were rejected by the stakeholders. The stakeholders included district staff, market committees, taxpayers, revenue collectors, and

traditional leaders. Chiweza (2013) found that stakeholders' involvement was key to success of an LGs' policies. According to CMJ1, MMJ1 and MMJ3, the inclusion helped the stakeholders to understand their roles and responsibilities in local taxation and enhance collaboration which positively affected the effectiveness of the LRESP and tax compliance. They indicated that the selected stakeholders were influential in encouraging and motivating taxpayers to be tax compliant. MMJ3 specifically stated that the inclusion of the stakeholders enhanced the coverage and acceptance of the LRESP which positively drove success.

CMMJ3 added that stakeholders must be allowed to contribute to the taxation activities and ensure that feedback is collected from them to appreciate how they view LG's actions as a way of developing database to respond to their needs. However, the findings indicate that the district needs to improve in the details given to the stakeholders particularly external ones. The taxpayers acknowledged having been asked for ideas but were not sure if the contributions were geared towards LRESP. That is, either the district provided inadequate information, or the taxpayers could not understand. It is crucial for the district to establish which was the cause as that may influence the subsequent processes particularly communication and execution. Finally, the involvement of LGAP in the processes helped to capacitate the staff and produce a good LRESP as they trained the staff and provided technical assistance in formulating the LRESP (DAI, 2021a).

5.4.2 Communication

The communication process is influenced by several factors namely: effectiveness of taxation system, stakeholders' engagement, public sensitization, prevalent conditions and transparency and accountability as depicted in the Table below.

Table 22, Factors influencing the communication process in Mulanje.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	2	9
Engagement of stakeholders	8	38
Public sensitization	9	43
Public service delivery	0	0
Prevalent conditions	1	5
Transparency and accountability	1	5
TOTAL	21	100

Source: Author

According to CMJ2, CMJ3, MMJ1, and MMJ3, the communication process depended on the taxation system's capacity to provide enough taxpayers' information, which forms a basis for a customizing channel of communication and message. That was eased with the availability of the comprehensive database in the district . The district was able to access taxpayers' locations to prepare adequate resources for remote and hard-to-reach areas. In addition, the system provided the contact details of taxpayers to be contacted with the Short Message Service (SMS) that the district introduced with support from LGAP (DAI, 2019a). DAI found that using a convenient and simple communication medium with taxpayers was ideal to enhance information exchange, hence the introduction of the SMS system. The district officials exchanged mobile messages with taxpayers making it easy and fast to communicate. The district technically embraced the prevailing technology which enhanced communication with taxpayers. The system proved amazingly effective as the district received and reacted to many complaints from SMSs and that helped to boost awareness which improved tax compliance resulting into higher revenue collection (DAI, 2019a). According to DAI taxpayers expressed content with the system as they could easily get informed and give feedback to the district which created a sense of understanding between the two parties thereby reducing conflicts.

Further, CMJ1 and CMJ2 indicated that frequent public sensitization about local taxation was vital to ensure that taxpayers were informed about their role in local taxation. The frequent sensitization kept more taxpayers informed and reminded those already aware of their responsibility in the taxation system. The SMS model combined with the traditional

communication methods like Public Address systems helped the district to cover a wide area with sensitization campaigns. The frequent sensitization was also made easier for targeted stakeholders. For instance, MMJ4 indicated that upon assessing the taxpayers, the district used local languages for taxpayers who could not understand messages which were disseminated in English. Thus, appreciating fashion trends to use most effective means of communication and customizing the disseminated information proved effective in boosting awareness which also helped to curb stakeholders apathy in managing the LRESP. Chiweza (2010) found that using effective communication methods enhanced understanding between LGs and stakeholders. While the taxpayers appreciated the efforts by the district, they asked the district to provide clearer operational directions to the taxation officers to avoid conflicts. Thus, it called for sensitization to all stakeholders to professionally understand and undertake their roles. The district therefore needed to conduct internal awareness campaigns to ensure that the staff performed their duties diligently without creating problems with external stakeholders.

CMJ1, MMJ1 and MMJ2 indicated that stakeholders' engagement was crucial to the communication process since it eased exchange of information between the district and the stakeholders. There was a great need for the district to promote positive coordination and collaboration. CMJ1 and CMJ2 noted that direct engagement and empowerment of market committees was the best way to boost communication between the district and the taxpayers. The district was supported by LGAP to establish market committees and train them, thereafter, there was improved communication between the district and the taxpayers as the committees functioned as a bridge and tension remover between the two parties. According to DAI (2019) the initiative helped to ease tension between the district and taxpayers as the committees functioned as a platform for eradicating differences thereby reducing conflict and enhancing revenue collection. Further, the initiative fostered good working relationship between the two parties. MMJ1 indicated that the *“involvement of stakeholders made them own and accept the tax policy which eased its execution.”* Therefore, it is necessary to eradicate adverse relationships by engaging stakeholders to promote collaboration (Tambulasi, 2009).

Finally, the district put less attention on transparency and accountability as indicated in the Table above. However, that was one of the significant components that the taxpayers demanded from the district. TMJ1, TMJ2, TMJ3 and TMJ5 asked the district to provide necessary and

adequate information to the taxpayers for them to comprehensively understand how the taxation system operated. TMJ5 specifically suggested that the district needed to inform taxpayers of the strategies in use and how the collected taxes were used. DAI (2019a) noted the deficiency and introduced the SMS communication model to facilitate instant provision of adequate information to taxpayers. However, the district did not disseminate comprehensive information to the taxpayers hence the demands from the taxpayers. There was need for disseminating comprehensive and problem-solving information to the taxpayers by the district. The disseminated information needs to address the demands of the taxpayers.

5.4.3 Execution

Several factors were responsible for the influence of policy execution process on taxation performance. It was driven by the effectiveness of the taxation system, stakeholders' engagement, and the prevalent conditions.

Table 23, Factors influencing the execution process in Mulanje.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	8	53
Engagement of stakeholders	6	40
Public sensitization	0	0
Public service delivery	0	0
Prevalent conditions	1	7
Transparency and accountability	0	0
TOTAL	15	100

Source: Author.

The functionality of the taxation system was rated highly in influencing the execution process. The policymakers and managers indicated that it was problematic to execute taxation policies if the operating system needed to be more effective as observed by Fjeldstad et al. (2014). MMJ1, MMJ2, MMJ3, CMJ3 and CMJ2 indicated that the availability of adequate operational resources, structures, and competent staff to effectively execute the policy were vital to the success of the execution process. They noted that limitations in such factors brought operational challenges which negatively affected the implementation of the process leading to LRESP failure. CMJ1 added that the district needed to reward taxation staff to encourage them to undertake their job

competently. According to CMJ1, frustrated staff were unlikely to dedicate themselves to executing the policy. However, this was a challenge as the district failed to pay all the revenue mobilization staff in time. OMJ5 specifically stated that revenue collection staff went months unpaid which frustrated their efforts leading to poor revenue collection performance. Chiweza (2010) and Kutengule (2014) noted that LGs struggled to pay salaries for the direct staff which mainly comprised the revenue management section, leading to frustration and deficient performance.

Further, MMJ1 indicated that the execution process was easy when the strategies to be implemented were feasible. MMJ1 specified that strategies without adequate resources, time schedules and well-drawn activities were a challenge to implement. However, with the LGAP support, the district was able to develop a good policy with specific strategies for various revenue sources. Furthermore, CMJ3 indicated that the system needs to be developed in a way to eradicate prevalent challenges. With the support from LGAP, the district rolled out mobile money tax collection system which did not require the taxpayer and tax collector to meet, in addition, taxpayers in remote areas were able to pay taxes without the district using resources to visit them (DAI, 2019). DAI found that manual revenue collection system was ineffective hence the introduction of the electronic tax collection system. However, the system needed more controls to protect all revenues meant for the district. CMJ1 noted that revenues from the district's houses that were rented out went into staff's pockets than to the district's coffers. More controls were needed to ensure that revenues were not lost to unprofessional tax collectors who stole the money.

Consideration of prevalent factors was crucial in the process to ensure smooth execution of the policy. CMJ3 noted that technological, social, and economical issues affected the process referring to the covid-19 pandemic, the post-election demonstrations and embracing technology in tax administration. While the district was assisted by LGAP to benefit from technology, it could not do anything for the other two as they were national issues. However, they can serve as a learning point to consider formulating flexible strategies which can out live unforeseen circumstances. The district also needed to ensure that they are using the provided technologies to solve existing challenges and enhance collaboration and performance. The failure to use the SMS system to eradicate the transparency and accountability problem was worrisome and an indicator of underutilization of the technological initiatives. The district needed to do more to maximize

benefits from the platforms. A flexible policy is effective since it accommodates prevalent issues which affect the success of a policy (Birkland, 2011).

Stakeholders' engagement was yet another vital factor in the process. CMJ2, CMJ3 and MMJ4 indicated that stakeholders' consultation and engagement were crucial to effectively executing taxation policy. CMJ3 noted that stakeholders' perception of the district and dissatisfaction with public service delivery depended on their engagement with the district. The stakeholders who were more engaged understood the explanations of the district than those who were not. According to CMJ3 and CMJ5, acceptance of policy was easy if the taxpayers felt that they were part of the execution processes and owned it, leading to high compliance. They suggested frequent meetings with market committees, taxpayers, and other stakeholders so that they get productively involved in the process. Chiweza (2013) also found that engaged stakeholders became more knowledgeable and interested in local governance issues which build collaboration. CMJ5 and MMJ4 proposed that the district must understand the knowledge level of taxpayers to determine the best way of engaging them. According to them, such information helps the district to make informed decisions about the taxpayers. However, taxpayers noted that there were no standard operating procedures for tax collection as tax collectors approached them anyhow. 40% of the taxpayers indicated that the treatment by the tax officers during tax collection depended on individual officers, the other 40% said they got effective treatment, and 20% were intimidated. There was need for enhanced monitoring to discover why the trained staff still used the discouraged aggressive approach towards taxpayers. It was also necessary to introduce standard approaches of handling taxpayers than leaving it to the discretion of the officers.

Finally, it was surprising that the district did not consider service delivery as an essential element in the execution process despite the outcry from the taxpayers. TMJ3, TMJ4, and TMJ5 indicated that the district failed to provide basic structures in revenue centers and called for improved public service delivery in exchange for tax payment. It was necessary for the district to always consider satisfying the taxpayers' needs as the best way to solicit tax compliance. Even though the district had a boost in capacity, if they do not pay attention to satisfying the taxpayers, the capacity will be meaningless as the taxpayers will revolt tax payment rendering the initiatives useless.

5.4.4 Monitoring and evaluation

The monitoring and evaluation process was necessary for improving the taxation system. The process helps to detect operational and policy weaknesses and provided a chance to eradicate them. The process was influenced by the effectiveness of taxation system, stakeholders' engagement, and prevalent conditions as shown in the Table below.

Table 24, Factors influencing the monitoring and evaluation process in Mulanje.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	9	56
Engagement of stakeholders	6	38
Public sensitization	0	0
Public service delivery	0	0
Prevalent conditions	1	6
Transparency and accountability	0	0
TOTAL	16	100

Source: Author

Policymakers and managers agreed that there was need for an effective system that can feed into a comprehensive monitoring and evaluation system to ensure that the LRESP operates effectively. According to MMJ2, the system needed to be well-equipped with personnel and operational resources to conduct monitoring activities effectively. However, MMJ4 indicated that a monitoring and evaluation system was not existent in the district as all monitoring activities were poorly managed. MMJ4 added that it was a matter of urgency to put in place the required system as its absence normalized problems in the revenue mobilization system. Chiweza (2010) and NLGFC (2022a) also found that LGs performed poorly in local revenue mobilization due to lack of effective monitoring and evaluation systems, which led to standardization of some issues which became persistent and disadvantaged performance. Therefore, frequent, comprehensive, and timely monitoring visits that were suggested by CMJ1 were impossible to achieve with the absence of the system and so was the system evaluation.

The continuous involvement of stakeholders was also an essential component of the monitoring and evaluation process to influence tax performance positively. CMJ1, CMJ5, MMJ1

and MMJ3 noted that collective monitoring enhanced the effectiveness of the monitoring process while CMJ1 observed that including stakeholders in the monitoring and evaluation process allowed the district to share information with the stakeholders, making them to understand how the system works. However, 100% of the taxpayers agreed that only the technocrats conducted the erratic monitoring to check evidence of tax payments. Thus, there was no collective monitoring in the district. NLGFC (2022c) also found that the LGs excluded politicians in monitoring activities which reduced the effectiveness of the system.

Finally, MMJ3 noted that prevalent conditions were crucial in the monitoring and evaluation process, specifically mentioning social and political factors. Remote areas had solid social values, including respect for older people and local leaders which needed observance. MMJ3 explained that engaging taxpayers in such areas required seeking permission from the local chiefs, the people were accustomed to responding positively to visitors who got consent from the leaders. The locals were reluctant to engage those without permission from the leaders for fear of punishment from the leaders. MMJ3 noted that a lack of such courtesy visits to the local leaders in social conservative areas triggered resistance from the taxpayers on direction from the leaders. In addition, most trading centers were divided along party lines and care needed to be exercised to show neutrality as show of sides provoked conflicts and instability which affected tax collection as taxpayers protested by defaulting taxes.

5.4.5 Enforcement

The enforcement process focused on ensuring comprehensive tax compliance. The process coerced tax compliance using various means. The process was influenced by the effectiveness of taxation system, stakeholders' engagement, and prevalent conditions as depicted in the Table below.

Table 25, Factors influencing the enforcement process in Mulanje.

FACTORS	RESPONSE FREQUENCY	PERCENTAGE %
Taxation system	5	50
Engagement of stakeholders	4	40
Public sensitization	0	0
Public service delivery	0	0
Prevalent conditions	1	10
Transparency and accountability	0	0
TOTAL	10	100

Source: Author

The capacity of the taxation system was vital to the success of enforcement process. CMJ1, CMJ3, CMJ4, and MMJ3 noted that by-laws were a truly relevant tool in the enforcement process since they provided legal power to pursue and punish tax defaulters. While they noted that there may be various forms of punishment, all needed to be backed by the required by-laws. CMJ3 specifically indicated that the use of punitive actions which were not legally backed by the by-laws exposed the district to potential legal suits which might cost the district and tarnish its image. However, the district did not have active by-laws at the time of the study and MMJ4 specifically stated that enforcement was not considered during the formulation of the LRESP. CMJ4 indicated that the district consulted stakeholders on the enactment of by-laws, but it was not getting adequate and rapid response from the MoLG. That implied that the enforcement actions taken against defaulters were illegal despite the positive impact on tax performance. 80% of the tax collectors indicated that shop closure and merchandise confiscation from the defaulters were the enforcement measures used. The district needed to facilitate the activation of the by-laws and ensure that it acted within the arms of national and local laws. With the updated database, electronic tax collection system and the SMS communication medium, the district could easily identify defaulters in the database and send them reminders about the payments, which is remarkably simple than travelling the entire district searching for defaulters. Thus, embracing prevailing technology for taxation administration eased the process in the district.

Stakeholders' engagement also influenced the process. CMJ1, CMJ2, MMJ1 and MMJ3 stated that stakeholders' engagement was crucial to the enforcement process since collaboration added to comprehensiveness and effectiveness of the process. MMJ1 and MMJ3 noted that there was a need to engage political leaders to appreciate the rationale of enforcement actions so that political will would be unlocked to promote acceptance of the actions in the communities. However, that was a challenge with the use of illegal measures. On the other hand, CMJ2 indicated that the district needed to collaborate with taxpayers so that the enforcement measures become normalized to reduce resistance. However, that needs a particularly good approach as taxpayers consider the measures used to be cruel. TMJ1, TMJ2 and TMJ5 showed discontent with the measures used and indicated that the tax collectors were aggressive. The empowered market committees helped to boost tax compliance in the revenue centers, thanks to the LGAP support. However, legality of the measures requires serious attention.

5.5 Similarities and differences

As discussed above, the four LGs are similar in failure but also differ in performance and other aspects. Cities and districts have different operational structures and powers, cities are accorded more powers than districts making them different. In addition, the cities are urban while the districts are rural. The LGs in one category are further differentiated by their local revenue mobilization performance, which is the focus of discussion in this section. According to NLGFC (2022a) the cities have higher local revenue mobilization capacity than districts as they contribute between 50-60 % to their total annual revenue budget while the district contribute far less than that. The cities derive the high capacity from the collection of the lucrative property rates which are not collected in the districts because they are not yet classified as ratable areas (NLGFC, 2022a). On the other hand, the districts rely on market fees. While it seems normal for the districts not to collect property rates, the move has devastated the districts' prospects of enhancing local revenue mobilization. In addition, it is a total loss as not even the central government is collecting the property rates in the districts. The central government, however, can do better to eradicate the situation as currently no significant action has been taken.

Therefore, the LGs in the two categories are similar but also have some differences. NLGFC (2022a) noted that even though the figures for revenues collected showed growth over the

years, the growth did not represent economic changes in the country making the LGs fail supporting their basic operational and development services. Chiweza (2010), Chiweza (2014), Kutengule et al. (2014) and NLGC (2022a) acknowledged that the locally generated revenues collected by LGs were meager to pay basic expenses thereby classifying them as failing in revenue mobilization. Chiweza (2015) specifically stated that the collections by district councils at most supported 5% of their usual expenses like payment of salaries for staff employed locally, utilities and procurement of basic operational materials. The LGs were unable to pay salaries for managers and policymakers, so the central government supported the LGs. In addition, the local revenues made no contribution to delivery of services and development expenditures. On the other hand, Zomba city (Zomba city, 2022) and Mzuzu city (Mzuzu city, 2015) LRESPs indicated that they were unable to collect adequate local revenues to cover their basic needs. The NLGFC (2022a) covered it all by stating that the under collection of property rates in cities and market fees in the districts which emanated from the policy and administrative issues, challenged their ability to support their basic needs let alone service delivery and development expenses highlighting the common failure for the LGs and differences in collection.

While the LGs are failing to collect adequate local revenues to meet basic expenditures, some LGs are performing better than others. As hinted earlier on, that raises questions as to what triggers such difference in performance. To that fact, the discussion below compares the cities and district to understand how the LRESP processes yielded the varying performances and social factors that influenced the processes. To make the comparison more meaningful, deep comparison is done between LGs with similar revenue mobilization capacities.

5.5.1 Cities

Here are some additional similarities of the cities. According to their LRESPs, the cities claimed to have structures to promote transparency and accountability but that was not the case on the ground as the taxpayers complained of lack of information on the usage of the collected taxes. Further, they claimed that they have good relationships with taxpayers and had legal backing in revenue enforcement which was not reflected in the discussion above. They both had no by-laws and suffered from the institutionalization of old customs which made local revenue collection a challenge. Further, considering the limited bases in the LGs (Kutengule et al., 2014), it was

surprising that they both recorded population growth as a threat other than an opportunity as the number of taxpayers increased. Further, both cities used illegal and unacceptable actions to enforce tax compliance as they did not have by-laws. Furthermore, the cities focused on monitoring with almost no attention to system evaluation which led to prolonged existence of challenges in the taxation system. There was also a tendency of despising taxpayers as the cities aimed at forcing their agendas on them without considering their own failure to meet the demands of the taxpayers. Thus, both cities failed to provide the demanded public services to taxpayers.

However, the cities also had some differences which explains the performance variation depicted in the table below.

Table 26, Variation in revenue collection performance.

Description	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	LGs
Collected Local Revenue	272,098,753	367,435,766	1,107,420,754	1,097,676,765	437,188,257	ZOMBA
Budged Local revenue	330,076,231	403,876,876	883,312,521	1,432,372,719	885,829,648	
Central Government Transfers	734,234,987	1,525,765,098	1,319,107,762	1,746,874,536	706,770,512	
Collection Rate	82%	91%	125%	77%	49%	
Contribution to total Revenues	37%	24%	84%	63%	62%	
Collected Local Revenue	259,987,654	367,876,876	973,858,918	694,751,121	1,139,489,532	MZUZU
Budged Local revenue	413,654,234	521,765,345	1,620,700,001	1,984,330,615	1,776,842,000	
Central Government Transfers	620,876,654	645,865,876	1,207,205,273	911,628,988	1,582,458,279	
Collection Rate	63%	71%	60%	35%	64%	
Contribution to total Revenues	42%	57%	81%	76%	72%	

Source: Prepared by author, the figures were extracted from annual financial for Zomba by Masankhula, Mzuzu by Kainga and NLGFC.

Broadly, the figures indicate that Zomba city performed better than Mzuzu city except for 2020/2021 fiscal year. Apart from the specified year, the collection rates for Zomba are better than those of Mzuzu. As highlighted earlier on, the higher collection rate does not necessarily mean success as they still failed to meet their operational, public service delivery and development expenses and got support from the central government. Even with the over 100% collection rate in 2018/2019, the Zomba city still was supported by the central government, which highlights the

need to pay attention to the budgeting and the revenue base in the LGs. It is important to assess if the current revenue base can adequately support the LGs at the best performance of the LGs and if the local revenue budgets are prepared realistically. However, the performance is good indicator that the districts are losing out by not collecting the lucrative property rates. Below are some of the differences in the LRESP processes that explain the variations. Firstly, the support from Bwalo initiative gave Zomba city an advantage over Mzuzu city. The training of the staff, enhanced usage of the IFMIS, the development of the comprehensive LRESP and empowerment of market committees helped the city to effectively collect more revenue over the years as they had good back up database with strict LRESP implementation which were all lacking in Mzuzu city. In addition, the market committees collaborated with the city as they were trained about local revenue mobilization leading to enhanced tax compliance. Secondly, the internal wrangle in Mzuzu city disadvantaged local revenue mobilization efforts. The conflict between managers and the politicians and the collusion of the councilors and taxpayers against the technical staff indirectly gave the taxpayers license to default taxes as the politicians supported them. The taxpayers exercised licensed tax default. That did not exist in Zomba city where they worked together to promote tax payment. In addition, the conflict between tax collectors and taxpayers in Mzuzu was so extreme to the extent of threatening each other's lives and not willing to work and see each other, the conflict in Zomba was not such grave. Thirdly, Mzuzu city used an outdated LRESP which was out of touch with reality making it ineffective, on the other hand, Zomba was using work in progress which was flexible, and they kept updating it to meet the prevailing situation which proved effective. However, such LRESP usage must not be promoted as the law requires the use of legally approved LRESP.

Fourthly, the use of electronic ticketing in Mzuzu proved superior in the face of Zomba as they collected more than usual in 2020/2021 fiscal year in which Zomba city attributed the deficient performance to Covid-19 according to CMZA1. However, electronic ticketing was partially implemented and was challenged with lack of resources. Fifthly, the stakeholders apathy in the management of LRESP in Mzuzu also frustrated revenue mobilization efforts as stakeholders were not dedicated to realizing its benefits. The reluctance of stakeholders to participate in the management of LRESP and exclusion of tax officers limited its acceptance and effectiveness leading to failure. On the other hand, the inclusion of officers and various

stakeholders in the process by Zomba city made it effective as it was embraced, had wide coverage, and included strategies to explore existent opportunities unlike Mzuzu city. Sixthly, politicians in Mzuzu prioritized politics over city' interest leading to exclusion of some taxes, that also highlighted their incompetence in managing the city's business. The policymakers also did not have the interest of the taxpayers as they approved their mistreatment while Zomba city cared for their taxpayers, they halted tax increase plans to ease their tax payment during Covid-19 pandemic and level of political interference was not that detrimental. Finally, the involvement of influential stakeholders to appeal for tax compliance from the taxpayers was effective in Zomba city. CZA1 stated that the involvement of the Director of Finance and Traditional Authorities to directly engage taxpayers and appeal for tax compliance increased tax collection in the city, the strategy was not used in Mzuzu.

5.5.2 Districts

Just like the cities, Mulanje and Nkhotakota districts also had similarities. The districts had poor transparency and accountability systems as the taxpayers complained about lack of information on the usage of collected taxpayers which discouraged tax compliance. This confirms the observation by Fjeldstad et al. (2014) that lack of transparency and accountability is one of the attributes of African leaders and institutions which limit the success of reforms. The districts also operated without by-laws and used illegal measures to enforce tax compliance. The tax collectors in the districts used aggression towards taxpayers.

The districts also had some differences in the LRESP processes which caused the variation in performance. The Table below shows the performance variation between the two districts.

Table 27, Variation in revenue collection performance.

Description	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	LGs
Collected Local Revenue	91,200,000	108,300,000	96,210,008	86,604,717	85,128,173	MULANJE
Budged Local revenue	190,450,500	215,750,800	195,792,950	197,423,400	213,625,100	
Central Government Transfers	1,133,989,065	1,270,878,733	1,717,580,155	1,337,463,318	1,253,716,725	
Collection Rate	48%	50%	49%	44%	40%	
Contribution to total Revenues	8%	9%	6%	6%	7%	
Collected Local Revenue	60,249,737	80,062,205	74,436,070	82,413,630	139,385,588	NKHOTAKOTA
Budged Local revenue	130,550,400	170,456,300	180,300,300	190,585,750	215,651,551	
Central Government Transfers	862,020,202	956,964,008	988,106,589	1,198,565,497	1,510,813,988	
Collection Rate	46%	47%	41%	43%	65%	
Contribution to total Revenues	7%	8%	8%	7%	9%	

Source: Author, figures extracted from annual financial reports by NLGFC.

In general, Mulanje performed better than Nkhotakota except for 2020/2021 fiscal year. The collection for Mulanje district outperformed those of Nkhotakota except the stated year, but all contributed less than 10% to the total budget and were hugely reliant on central government transfers. Below are some of the factors responsible for the differences in performance. Firstly, the external financial and technical support from LGAP accorded Mulanje an advantage over Nkhotakota. LGAP trained the staff, empowered market committees, improved IFMIS usage which included taxation database, introduced SMS communication and electronic tax collection system. All those gave Mulanje district a big boost in local revenue mobilization capacity which Nkhotakota did not have. With the training and technical support, Mulanje district developed a comprehensive and all-inclusive LRESP that involved senior and junior staff, revenue collectors, market committees, taxpayers, traditional leaders, and community members (Mulanje, 2020). The LRESP had wide coverage and was effective as it included the views of relevant stakeholders in the implementation process. On the other hand, Nkhotakota acknowledged the importance of the stakeholders in the LRESP management process, but the findings showed otherwise. Worse still, the district copied the LRESP of Mzuzu city which made it ineffective as the two LGs were different in nature, had taxpayers with different behaviors, and different revenue sources.

Secondly, the mistrust between taxpayers and tax collectors was higher in Nkhotakota than in Mulanje. While taxpayers in both districts lamented aggression and intimidation from the tax collectors, the taxpayers in Nkhotakota added that the tax collectors needed to stop demanding kickbacks from taxpayers to get a service to which they were entitled. That is, the corrupt element in the collectors was very apparent and rampant in Nkhotakota which discouraged tax payment as they feared that the collections would be embezzled. Thirdly, CKK2 noted that the lack of cooperation between councillors in the district led to the rejections of effective proposals for revenue mobilization in the full council which frustrated revenue mobilization efforts, such detrimental fragmentation was not visible in Zomba. Fourthly, CKK2 noted that the district had high vacancy rate which affected their strict execution of the LRESP leading to poor results. Finally, the initiatives taken by Nkhotakota in the fiscal year 2020/2021 proved effective and they surpassed Mulanje performance. According to CKK2 the district held meetings with large corporations in the district which resulted in the introduction of the electronic ticketing system. According to CKK2, the meeting bought back trust which boosted compliance and the electronic ticketing system curbed use of fake tickets leading to increased performance.

Overall, while numerous factors played a part in the varying performances, the technical and financial support received by Zomba city and Mulanje districts did a significant part of it. On a separate note, the deficient performance of Mulanje and Zomba in 2020/2021 fiscal year can be attributed to the political violence after the announcement of the results of the fresh elections in June 2020. The two LGs were strongholds for the coalition of the parties which lost the election led by the Democratic Progressive Party (DPP), citizenry in the LGs protested the results and led to second round of business disturbances which limited the collection of revenues by the two LGs. On the other hand, Mzuzu and Nkhotakota were strongholds for the winning coalition led by the Malawi Congress party (MCP) and did not experience disturbances as supporters jubilated and there were no business disturbances. The celebration in the two LGs also hints on the increased revenue collection by the LGs as there were gatherings of celebrations which meant more businesses and more tax collection.

5.6 Failure of interventions

The intervention in the LGs failed because of the dysfunctionality of the decentralization system. The failure of the system's components led to overall system failure, which removed its ability to detect and address issues early, leading to the persistence of challenges that significantly deepened and formed a wall of resistance against the interventions. Therefore, different operational areas affected the reforms differently, leading to their failure. Both the central and LGs contributed to the creation of the resistance wall. The discussion flows from LRESP, IFMIS, to capacity building.

5.6.1 RESP

The discussion above indicates that LGs are still struggling to mobilize local revenues, signifying the failure of LRESP. In addition, it is failing to achieve the primary objectives of collecting money owed by taxpayers, enhance public service delivery, conduct effective awareness campaigns, and expand tax base as observed above. The LRESP intervention failed because it was not supported by critical structures in the reforms, and it had poor guidance, evaluation, and enforcement mechanisms.

Firstly, its isolation from the other critical structures in the decentralization system despite lessons from the trials failed it. The trials detected a need for more funds, capacity, commitment, and poor operational styles as hindrances to LRESP implementation. That signaled the need to connect the intervention with the financing and institutional frameworks in the system. However, the intervention was not linked to the frameworks and no mechanism was developed to address the challenges before rolling-out the program nationally. The findings above indicate that a lack of commitment, funds, capacity, and poor management characterized the handling of the LRESP processes. Connecting the intervention to the structures would have helped to adequately finance its activities and provide capable personnel to manage the activities thereby making it work. That is evident in the discussion for Zomba city and Mulanje district in which financial and technical support from stakeholders assisted to formulate and implement the LRESP effectively, indicating that while the intervention failed in other LGs, it worked in LGs with adequate finances and capable personnel. The support received by the two LGs enhanced its functionality as staff were trained to formulate the LRESP, and the formulation and management processes were financed

and technically supported. The two managed to formulate LRESP with adequate resources and trained staff, it was also based on adequate and relevant information from the IFMIS database. That also indicates that the intervention was poorly designed by the central government as it had inadequate finances and incapable personnel. Therefore, disregarding the other structures made LRESP ineffective as it was not well resourced. A system operates effectively in its unitary form (Pavone, 2014) since each component is vital for running the entire system, and disregarding one compromises the entire system (Radcliffe, 1935).

Secondly, it was evaluated with a deficient mechanism leading to no improvement and deteriorating performance. The assessment focused on the availability of the LRESP rather than its effectiveness. It should have investigated how the LRESP operated. In addition, the 2020/2021 LAPA report indicated that LGs with LRESP also needed effective tax strategies. That hinted that the availability alone was insufficient to enhance performance, highlighting the need to understand its functionality. Fischer et al. (2007) noted that policymakers and evaluators needed to pay attention to the development and management of a policy to avoid catastrophic results. The evaluation approach needed to be more robust and productive. Further, the LAPA evaluation did not relate the local revenue budget and revenue increase to the LRESP. Its availability, local revenue budget and increase in revenue were evaluated independently. Therefore, it was problematic to link revenue increase to the LRESP, making it hard to assess its progress for improvement. The examination was too superficial to enhance its effectiveness. Policy evaluation is relevant when it provides a platform for strengthening policy (Gerston, 2010). In addition, the chaotic decentralization reforms require frequent evaluation to detect weaknesses early, not just once a year as was done for the LRESP. It was necessary to detect its deficiencies early to improve it during implementation. Considering that all LGs were subjected to the same evaluation process, even LGs that had financial and technical support suffered from this challenge as the evaluations provided no opportunity for improving the intervention.

In addition to the poor evaluation system, LRESP had weak enforcement and unfavorable guidance. Firstly, the obligation to formulate and apply the LRESP was stricter on the districts than cities, towns, and municipals (NLGFC, 2021b). Hence the limited national coverage and popularity. Secondly, there was no punishment for non-compliant LGs. That did not pressure LGs

to comply with the requirement since there were no consequences, which led to non-compliance making it fail. Specific rewards and punishment are vital to effectively managing a policy (Lowi and Ginsburg, 1996). Finally, the guidance for LRESP development and management is rigid and misleading. For instance, the guidelines limit the LGs to the elements stipulated in the prescribed template and allow for policy change only at the end of the year to prepare for the coming year. That justifies why no LG changed their LRESP to accommodate the effects of the Covid-19 pandemic leading into confrontations with taxpayers as they considered its enforcement unfair due to their economic hardships, making it rigid and therefore unfavorable. A flexible policy is effective since it provides for change to accommodate prevalent issues and unforeseen circumstances (Birkland, 2011). Such weaknesses led to poor LRESP management which contributed to its failure to enhance revenue mobilization performance as anticipated.

5.6.2 IFMIS

IFMIS usage remains a significant challenge in all LGs. The lack of taxation database in the LGs highlights the failures of IFMIS to enhance tax performance. The prospects of IFMIS were also crushed by the malfunctioning of the decentralization system. The system failed IFMIS in several ways. The design and implementation were not well thought out, and the evaluation and enforcement mechanisms used were also weak, leading to its failure.

The IFMIS was introduced with incomprehensive and impractical approach which failed to guarantee its optimal functioning. First, the capacity challenges detected during trials were not addressed before rolling out the program. Due to the capacity challenges, the implementation of IFMIS in LGs was initially managed by the system's supplier (Techno Brain); both NLGFC and the LGs relied on the supplier, which created LGs' dependency on the supplier (Duracell and Erlandsson, 2004). The NLGFC and LGs were unable to run the system to appropriately run and manage transactions. After some years, the responsibility was transferred from the supplier to the LGs, which brought significant operational challenges to LGs, as they needed continuous support to use and manage the system. That led to delays in payments, which forced most LGs to bypass the system, leading to its unpopularity and return to the manual system. Worse still, only a few personnel in the LGs had comprehensive training to use the system. That left the championship of the system in the hands of individuals other than the organization, further disadvantaging the intervention (NLGFC, 2021b). That led to the system's personalization, which was not welcomed

in many LGs, leading to its abandonment. That points to poor resourcing of the intervention by the central government, no wonder the LGs that got support from other institutions benefitted from the intervention. Zomba city and Mulanje districts had technical and financial support to capacitate staff and conduct hand-on IFMIS training which enabled them to upgrade and utilize taxation database in the IFMIS rendering them an advantage over the comparable LGs. The two LGs had most of their taxpayers in the database and could easily analyze the performance trends and develop more effective strategies, send reminders to late taxpayers, and easily detect defaulters to be pursued. Thus, the reform poor resourcing disadvantages Nkhotakota district and Mzuzu city which did not secure any financial and technical assistance to cover the poor resourcing by the central government.

In addition, the revenue mobilization component in the IFMIS was rated inferior rendering to its disregard. IFMIS was primarily introduced as a payment rather than a local revenue management system. As discussed in chapter three, the revenue management module was introduced a year after the initial rollout. That made the component receive inadequate attention, and LGs struggled to use it, making it secondary. The lack of local revenue management indicators in the LAPA framework is another evidence that even the central government considered it secondary. The LAPA has no indicators for assessing the use of local revenue management components in the IFMIS. It checks transactions done in the system, production of system reports and audit reports, none related to local revenue. That meant LGs focused on using it for payments rather than local revenue management, making the component dormant and ineffective, as evidenced by the lack of a taxpayer database. The trend continued in Mzuzu and Nkhotakota LGs but was broken in the other two districts with the technical and financial support. Zomba and Mulanje LGs received comprehensive training on the use of the revenue mobilization component in IFMIS as manifested by the creation and usage of the taxation database which was not in use in the other LGs. That made revenue mobilization in those LGs without the database a challenge as sound budgeting, generating reminders for defaulters, and formulation of effective strategies based on relevant and adequate information was an impossibility. The poor resourcing of the intervention therefore made it fail in LGs with no adequate resources like Mzuzu and Nkhotakota LGs.

Further, the usage of IFMIS was more attached to central government transfers and donor funds control than local revenue. That promoted using the manual system to manage local revenue as staff struggled to use the IFMIS. The central government transfers and donor funds were managed in the system to produce the required IFMIS reports, which were not required for local revenue management. That meant the use of the system to manage local revenue was not mandatory, making it neglected and ineffective in enhancing tax performance. Similarly, the situation was different in Zomba and Mulanje LGs in which the staff were trained to embrace IFMIS as a tool to enhancing local revenue mobilization unlike in the other two LGs which continued to pay less attention to the system in revenue mobilization. Thus, the technical support enlightened the two LGs to utilize the system and improve their revenue mobilization performance which lacked in Mzuzu and Nkhotakota leading to the failure of the intervention. Kutengule et al. (2014) found that LGs only used the system to capture income from local revenue, and all other revenue management activities were outside the system. Thus, the lack of enforcement of the system on local revenue mobilization rendered the system ineffective in enhancing local revenue management.

5.6.3 Capacity building

Capacity building has been a challenge in LGs since the introduction of devolution. While there are some improvements, the challenge is still significant. The findings indicating the need for adequate and capable personnel confirm the persistence of the problem. Below are some factors that hindered the success of the intervention.

Firstly, the traditional operating system which was rigid overwhelmed the decentralization reforms frustrating innovative ideas and personnel. Most LGs had long-serving teams that embraced traditional functional methods like poor coordination to attain personal gains. Hence, introducing new personnel or ideas in the LGs was a challenge as they faced organized resistance from the old staff. Kutengule et al. (2014) observed that stakeholders in the decentralization system deliberately resisted change to maintain the old systems, for instance, the line ministries sabotaged devolution process to retain local functions at the central level. The old team always tried to maintain the status quo and do away with new personnel or ideas as they felt threatened to lose positions or power. After all, the new ideas were too complicated for them, or they challenged

their traditional norms. Kutengule et al. (2014) and Chiweza (2015) noted that there was resistance to adopting innovative ideas and personnel both at the central and local levels. The aggressive resistance led to the interventions' failure as fresh staff and ideas were crushed by the resistance. The resistance is strong in the LGs, as noted in Mulanje and Zomba LGs in which staff still mistreated taxpayers after receiving some training in revenue mobilization, though they claimed that it decreased according to CZA2. However, it was worse in the other two LGs as the customs were implemented without any opposing system.

In addition, the traditional system promoted the use of generic approaches as opposed to customized ones which weakened the intervention. LGs were given one size fits all training and recruitment, which proved ineffective because LGs and staff had unique needs. Kutengule et al. (2014) observed that different LGs and personnel required varying capacity assistance. However, interventions were general as all LGs were subjected to the same trainings without assessing each LGs' needs, which was also similar for the staff despite their varying capacities. On the other hand, DAI (2019a) stated that the IFMIS training conducted in Mulanje district was meant to enhance the capacities of varying staff and therefore they had different packages depending on their roles and prevalent capacity. Thus, the external support helped the two LGs to have customized training which was lacking from the central government package leading to the failure of the intervention.

Further, the old system tolerated system capture which crumbled efforts to build capacity in LGs. Some personnel in the system performed above the rules of the reforms, which frustrated capacity-building efforts. Politically connected/influential personnel overruled the usual procedures for political or personal gains (Tambulasi, 2009). An example is the recruitment of Financial Analysts (FA (the author was one of them) by Irish Aid in 2010 to assume the position of Director of Finance (DOF) and Assistant Director of Finance (ADOF) in the LGs. The Director of Human Resources, Mr. Sumaisi, in MoLG, tried to circumvent the recruitment process to demote the FAs to the post of Accountant, which was five steps behind the post of FA. Through the struggles and frustration, some of the FAs left the LGs, which signaled the failure of efforts to enhance LGs' capacity. Finally, after threats of legal action against the Ministry, the FAs got the position of Chief Accountant (CA) with a push from the Principal Secretary, Mr. C. Makileni. Eventually, the Principal Secretary accused the director of not acting in the interests of the Ministry.

Besides, the position of Chief Accountant was lower than the initially promised posts of DOF and ADOF, that also frustrated some of the remaining FAs who left the LGs further weakening the efforts to eradicate capacity deficiencies in the LGs. That was also found by Chiweza (2010) who noted that the informal relationships and dealings in the decentralization system overruled the normal procedures adding to the stagnation of the system.

Secondly, the LAPA did not assess the interventions to detect progress. Despite the significance it has in the operations of the LGs, LAPA did not have any indicators to assess progress made in addressing capacity deficiencies. That deteriorated the situation as there was no knowledge about its progress and that is the reason that generic approaches were used since information showing what has been covered and what was left was not readily available. Therefore, the lack of the evaluation denied the system to appreciate the status quo of capacity in the LGs to provide a basis for improvement.

The central government introduced all the three interventions without adequate resources to operationalize them. LRESP, IFMIS and capacity building suffered from the lack of resources as seen that the financial and technical assistance from local stakeholders in Zomba and Mulanje LGs changed the situation as they made the interventions effective. The reforms lacked finances, competent personnel, and technical direction to be executed appropriately leading to the failure in the resource decapitated LGs. The central government poorly designed and implemented the reforms and tangible results could not be expected without additional support.

5.7 Conclusion

The findings show that the factors that influenced the policy processes determined the impact of the policy on taxation performance. The difference in the impact of the factors was responsible for the variation in performance between LGs with similar revenue mobilization capacity. The performance variation was determined by the influence of a range of factors on the LRESP processes. However, effectiveness of tax system and stakeholders' engagement proved to be very crucial in all the processes making them incredibly significant in the LRESP management processes. Positive influence of the factors on the LRESP process triggered a corresponding positive impact on tax performance, and so were those with adverse effects. Hence, the LGs which managed the factors well cultivated positive impact and performed better than their counterparts

that poorly managed them. The findings indicate that the external support enjoyed by Zomba city brought significant changes in the LRESP processes which led to its outstanding performance over Mzuzu city. Similarly, the support enjoyed by Mulanje district brought positive changes which helped the district to perform better than Nkhotakota. On the other hand, the study found that both structural and social factors were responsible for the failure of the interventions that were introduced in LGs' taxation system. Particularly, disregard of other decentralization structures, poor evaluation and enforcement, resistance to change, lack of stakeholders' coordination, use of generic actions, and system capture hindered the interventions.

Table 28 Summary of findings

<p>Social factors Influencing policy processes and revenue mobilization performance</p> <ul style="list-style-type: none"> • Political interference. • Stakeholders' apathy in LRESP management. • Fraud and theft that triggered mistrust. • Neglect of fashion trends to embrace technological means of administering taxes. • Supremacy of informal rules highlighted by use of aggression and illegal actions. • Lack of shared responsibility among stakeholders.
<p>Social and non-social factors causing performance variation</p> <ul style="list-style-type: none"> • Technical and financial assistance to LGs. • Internal wrangles among councillors and between councillors and managers. • Engagement of influential stakeholders like local leaders and significant taxpayers in LRESP management. • Rampant theft and fraud by LGs' staff. • Inadequacy of employees. • Political affiliation and prioritizing political interests over LGs' interests. • Different type of taxes among LGs.
<p>Policy processes Influencing tax performance</p>

<ul style="list-style-type: none"> • Formulation indirectly. • Communication indirectly. • Strategy execution directly. • Monitoring and evaluation indirectly • Enforcement directly.
<p>Causes of Intervention failure in other LGs (LRESP, IFMIS and Capacity building)</p> <ul style="list-style-type: none"> • Disconnection with other decentralization structures, poor evaluation, guidance, and enforcement. • Poor planning, evaluation, and enforcement. • Resistance to change, lack of stakeholders' coordination, and system capture.

Source: Author

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

This chapter summarizes the results of the investigations and explains how they determine the future LRESP processes reforms. Firstly, the chapter provides general conclusions which indicate factors that may influence LGs in similar conditions to those under study. The discussion includes a conclusion on the assumption explained by the systematic process analysis. Secondly, it summarizes the factors responsible for the factors that hindered the interventions introduced in the decentralization system. After that, a discussion of recommendations to managing LRESP for improvement follows. Finally, it outlines the study's limitations and areas for future studies.

6.1 General conclusions.

The study concludes that execution and enforcement processes directly influence revenue mobilization performance while formulation, communication, monitoring, and evaluation do so indirectly. That is so because execution and enforcement directly influence tax payment and collection while formulation, communication, monitoring, and evaluation aims to produce effective strategies, boost awareness, and strengthen the system respectively, which in turn increases tax compliance making them indirect influencers.

The study also found that the social factors significantly influenced the LRESP processes and resulting performance. The factors are very necessary but not comprehensively sufficient to understand the effectiveness of tax policy. As noted in the two better performing LGs, external assistance brought an enormous difference enabling the benefiting LGs outperform the others. Therefore, other factors which are external to the LGs may also add to factors influencing the effectiveness of the tax policy. Hence, the need to examine both the internal and external factors to comprehensively understand the effectiveness of tax policy.

It was also noted that the business-as-usual approach embeds challenges into the system to a normalized condition making them hard to eradicate. That matches the findings of Fjeldstad et

al. (2014) who noted that unsolved problems deteriorate and become part of the system. In addition, the study agrees with Cohen et al. (1972) that coordinated and functional policy processes, aids policy success, as the observed processes failed due to deficiency and poor coordination. It is necessary for policy processes to be coordinated for maximum benefits. Further, it concluded that informal rules proved to be strong in the LGs and negatively affected their performance as observed by Chiweza (2013). Furthermore, the study confirms that effectiveness of tax system Fjelstad et al. (2014) and satisfaction of stakeholders' needs (Chiweza, 2015) are necessary for the success of LRESP as their absence led to failure and revolts by taxpayers. However, it disagrees with NLGFC (2009) and Tambulasi (2009) on the involvement of politicians in all taxation activities. They need to be included cautiously in selected processes like monitoring not execution as they interfere and negatively affect performance. Their involvement in other areas was found to hinder the progress of reforms (Kutengule et al., 2014).

The findings also highlighted taken-for-granted elements which limited the influence of LRESP. Firstly, the LGs instituted and normalized a business-as-usual operational approach. With the approach they were unable to pursue significant changes to improve the revenue mobilization system and performance, it was only with external influence that LGs like Mulanje and Zomba executed the changes. Most of the negative elements like lack of transparency and capacity were accepted and no serious efforts were being made to solve them. Secondly, unceremonious dealings were accepted by all staff including policymakers and overruled the formal and expected. The mistreatment of taxpayers and use of illegal actions never deserved to be standardized in the system, but no attention was allocated to them. Thirdly, the focus on the availability of the LRESP than its functionality and management ruined its chances of success in LGs without external support. Finally, the fiscal decentralization reforms were on autopilot as there was no leadership to eradicate problems in the system. Both LGs and the central government seemed to care less of the poor performance in the LGs and entire fiscal decentralization system. They neglected their own problems and failed to aid the other, rendering the entire system disturbed. This highlights a disconnection between the central government and fiscal decentralization which needs to be addressed if the LGs are to perform better. It clearly indicates that the central government needs to rethink its leadership role in the decentralization system to ensure that the poor LRESP process management in LGs is addressed. It needs to capacitate itself and get above its negligence and

leadership failure to manage the reforms and eradicate the prevailing challenges to free the LGs from the deficient performance bondage. On the other hand, the LGs need to understand the central government failure and take necessary changes to enhance their performance. That clearly shows that a decapacitated or ineffective central government cannot administer a successful fiscal decentralization system and therefore enhanced LGs' performance. A central government needs to be effective to guarantee LGs' successful performance.

The study is distinguished by its investigation of the tax policy processes to bring out social factors that influenced performance in the LGs. Consideration of the taken for granted factors also made it different. Further, the selection of the four LGs enhanced its external validity for generalization as it covered a broad base. The comparison of the differences within the similarities within context also added value to the study.

6.2 The social factors influencing performance and responsible for the performance variations.

The findings suggest that capacitation of the LGs is the best route to achieve advanced local revenue mobilization performance. It further highlights that in the absence of external financial and technical support in revenue mobilization from domestic and international organizations, LGs will still struggle to turnaround the deficient performance as they cannot support themselves and the central government introduced interventions with no resources. The LGs that received the support demonstrated that if the prevalent capacity deficiency is eradicated, the LGs can drastically improve. In addition, appropriate management of an effective taxation system positively enhances tax performance. That confirms the observation of Fjeldstad et al., (2014) that the administration of a tax policy determines taxation performance. It is important for the LGs to ensure that they have an effective taxation system that has good collection systems, communication and embraces good execution strategies. Capable personnel are central to such a system to ensure that the planned activities are competently and timely done.

Further, the study suggests that there is need for a good LGs' and stakeholder relationship if the desired taxation performance is to be achieved. This relates to the findings of Chiweza (2013) and Kutengule et al. (2014) that the involvement of stakeholders in LGs' activities enhances chances of success. The LGs need to ensure that they maintain good working relationships with

both internal and external stakeholders and must satisfy the needs of the stakeholders to maintain the good relationship. That corresponds with the observation by Thissen and Walker (2013) that satisfaction of stakeholders boosts the chances of policy success. LGs need to ensure that they can easily communicate and engage with stakeholders to pass information and get feedback, lack of such relationship is detrimental to the performance of the LGs.

MoLG's relationship with LGs seem to harm the LGs as the MoLG stalled the process of activating LGs' by-laws forcing LGs to adopt illegal actions. The ministry is also doing less to ensure that the districts commence collecting property rates. The adoption of the illegal action also highlights that the LGs are desperate to enforce compliance and that they are stuck into the traditional ways of doing things without paying attention to the legality of the actions. It is also clear that the limited base of LGs' revenue sources is hindering their performance, but the ministry is not paying attention to facilitate the devolution of additional revenue sources and the non-tax revenue as stated in the NDP.

Furthermore, there is need to promote comprehensive budgeting, the LGs need to depict the deficit to give a clear picture of the required resources to cover the basic needs. The current budgeting system that is strictly based on the available resources is misleading as it inhibits other relevant expenditures since there are no available resources to cover them. The local revenue budgets and revenue base seem not to be aligned to attain local fiscal autonomy as a 100% collection of the revenue budget fails to meet basic LGs' needs entailing that the revenue base is limited to support the basic needs or the budgeting is unrealistic. However, the revenue base has continuously been found to be limited. It therefore indicates that the LGs' revenue base is inadequate to support their basic expenditures.

On the assumption under the systematic process analysis, it concludes that a productively developed and managed tax policy enhances taxation performance. The predictions outlined in chapter four match the findings in the LGs. The poorly developed, communicated, executed, monitored, evaluated, and enforced LRESPs failed, leading to deteriorating tax performance while those that were professionally managed in the supported LGs produced positive results. A policy is effective when it involves stakeholders (Jasanoff, 1990), uses targeted communication (Breeman et al., 2015), is executed strictly (Thissen and Walker, 2015), is continuously and productively monitored (Thissen and Walker, 2015), and strictly enforced (Thissen and Walker, 2015).

6.3 The failure of the remedial actions in the taxation system.

Findings suggest that some stakeholders do not understand or poorly perform their roles in the reforms leading to poor collaboration. All actors must understand their roles in interventions and act accordingly. In addition, the LGs participate in the execution of interventions as underdogs with little influence; there is a need to eradicate this system, and interventions must not be imposed on LGs. The LGs need to be given a chance to express their views on impending interventions freely.

Secondly, there is a need for seriousness in responding to problems detected during the trial phase of interventions to strengthen them before rolling out. For example, LRESP and IFMIS trials detected several challenges including lack of capacity outlined in chapter three. However, the programs should have taken more comprehensive action to address the challenges. Finally, the interventions needed a good support structure to be implemented effectively without operational challenges. Overall, poor guidance, financing, monitoring, evaluation, and enforcement mechanisms frustrated the reforms.

6.4 Administrative Recommendations for Managing the LRESP processes and interventions.

Considering the different problems in the LGs, the administrative actions will be directed to each LG to address the detected issues in that particular LG.

6.4.1 Mzuzu city

Mzuzu city depicted several weaknesses which took away its ability to produce desirable results. There is a need for eradicating these issues to ensure that the city's performance changes to the desired level. Various actions can be undertaken to address the issues. Firstly, the city must pay significant attention to the stakeholders' relationships. The secretariate and the councilors must eradicate their differences so that they collaborate to ensure that the city maintains a good relationship with external stakeholders, either of the party can call for the meeting to eradicate the differences. Thereafter, the two must engage tax collectors and taxpayers to address the rift that is between them to ensure a good working relationship to avoid revolts and aggression between the parties. The politicians must be made to appreciate that colluding with the taxpayers to frustrate the secretariate amounts to fragmentation of stakeholders which is not favorable for enhanced

performance. Then the city can start holding frequent meetings with various stakeholders both internal and external to get continuous feedback and avoid the stakeholder apathy that was experienced during LRESP formulation. The city must comprehensively inform the stakeholders about their roles and responsibilities and those of the city in the social contract and make an understanding of what can be done if one party fails to meet their obligation. The engagement of influential stakeholders to induce compliance may also be used in the city.

Secondly, attention must be given to comprehensive implementation of the electronic ticketing system. Despite being costly, the partial implementation of the system produced positive results. The city must engage the supplier of the machines to consider negotiating the cost to get more machines to cover the whole city. Alternatively, the city can pass the cost of the machines to the supplier by adjusting the tax rates. However, the adjustment must be reasonable and be based on the taxpayers' ability to pay.

Thirdly, the city needs to undertake a comprehensive training for staff in the revenue management section. The policymakers need to be trained on the best means of formulating the LRESP to ensure that they develop effective policies that address prevalent issues, focusing on maximizing revenue mobilization while considering the interests of stakeholders. Similarly, managers need to be trained on the execution of the LRESP, which includes complete usage of the IFMIS. That requires training the staff on database management so that the city makes taxation decisions based on adequate and relevant information from the updated database. In addition, the tax collectors also need to be trained on how to manage taxpayers and the need to do away with corruption and theft. Instituting punishment for tax collectors deviating from the set standards and a platform for taxpayers to report unethical behaviors by the tax collectors can help to uphold the desired system. Drawing standard procedures in revenue mobilization activities may help to clean the system. In the absence of adequate resources to implement the training, the city can embark on a study visit to Zomba city to have firsthand training which may help.

Last but one, it will be helpful if the city draws operational procedures to bar the politicians from advancing political agendas over those of the city. The city can simply draw terms of reference to which the politicians need to stick to, to avoid compromising the performance of the

city for political gains. Politicians that deviate from the terms can be punished by, for instance, not attending council meetings for a particular period. Finally, the city can embrace electronic tax collection and use of customized communication to enhance tax performance.

6.4.2 Zomba city

Even though the city performed better than Mzuzu city, it also needs to clean its house to further improve its performance. Firstly, attention needs to be directed to management's support to taxation officers. To enhance tax performance, the frontline staff requires adequate material and directional support from management. The staff need to be given the appropriate operational materials and direction to enable them to undertake their roles without operational challenges. Secondly, it is important that the city includes the ideas of the stakeholders involved in decision making in the LRESP to make them feel that they were part of the process. The inclusion of the stakeholders and disregarding their views in the output may attract protest from the stakeholders leading into an apathy situation like in Mzuzu city, which needs to be avoided. Thirdly, there is need to institute an investigation to understand why the trained tax collectors were still mistreating taxpayers. The city may introduce a penalty for those officers not complying and can encourage taxpayers to report those depicting unprofessional behaviors, tough penalties like suspension and dismissal may deter the undesirable behaviors. Fourthly, the city needs to maximize utilization of the IFMIS system, it needs to use the system to timely bill taxpayers and target seasonal revenues. Finally, the city may enhance their performance by adopting electronic tax collection system and customizing communication with taxpayers. Electronic ticketing system proved effective in Mzuzu, that may help to boost performance in Zomba.

6.4.3 Nkhotakota district

Nkhotakota district also needs to work on several areas to improve the local revenue mobilization performance. Firstly, attention needs to be directed to training personnel in the revenue management section. The policymakers need to be trained on the formulation of customized LRESP which reflects the situation in the district other than copying from other LGs. The managers need to be trained on the strict management of the LRESP including the management of a comprehensive and updated taxation database that can be used to make informed taxation decisions. The tax collectors also need to be trained on best practices of approaching taxpayers and to desist

from malpractices like demanding money from the taxpayers which provide the taxpayers with a basis to revolt taxes. The district needs to punish tax collectors involved in demanding bribes from taxpayers, suspension and dismissal may be appropriate actions to stop it. The district can also make a study tour to Mulanje district to learn ways of improving the system to enhance effectiveness.

Secondly, the district needs to continue meeting the stakeholders in the district to boost collaboration, it can simply have a fixed annual schedule for meeting the taxpayers than taking haphazard approach. Thirdly, dedicating attention to technological administration of tax will be helpful. Comprehensive coverage of the electronic ticketing, IFMIS, usage of electronic tax collection system and use of other advanced and effective communication system like phones may help to engage and get feedback from taxpayers easily and rapidly. Adopting communication suggested to suit local areas as suggested by the policymaker may help to increase awareness in the rural areas. Last but one, the secretariate needs to engage the politicians to leave aside their political differences and unite for the interest of the district as the divisions are challenging the enhancement of performance since they frustrate each other. Finally, the district needs to cover the existing vacancies to allow the revenue management section to operate to its full capacity. It is necessary to ensure that only competent staff are recruited. The district can also employ specialized information and technology staff to manage the automation and digitalization of the revenue mobilization system.

6.4.4 Mulanje District

The district benefitted much from the external support but still needed to iron out some challenges to further enhance performance. Firstly, the district needs to ensure that it comprehensively covers all the available revenue sources and explores all the potential revenue sources. The district must stop the corrupt staff from collecting rentals from the rented buildings, that revenue must go to the district's account. In addition, it must recover all the revenues that have been lost in that way and take necessary disciplinary action against the staff involved. In addition, it must expediate the implementation of new revenue sources like roadblock to enhance collection. Secondly, the district needs to ensure that it disseminates customized and adequate information to taxpayers to ensure that the relayed message is understood and achieves the targeted objectives. Sending inadequate

information left the taxpayers uninformed and could not function as expected. The district needs to optimize the use of the technologies that have been supported by LGAP. Thirdly, the district needs to institute a monitoring and evaluation system to keep checking the effectiveness of the taxation system and take appropriate corrective action to keep the system functional. The district must also ensure that it uses the introduced technologies to solve persistent problems. Significant attention must be directed to the payment of salaries for the tax collection staff because a move to frustrate tax collection by those staff could be catastrophic to the district and that need to be avoided by timely paying them. The district can prioritize the salary payment over other non-crucial payments like allowances.

6.4.5 Central government

There is also need for the MoLG to clean itself and act effectively to urgently address matters that negatively affected revenue mobilization in the LGs. It failed to facilitate the activation of by-laws, devolution of additional local revenue sources to expand the limited base and commencement of the property rate collection in districts. The two levels of government also need to schedule quarterly meetings to review how their collaboration is affecting LGs' processes and performance, such meetings will help to ensure that issues are timely solved and new ways of solving problems are innovated. The central government must adopt a change agenda to turnaround inefficiencies in the two levels of government otherwise the efforts to solve challenges in the LGs will remain futile. The MoLG needs to facilitate the development of procedure manuals in the LGs stipulating steps for conducting revenue mobilization activities including interacting with taxpayers. Stiffer penalties for staff and LGs promoting and using the undesirable practices must be stipulated and be applied transparently, suspension to dismissal can better deter the practices. Similar manuals outlining procedures and timing must also be developed at the central level guiding the management of issues from the LGs to ensure effective and timely eradication of issues. The central government needs to do away with the pretense that it is promoting fiscal decentralization when it is sabotaging it; it must remove itself from being part of the problem to a solution provider. It must significantly and genuinely empower the LGs and stop interfering into their operations.

6.4.6 Other Interventions

Considering the infant stage and chaos in the devolution, more interventions will be administered in the LGs for improvement. However, the interventions need to be well-developed and implemented. Therefore, it is crucial to have practical guidance or a basis for developing and implementing the interventions. Lessons must be adopted from the experiences to seriously consider addressing challenges that are detected at trial level to prevent operational challenges and strengthen the actions. While a single approach cannot work in all interventions, the framework below can be customized to develop effective situation-specific interventions.

First, each intervention must target eradicating a specific challenge or weakness. Interventions must be distinct since each system has different objectives, environments, and actors (Breeman et al., 2015). A comprehensive system examination is needed to detect areas that need intervention and develop remedial actions considering factors specific to that area and system. In addition, interventions must be timely to avoid institutionalizing the problems, which may make eradication more difficult (Jepperson; See Powell and DiMaggio, 1991). It is, therefore, necessary to have effective monitoring and evaluation system to detect the problems early for eradication. Further, it is also necessary to involve relevant stakeholders in developing interventions for acceptance and ownership; otherwise, they will be despised or rejected, leading to its failure.

Second, interventions must be developed and implemented with adequate resources. Appropriate resources are necessary for interventions to succeed (Chiweza, 2010). Capable staff and system will ensure efficiency, while the other resources like finances will enable the implementation of all activities without hiccups. Fjeldstad et al. (2014) noted that lacking administrative and technical capacity in LGs leads to ineffective local operations. Disorganized systems like the one in the Malawi devolution are a recipe for failure; they need a total overhaul of the implementation strategy.

Third, good coordination among stakeholders during implementation is a requirement.. Coordination of stakeholders ensures that each of them effectively undertakes their respective roles without disadvantaging the other. Regarding functionalism, failure by one stakeholder disadvantages the others and eventually compromises the entire system (Pavone, 2014).

Fourth, robust and effective review and enforcement mechanisms are vital. There is a need for good evaluation tools to comprehensively examine the progress of the remedial actions for improvement (Gerston, 2010). An intervention with a loose enforcement mechanism gives stakeholders the option to adhere to it or not; LRESP and IFMIS are examples of failure. The LAPA framework needs to be improved to comprehensively cover significant performance with meaningful indicators that can help improvement. Strict adherence to a plan helps to attain its objectives (Miller, 2012), deviations need immediate eradication. It is also a promising idea to have a team specifically formed to oversee the progress of the interventions, which will help to detect weaknesses and improve them towards its success.

Finally, there is a need for a mechanism to manage resistance when introducing new systems or personnel in the decentralization system and LGs due to the rigidity. Resistance is one of the significant challenges hindering decentralization reforms (Kutengule et al., 2014). Therefore, it is necessary to support new systems and personnel with additional measures to curb the resistance from the customary rigid systems. However, the resistance may come in different forms requiring customized systems to counter it. Nevertheless, a harsh punishment for those resisting new productive system or personnel and attractive rewards for those accepting them may do the magic.

6.5 Limitations of the study

The study encountered the following challenges. Firstly, the study faced time and resource limitations during data collection. During the field visit to Malawi, the researcher could not interview staff from the central government and remote areas because the funders had set a time and resource limit for the activities. Secondly, due to political and social conflicts, some respondents needed more support in providing data because they feared it might disadvantage them despite assuring them that the information was solely for the study. Finally, the qualitative method made its contribution to the limitations. Generalization may be limited since cases operate in different environments with localized knowledge (Osuala, 2007). However, the broadening of the study with the number of LGs minimized it.

6.6 Areas for further research

In exploring the decentralization system in Malawi, the researcher found that there was a general outcry that the LGs were given a limited base of revenue sources. Hence there were calls for the central government to devolve more revenue sources. At the same time, the LGs are failing to comprehensively collect revenue from the devolved sources. It will be interesting to investigate what plans the LGs have in place to manage the additional revenue sources considering prevailing failure. It may be interesting to start with investigating the ability of the current local revenue base to adequately support LGs' basic needs if they collect taxes comprehensively.

Secondly, the study found that there were some common undesirable practices in the LGs which negatively affect the prospects of enhancing local revenue mobilization in the LGs. There is a need to understand how such practices became embedded and accepted in all LGs' systems. It may also be helpful to investigate why the problems have not attracted adequate attention from the LGs and the central government. Furthermore, a look at external factors that influence the effectiveness of the tax policy is necessary to determine factors that are sufficiently influencing its performance.

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