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Assessing the Effectiveness of Fiscal Decentralization Policy on Public Service Delivery: A Case Study of Chilanga Town Council's Revenue Collection

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Abstract

The thesis critically assesses the effectiveness of fiscal decentralization in enhancing public service delivery, using Chilanga Town Council's revenue collection as a case study. It situates the analysis within global, regional, and local contexts, showing how decentralization reforms have strengthened local revenue mobilization and improved services when supported by institutional capacity, citizen participation, and digital innovation. At local level, the study traces decentralization reforms from the Local Government Act of 1991 to the Revised National Decentralization Policy of 2013. It notes that councils like Chilanga have been empowered to raise revenues through property rates, business licenses, market fees, and levies, yet continue to face challenges. Setbacks include weak ICT infrastructure, poor digital literacy, limited administrative capacity, political interference among others. Adopting Decentralisation Theory as its framework, the study argues that effective fiscal independence depends on institutional readiness, local accountability, and intergovernmental coordination. Using a mixed-methods approach that combined surveys, interviews, document reviews, and descriptive analysis, the findings reveal that Chilanga Town Council has recorded notable revenue increases, particularly through innovations such as mobile money platforms and strengthened monitoring mechanisms. These tools have

contributed to improvements in waste management, road maintenance, water access, and market infrastructure. Nevertheless, persistent setbacks remain. This includes reliance on manual systems, fragmented institutional frameworks, inadequate staff skills, and weak enforcement capacity. In addition, citizens also expressed scepticism about transparency and service reinvestment. This in turn undermines tax morale and compliance. The study concludes that while decentralization has enhanced local revenue generation and enabled incremental service improvements, Chilanga's success is constrained by systemic administrative, financial, and technological bottlenecks. The study recommends targeted investments in ICT infrastructure, and staff capacity building. Other recommendations are public sensitization campaigns, participatory budgeting, and stronger legal frameworks that will reduce political interference and corruption. Additionally, it champions for leveraging public-private partnerships (PPPs) to address financial and technical gaps. If these issues were to be addressed, Chilanga can increase its revenue base, and strengthen fiscal independence. Revenue gains translate into equitable, transparent, and sustainable public service delivery. Thus, reinforcing Zambia's decentralization agenda and aligning with broader governance reforms across the region.

Keywords: Fiscal Decentralization, Public Service Delivery, Chilanga Town Council, Revenue Collection, Institutional Capacity, ICT, Zambia, Local Governance

1. Introduction

Fiscal decentralization has become a central pillar of governance reform. It aims at enhancing the efficiency, accountability, and responsiveness of public service delivery. It involves the transfer of administrative and fiscal authority from the central government to local authorities. This is done under the assumption that local institutions are better positioned to identify and address the specific needs of their communities (Ministry of Finance, 2018) ^[22]. International experiences demonstrate that when effectively implemented, decentralization strengthens local ownership, fosters participatory governance, and improves service delivery outcomes. For example, in India, the 74th Constitutional Amendment Act empowered urban local bodies to mobilize taxes, while citizen charters and participatory budgeting mechanisms increased transparency and efficiency. Even

Brazil's fiscal decentralization reforms enabled municipalities to retain a share of tax revenues, contributing to significant improvements in health, education, and sanitation services (Ministry of Finance, 2018) [22].

Across Sub-Saharan Africa, decentralization has been promoted for over three decades as a means of deepening democracy, enhancing accountability, and promoting local development. Countries such as South Africa, Uganda, and Kenya have implemented fiscal decentralization frameworks that grant local governments authority to generate revenues through property taxes, business licenses, and user fees. Good examples from Uganda, found that fiscal autonomy, led to improvements in infrastructure and social services. However, many local governments still struggle with weak institutional capacity, inadequate internet infrastructure, and limited adoption of digital tools for financial management (World Bank, 2020) [35].

In Zambia, decentralization traces its roots to the post-independence reforms that sought to dismantle colonial administrative structures and promote local self-governance. The Decentralization Policy of 2013 marked critical milestones, emphasizing fiscal devolution and institutional autonomy (Government of Zambia, 2013) [13]. Supported by the e-Governance Master Plan, these reforms aimed to digitize local operations and strengthen transparency in revenue management. Large city councils such as Lusaka and Ndola adopted e-revenue platforms and automated billing systems to improve efficiency and accessibility. However, challenges like inadequate ICT infrastructure, digital illiteracy, and system integration failures continue to constrain progress, particularly in smaller councils such as Chilanga Town Council (World Bank, 2020) [35].

Despite legislative backing and institutional reforms, Chilanga Town Council continues to face barriers that hinder effective revenue mobilization and service delivery. Traditional revenue collection methods remain dominant. It is characterized by inefficiencies, bureaucratic delays, and susceptibility to corruption. For instance, the 2022 Auditor General's Report revealed that over 35% of Zambian local councils failed to account for collected revenues due to weak internal controls and poor record management. On the other hand global estimates indicate that up to 40% of local revenues in developing countries are lost through administrative leakages (World Bank, 2020) [35]. In Chilanga, low internet penetration 38% in peri-urban areas compared to 70% in urban Lusaka (ZICTA, 2022) [38], coupled with limited ICT skills among staff and residents, further restricts digital revenue collection. Also, socio-economic inequalities and low digital literacy exacerbate the digital divide, excluding many from participating in online systems (LGAZ, 2021) [21].

Given these challenges, there is a pressing need to critically assess the effectiveness of fiscal decentralization in improving revenue collection efficiency at the local level. This study focuses on the implementation and performance of revenue systems under Zambia's decentralization policy in Chilanga Town Council. It aims to identify ways how fiscal decentralization translates into improved service delivery. Later it will investigate the technological, and institutional barriers that constrain fiscal independence and to propose actionable recommendations for strengthening local capacity the policy. By addressing these gaps, the study contributes to Zambia's broader e-governance and decentralization agenda, which aspires to achieve efficient,

transparent, and accountable public service delivery.

1.1 General Objective

To assess the effectiveness of fiscal decentralization policies in enhancing public service delivery, with a specific focus on revenue collection performance at Chilanga Town Council.

1.1.1 Specific Objectives

1. To determine the effectiveness of fiscal decentralization on the revenue collection capacity of Chilanga Town Council.
2. To assess the extent to which improved revenue collection under fiscal decentralization translates into enhanced public service delivery in Chilanga.
3. To analyze the administrative and institutional limitations affecting effective revenue mobilization under fiscal decentralized governance.

1.2 Theoretical Framework

The study adopted Decentralisation Theory as its guiding framework to assess how decentralisation influences the quality, efficiency, and equity of public service delivery. The theory argues that governance becomes more effective and responsive when decision-making is devolved to local authorities closest to the people (Government of Zambia, 2022) [14]. Applied to Chilanga Town Council, the theory provides a lens for examining whether the council has adequate fiscal autonomy, institutional capacity, and administrative empowerment to manage its own revenue sources effectively under Zambia's 2013 decentralisation policy.

Decentralisation Theory further emphasizes that the success of local governance depends not only on delegated authority but also on an enabling environment, including trained personnel, strong financial systems, and digital infrastructure (Government of Zambia, 2022) [14]. It highlights the importance of accountability and transparency, noting that councils must maintain public trust through participatory budgeting, audits, and feedback mechanisms to enhance compliance and revenue collection. Moreover, it addresses issues of unfunded mandates, where councils receive legal authority without sufficient financial or technical capacity (ZIPAR, 2020) [40]. The theory also underscores intergovernmental coordination, stressing that unclear fiscal roles between central and local governments such as those involving the Ministry of Local Government and the Zambia Revenue Authority can hinder revenue mobilisation.

Decentralisation Theory provides a comprehensive analytical framework for evaluating the effectiveness of Zambia's decentralisation reforms, helping identify whether Chilanga's limited revenue performance stems from policy design flaws, weak institutional capacity, or systemic governance constraints (IMF, 2016) [17].

2. Literature Review

2.1 Effectiveness of Fiscal Decentralization Policy on Revenue Collection Capacity of Chilanga Town Council

Internationally, fiscal decentralization has been instrumental in improving local governance and public service delivery by empowering local authorities to mobilize and manage their own revenues. Countries such as the Philippines, Estonia, Singapore, Brazil, and India demonstrate that decentralization's success relies on institutional capacity,

legal clarity, and technological innovation. For instance, the Philippines' adoption of e-governance systems improved revenue target attainment to 80%, while Estonia's digital tax platforms achieved 97% participation and a 15% revenue increase. Singapore's Construction and Real Estate Network reduced collection errors by 30%, and Brazil's use of Geographic Information Systems (GIS) boosted tax compliance by up to 35%. Similarly, India's Kerala state improved local revenue generation through participatory planning, though other states still struggle due to weak administrative capacity. In Germany, digitised revenue systems lowered administrative costs by 40% and improved compliance.

While in the SADC countries, Rwanda, South Africa, and Kenya illustrate effective African models. For instance, Rwanda's District Revenue Collection Information System increased local revenues by 35% between 2015 and 2020, improving service delivery. South African cities such as Cape Town use GIS and online billing to enhance compliance and financial predictability, while Kenya's devolved counties improved revenue collection through digital systems and community participation.

At a local level, Zambia's Revised National Decentralization Policy (2013) and Local Government Act (2019) have empowered councils like Chilanga Town Council (CTC) to generate and manage own-source revenues. Between 2020 and 2023, CTC's internally generated revenue grew by 42%, from K12.5 million to K17.8 million. This was driven by innovations such as mobile money payment systems and strengthened revenue monitoring units. Property rate compliance rose from 34% to 52%, aided by community collaboration. Fiscal decentralization also expanded service coverage waste collection grew from 3 to 7 wards. There was also improved accountability through participatory budgeting and quarterly reviews marking 95% adherence to plans. Moreover, fiscal decentralized autonomy attracted investments, with SME registrations rising by 28% between 2021 and 2023.

With this evidence, Chilanga's experience demonstrates that fiscal decentralization, reinforced by digital tools, transparency, and community participation, has significantly enhanced revenue collection and service delivery. This affirms its effectiveness as a model for local governance in Zambia.

2.2 The Extent to Which Improved Revenue Collection under Fiscal Decentralization Translates into Enhanced Public Service Delivery

Evidence shows that improved local revenue mobilization under fiscal decentralization directly enhances public service delivery when accompanied by good governance, transparency, administrative capacity, and citizen participation. Countries such as Brazil, India, Uganda, Indonesia, and South Africa demonstrate that when local governments control their finances and allocate resources effectively, service outcomes improve significantly. For example in Brazil, participatory budgeting in Porto Alegre enabled citizens to guide spending priorities, resulting in clean water access increasing from 75% to 99% between 1989 and 1996 and improvements in schools, roads, and health facilities (World Bank, 2017) [33].

In a similar way, India's Pune Municipal Corporation improved property tax administration using GIS and online payment systems, increased revenue that funded better

waste management and road maintenance (World Bank, 2020) [35]. Apart from that, in Uganda, the Kampala Capital City Authority nearly doubled local revenue between 2011 and 2016. This was channelled into funding road rehabilitation, sanitation, and lighting improvements. Equally, Indonesia's districts with higher fiscal autonomy saw faster declines in infant mortality and improved literacy (Lewis, 2014) [20]. However, the Nigerian case shows that without accountability and transparency, higher revenues do not necessarily translate into better services due to corruption and poor governance.

Regionally, South Africa demonstrates strong fiscal decentralization through legislation such as the Municipal Finance Management Act and the Division of Revenue Act, which enable cities like Cape Town to reinvest local taxes into water, sanitation, and waste management infrastructure (CoGTA, 2020) [9]. In addition, Botswana and Namibia have improved roads and waste services through prudent use of limited revenues. On the contrary, Zimbabwe and Malawi highlight the challenges of weak governance and low economic activity that constrain service delivery despite decentralization.

2.3 Administrative and institutional limitations affecting effective revenue mobilization under fiscal decentralized governance

Fiscal decentralized revenue mobilization is significantly constrained by administrative and institutional weaknesses across globe. Many local governments lack skilled personnel, modern ICT systems, and financial management capacity. This limits effectiveness of tax assessment, billing, and enforcement among others (Jenkins *et al.*, 2018).

In addition Institutional ambiguities also undermine performance. For example, in Nigeria and Indonesia there are unclear mandates and centralized control restrict local fiscal autonomy (Munyuki, 2017; Lewis, 2014 [20]). Central governments often retain major tax powers, and this compels local authorities in countries like Kenya and Pakistan to depend heavily on intergovernmental transfers (Fjeldstad, 2018) [12]. Another limitation is weak revenue databases, corruption, political interference. This results in low tax morale and reduced compliance as the case in Tanzania, Mexico, Argentina, and Malawi (Chikozho, 2019).

In the Southern region, councils face similar obstacles. They include outdated valuation rolls, poor coordination, and underdeveloped fiscal laws (Auditor General, 2018). In this case Chilanga Town Council face limitations such as low administrative capacity, old revenue systems, dependence on central approvals, political patronage, weak enforcement, and minimal community engagement (Transparency International Zambia, 2021). These factors collectively undermine the effectiveness of revenue mobilization under fiscal decentralized governance.

2.4 Literature Gap

Firstly, there is a lack of comprehensive studies examining the impact of digitized revenue systems such as e-payment and e-permit platforms on local revenue mobilization in district councils. While existing literature tends to concentrate on broader national or urban trends, there is a noticeable absence of studies that assess how decentralised governance mechanisms, particularly in Chilanga, affect the

collection of market fees, land rates, business licenses, and other local levies (Heeks, 2019) ^[16].

Secondly, the interplay between institutional culture, digital capacity, and administrative structure within Chilanga Town Council has been underexplored in existing literature. While digital literacy and infrastructure challenges are acknowledged in national-level studies (Chikulo, 2019) ^[8], how these challenges manifest in Chilanga's specific organizational context is not well understood.

Thirdly, there is a significant gap in literature regarding the inclusivity and accessibility of decentralised revenue collection mechanisms. While digital platforms are theoretically designed to increase efficiency and inclusiveness, there is inadequate empirical data showing how these tools function for informal traders, peri-urban residents, or women-led enterprises in Chilanga (ZICTA 2021) ^[37].

Fourth, literature rarely addresses the sustainability of digital revenue initiatives in decentralised councils such as Chilanga. While initial benefits like improved transparency and reduced revenue leakages are widely reported, there is limited understanding of whether councils can financially and technically maintain these systems in the long run (Mwangi & Otieno, 2020) ^[23].

Fifth, the potential of public-private partnerships (PPPs) in improving revenue collection under decentralisation is insufficiently studied in the Zambian context, particularly at the district level (Kumar, 2018) ^[19]. In Chilanga, however, the role of PPPs in revenue system enhancement remains largely theoretical, with little documentation of implemented initiatives. Yet, there is minimal empirical data on how PPPs can be initiated, regulated, or scaled within Chilanga's decentralised administrative framework.

Lastly but not the least, the regulatory and policy environment needed to support fiscal decentralized revenue collection systems has not been thoroughly examined, particularly in relation to smaller councils. Although Smart Zambia (2018) ^[27] calls for standardized digital protocols and the integration of e-payment systems into local government operations, it is unclear how such standards translate into implementable frameworks for district-level councils like Chilanga.

While decentralisation offers great promise for improving revenue collection, the literature fails to adequately address the district-specific dynamics, institutional barriers, and systemic challenges faced by councils like Chilanga. Major research gaps remain in areas such as localized digital performance assessments, inclusive design of revenue platforms, financial and technical sustainability, PPP integration, and policy alignment with decentralised objectives. Closing these gaps through empirical, context-specific studies and policy interventions is essential for unlocking the full potential of decentralisation in enhancing revenue collection and public service delivery in Chilanga Town Council.

3. Research Methods

This study will adopt a case study approach. This facilitated an in-depth investigation of the complex interactions within Chilanga Town Council, providing contextualized understanding of revenue collection practices under decentralisation (Yin, 2018). Combining both quantitative and qualitative research methods aligns with Creswell's (2018) ^[10] advocacy for mixed methods to

achieve methodological triangulation, enhancing the reliability and validity of findings.

3.1 Target population

The study population comprises stakeholders involved in or affected by revenue collection and service delivery at Chilanga Town Council. This includes revenue officers, department heads, elected councillors, community leaders, and local residents and business owners who are service beneficiaries. The Council administers a population of approximately 2 million residents across urban and peri-urban areas as of 2022 (Chilanga Town Council, 2024). This diverse demographic ensures the inclusion of varied perspectives reflecting both administrative and community-level experiences with decentralised revenue systems.

3.2 Sampling design

A Purposive sampling will be used to divide the population into relevant subgroups: revenue officers, department heads, councillors, community leaders, and residents and business owners (Bryman, 2016) ^[5]. In addition, using a systematic sampling, service beneficiaries will be selected using a fixed interval approach (Kothari, 2004) ^[18]. For example, every 5th household or business registered in the council's records will be selected to participate. While, Convenience sampling will be applied to select council officials and heads of departments available during data collection, given their specialized knowledge and limited numbers.

3.3 Sample Size determination

The study will include 50 respondents, sufficient for exploratory analysis and feasible within resource constraints (Creswell & Creswell, 2018) ^[11]. The sample will comprise: 15 revenue collection officers and administrative staff. 10 heads of departments involved in service delivery. 10 councillors and community leaders. 15 residents and business owners benefiting from council services.

3.4 Data Presentation

Data was collected using primary and secondary data collection methods. Primary Data was collected using structured surveys and semi-structured interviews to capture both quantitative and qualitative insights. Structured surveys were used to gather quantitative data on performance metrics, such as policy efficiency, how the policy improves service delivery, and setbacks (Bryman, 2016) ^[5]. These surveys targeted key stakeholders, including administrators, IT specialists, and service beneficiaries, ensuring a comprehensive analysis of the impact of fiscal decentralization.

Secondary data was obtained through a review of existing documents, reports, and databases from Chilanga Town Council and relevant government institutions. This includes policy documents such as the Decentralization Policy (1991), the e-Government Master Plan (2013), and reports from the Smart Zambia initiative. Academic articles and case studies on e-governance in Zambia and globally were also analyzed to provide a comparative context (Heeks, 2019) ^[16].

3.5 Data Analysis

3.5.1 Qualitative Data

The researcher used thematic analysis as it looks at patterns of meaning in a data set. Thematic analysis took bodies of

data and groups and them according to similarities in other words, themes. These themes helped to make sense of the content and derive meaning from it.

3.5.2 Quantitative Analysis

Quantitative data was presented using simple descriptive statistic methods including tables, percentages, pie charts, and linear regression analysis. The data collected was computerized, sorted, edited, classified and coded. The resultant data was entered using statistical package STATA for analysis. This generated frequency tables for demographic and descriptive data. The relationship between the study variables was established using regression analysis.

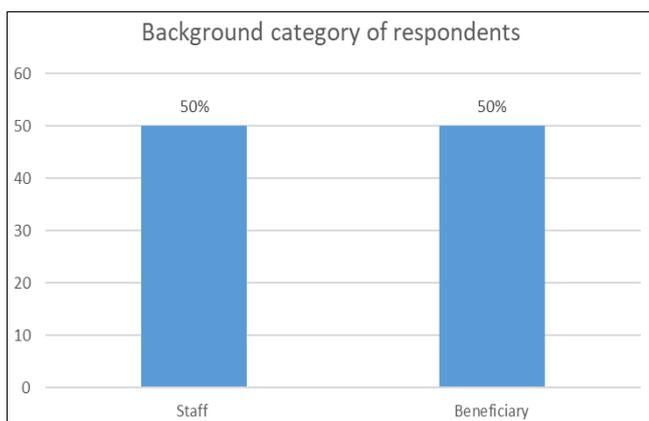
4. Findings and Results

4.1 Characteristics of Respondents (Bio Data)

This chapter explores the research’s findings based on data collected from respondents at Chilanga Town Council and service beneficiaries. The results are organised according to respondents’ background characteristics and three thematic areas drawn from the research objectives which include; (i) To determine the effectiveness of fiscal decentralization on the revenue collection capacity of Chilanga Town Council. (ii) To assess the extent to which improved revenue collection under fiscal decentralization translates into enhanced public service delivery in Chilanga. (iii) To analyze the administrative and institutional setbacks affecting effective revenue mobilization under fiscal decentralized governance. The chapter concludes with a discussion of the findings in relation to existing literature.

4.2 Presentation of Results on Background Characteristics of Respondents

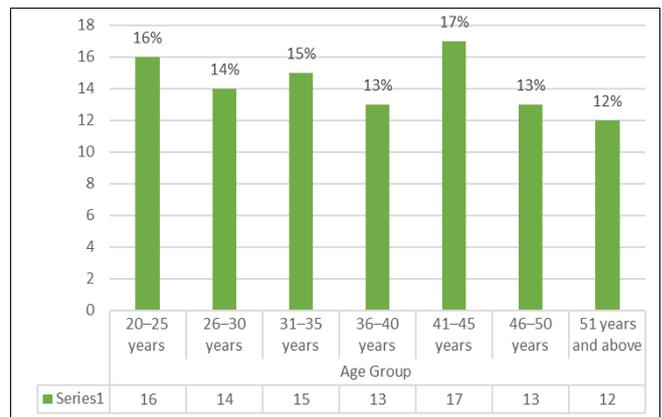
The researcher picked 50 respondents from Chilanga Town council, and 50 service beneficiaries. Staff responses were significant, because they strengthens insights on institutional implementation. While beneficiaries highlighted service-user experiences. A balance between the two provided a holistic view. This is summarised in the chart below.



Source: Primary data, 2025

Fig 1: Background characteristics of respondents

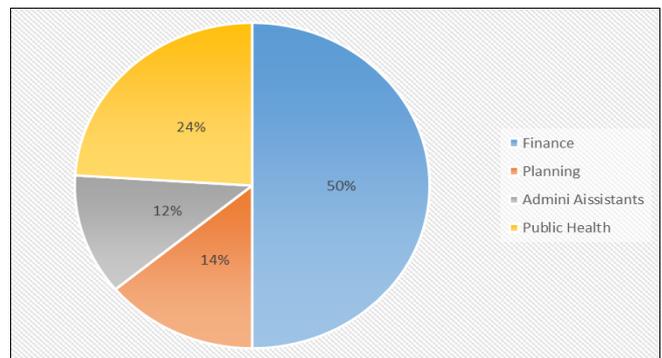
Figure 2 represents Age group of respondents. This helped to identify which age groups interact most with Chilanga Town Council services. A dominance of younger groups with 16% may indicate greater digital adoption, while older groups with 12% may face accessibility challenges. This summarised as shown below.



Source: Field data, 2025

Fig 2: Age groups of respondents

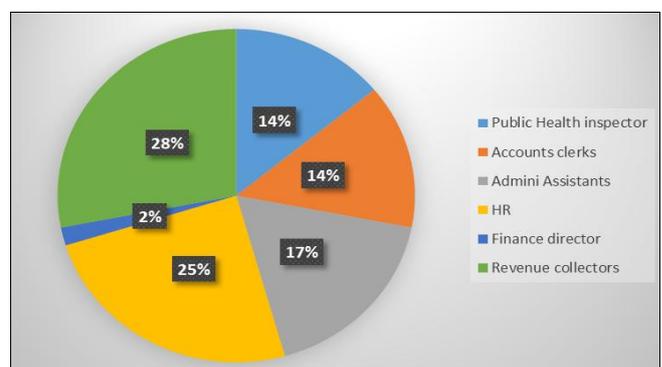
This figure 3 shows departmental spread of Chilanga Town Council respondents. The finance and public health means fiscal decentralisation is mainly evaluated from revenue-focused units. This is because these are main units that are responsible to collect and spend revenue on behalf of the council. This is well illustrated below.



Source: Chilanga Town Council, 2025

Fig 3: Departments of respondents at Chilanga Town Council

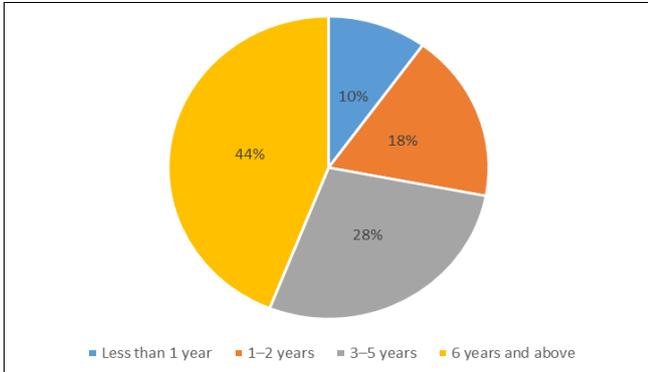
Respondents with various positions were randomly picked from the various departments designated at the council. This includes; managers, administration assistants, public health inspectors, Human Resource personnel, account clerks and others. From the interpretation, many junior staff were interviewed meaning, findings may reflect operational challenges rather than strategic-level decisions. Their positions are well summarised in the figure below.



Source: Chilanga Town Council, 2025

Fig 1: Role or position of respondents at Chilanga Town Council

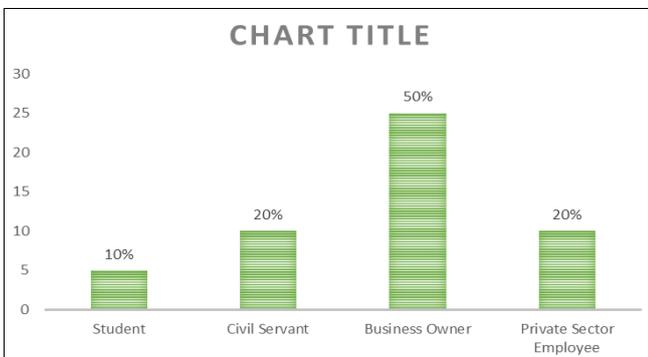
From the study, 10% include employees who have served for less than 1 year. 18% included staff that have served for 1-2 years. While, 28% and 44% represents 3-5 years, and more than 6 years, respectively. The interpretation is that long-serving staff provided insights into pre- and post-decentralisation practices, while new staff highlighted challenges in adapting to the decentralised framework.



Source: Chilanga Town Council, 2025

Fig 2: Years of service for Chilanga Town Council respondents

Figure six, shows whether revenue contributors are mainly business owners, private employees, or students. In this case, since business owners dominate, it suggests decentralisation affects local economic actors most. These business owners mostly own booths, saloon, barber shops and grocery shops. These are the ones who engages more with the council at 50%, while students reflect the least interaction.

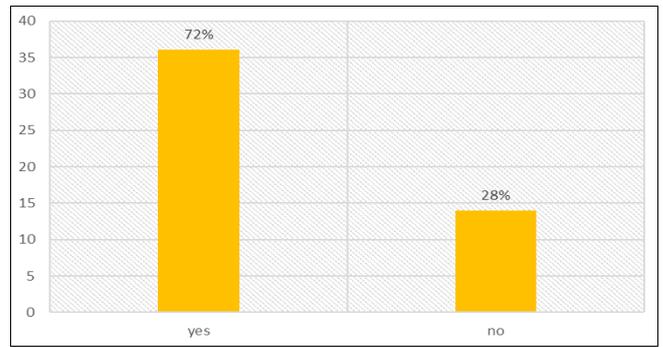


Source: Field data, 2025

Fig 3: Beneficiaries' occupation

4.3 Presentation of Results Based on a Thematic Area Developed from Objective One

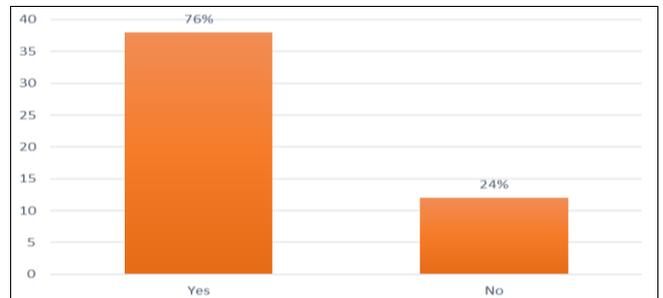
This part focused on the effectiveness of fiscal decentralisation policy since its introduction in Chilanga district. From the findings, figure 7 helps to measure internal exposure. From the interviews, 72% have directly worked under the policy. The 28% of staff who have not worked under the policy, signifies that implementation is not still be shallow. This is summarized below.



Source: Chilanga town council, 2025

Fig 4: Number of Chilanga employees who have worked directly under fiscal decentralisation policy

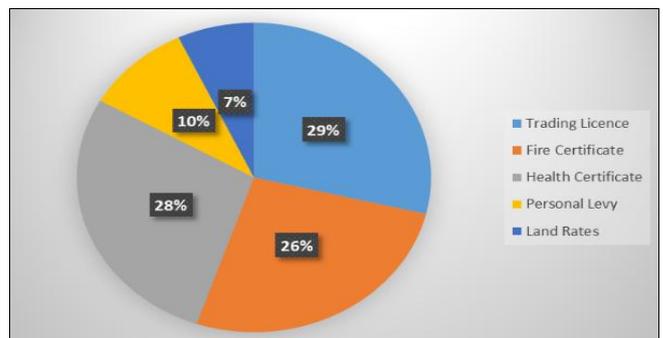
On the other hand, figure 8 shows beneficiaries who have paid revenue under fiscal decentralisation. The study indicates high compliance levels of 76%. This means that the system is reaching citizens, while low numbers suggest gaps in awareness or enforcement.



Source: Primary data, 2025

Fig 5: Number of beneficiaries who have paid revenue to Chilanga Town Council under the fiscal decentralisation policy

In figure 9, the study shows the types of payments made by service beneficiaries. Most likely, the services paid for includes property rates, licenses, levies, and others. A concentration on trading licences, fire certificates, and health certificates reveal that other services are underutilised or non-compliance by service beneficiaries.



Source: Primary data, 2025

Fig 6: Different types of payments various respondents have made to Chilanga Town Council under fiscal decentralisation policy

4.4 Presentation of Results Based on a Thematic area Developed from Objective Two

This section focused on assessing the overall performance of the fiscal decentralisation policy and gauging respondents' views regarding its implementation and impact on service delivery. The responses gathered provide valuable insight into how both council staff and service beneficiaries perceive the current functioning of the decentralisation system at Chilanga Town Council.

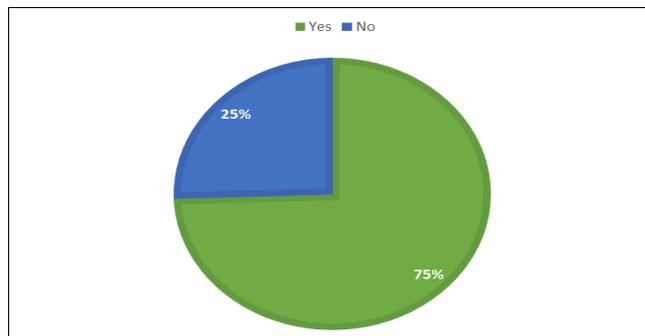
Figure 10 illustrates that public perception of the policy is generally positive, with 75% of respondents expressing satisfaction with its performance. This high percentage demonstrates that most participants believe fiscal decentralisation has contributed to improved efficiency in service delivery, enhanced accountability, and greater local participation in governance processes. It further suggests that despite the numerous operational challenges identified elsewhere in this study, decentralisation has had a tangible positive impact on how citizens experience public services at the local level.

The 75% approval rate indicates that the majority of the population recognises fiscal decentralisation as a progressive policy that has brought government services closer to the people. Many respondents noted that the system has improved responsiveness in addressing local needs such as waste management, road maintenance, and market administration. Others mentioned that local decision-making has become more transparent, and community engagement in budget discussions and revenue matters has slightly increased compared to the pre-decentralisation period. This aligns with the broader national goal of empowering councils to become more self-reliant, accountable, and citizen-oriented. The positive feedback from the majority of respondents therefore strengthens the case for sustaining and expanding the fiscal decentralisation programme, as it is perceived to be moving in the right direction towards improving local governance outcomes.

On the other hand, 25% of respondents expressed reservations about the policy's implementation, citing issues such as system inefficiencies, delays in service provision, and communication gaps between the council and service users. However, the relatively small proportion of dissatisfied respondents indicates that while challenges exist, they do not outweigh the overall benefits derived from the policy. In most cases, these concerns are linked to structural and administrative weaknesses rather than flaws in the concept of decentralisation itself. Respondents from this minority group argued that continued investment in ICT infrastructure, staff training, and improved customer service could help resolve the persistent challenges and further enhance the performance of the system.

The findings presented in this section suggest that the fiscal decentralisation policy at Chilanga Town Council is performing relatively well, given that three-quarters of respondents hold a positive view of its contribution to service delivery. The results demonstrate that with adequate support, proper capacity-building, and stronger institutional commitment, decentralisation can serve as a key driver of improved governance and financial sustainability at the local level. The data further imply that enhancing operational efficiency, addressing staff-related barriers, and improving communication channels would likely increase citizen satisfaction even more. Therefore, the findings support the

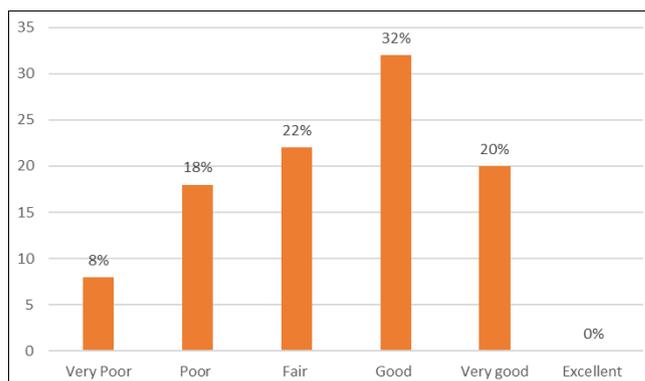
conclusion that while implementation challenges remain, the benefits of fiscal decentralisation significantly outweigh its limitations, and its continuation is both justified and necessary for advancing effective local governance in Chilanga District.



Source: Primary data, 2025

Fig 7: shows whether respondents believe fiscal decentralisation policy improves service delivery or not

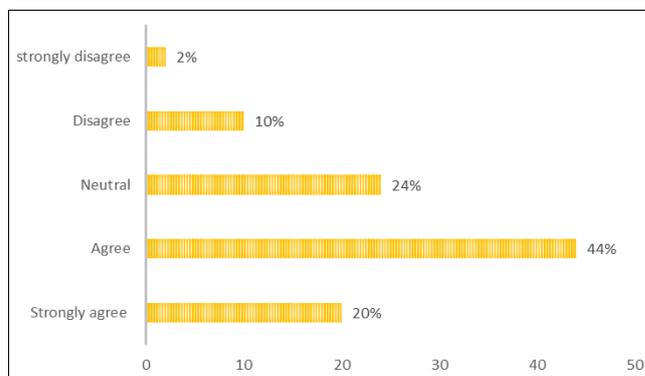
Furthermore, Figure 11 shows Policy performance rating. 52% of respondents high rated the policy. In contrast, the Poor or average ratings, suggest dissatisfaction, possibly tied to delays, inefficiencies, or inadequate communication.



Source: Field data, 2025

Fig 8: How respondents rate the policy performance

Figure 12 shows that 64% of respondents are confident about the fiscal decentralisation policy. This high confidence reflects sustainability. While low confidence could threaten compliance and legitimacy. This discussion is depicted in the chart below.



Source: Primary data, 2025

Fig 9: Respondents' belief in fiscal decentralisation policy

4.5 Presentation of Results Based on a Thematic area Developed from Objective Three

This section highlighted several challenges affecting the effective implementation and sustainability of fiscal decentralisation at Chilanga Town Council. The key challenges identified include inadequate staff training, gaps in ICT infrastructure, resistance to change among employees, frequent system failures, poor communication, and weak customer service. Collectively, these issues represent significant implementation bottlenecks that have slowed down the realisation of decentralisation objectives. The study established that both council officials and service beneficiaries share similar concerns regarding these limitations, pointing to deep-rooted institutional and operational weaknesses rather than flaws in the decentralisation policy itself.

Respondents from Chilanga Town Council consistently cited the lack of adequate training as one of the major obstacles to effective implementation. Council employees indicated that while the decentralisation framework had been rolled out, there were no comprehensive training sessions to equip staff with the necessary knowledge and skills to operationalise fiscal decentralisation tools. Many employees felt sidelined and unprepared to handle new administrative responsibilities associated with revenue collection, financial reporting, and policy compliance. This lack of capacity has created inconsistencies in the implementation process and led to inefficiencies in service delivery. Similarly, service users lamented that staff at the council appeared uninformed about some policy provisions, which has negatively affected communication and trust between the council and the community.

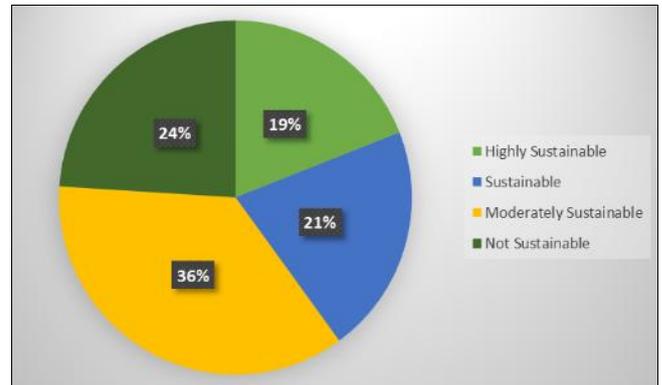
Another prominent challenge is the inadequacy of ICT infrastructure within Chilanga District. The council relies on outdated computers and unreliable internet connectivity, which makes digital revenue collection extremely difficult. In many instances, clients are forced to stand in long queues due to faulty or slow systems, resulting in frustration and delayed transactions. This not only undermines public confidence but also affects the council's capacity to meet its revenue targets. The research further revealed that the lack of consistent system maintenance and technical support contributes to frequent breakdowns, further compounding operational inefficiencies.

Resistance to change, particularly among older employees, also emerged as a recurring theme. Many long-serving members of staff continue to prefer traditional, manual methods of operation and are reluctant to embrace the new decentralised financial management systems. This resistance stems from fear of technology, lack of digital literacy, and discomfort with performance-based accountability structures introduced under the new policy. As a result, the pace of adoption remains slow, reducing the effectiveness of decentralisation reforms. Coupled with this is the problem of system failure, where technical glitches and power interruptions often disrupt service delivery. Both employees and service beneficiaries reported that such interruptions delay transactions and contribute to citizen frustration.

Service users also expressed dissatisfaction with the communication practices of the council. They complained about receiving short or multiple notices for payments, which causes confusion and, in some cases, leads to unintentional defaulting. This practice not only burdens residents but also results in loss of potential revenue for the

council. Moreover, many respondents highlighted poor customer service as a persistent problem, citing unprofessional conduct, lack of responsiveness, and limited feedback mechanisms. Such weaknesses in communication and service delivery erode public trust and diminish citizen participation in decentralisation processes.

Despite the challenges noted above, 61% respondents believe that fiscal decentralisation model can last long-term. However, if doubts dominate, it signals risks of policy reversal or failure unless reforms are made. This is illustrated in the chart below.



Source: Primary data, 2025

Fig 10: Sustainability of the fiscal decentralisation policy

To address the challenges affecting fiscal decentralisation and to strengthen sustainability at Chilanga Town Council, respondents highlighted several priority interventions. One of the key solutions is capacity building for staff through continuous training and professional development. This is essential for improving financial management, ICT skills, and service delivery competencies, which directly enhance institutional performance (World Bank, 2021) [36]. In addition, respondents emphasized the adoption of e-permit systems and broader automation of services to streamline processes, reduce inefficiencies, and curb leakages. By leveraging technology, the council can promote transparency, improve compliance, and strengthen revenue collection, aligning with global best practices in digital governance.

Further, respondents stressed the need for increased investment in ICT infrastructure and upgrading of physical facilities to support automated systems. Improved communication strategies were also recommended to bridge the gap between the council and beneficiaries, ensuring citizens are well-informed about their obligations and available services. Customer service enhancement emerged as a recurring concern, with calls for more responsive and citizen-friendly platforms. Moreover, extending payment periods was suggested as a way of easing compliance, particularly for small businesses and households with irregular income flows. Collectively, these measures would not only address operational inefficiencies but also reinforce public trust and participation in decentralised governance, which is critical for sustainable revenue mobilisation and improved service delivery at the local level (Chikulo, 2016) [7].

4.6 Discussion of Research Findings

The findings of this study reveal that fiscal decentralization has generated both opportunities and setbacks for Chilanga

Town Council in its quest to improve public service delivery. Respondents acknowledged that decentralization has facilitated local-level revenue collection and increased community engagement. Nevertheless, implementation setbacks such as inadequate ICT systems, insufficient staff training, and weak communication continue to undermine its effectiveness.

These findings align with the World Bank (2020) ^[35], which emphasized that fiscal decentralization reforms in low- and middle-income countries often struggle at the operational stage due to weak institutional capacity and limited technical resources. Regionally, the findings aligns with UNDP (2019) ^[31] who observed similar constraints in Tanzania, where administrative bottlenecks and insufficient fiscal autonomy delayed service delivery gains. Locally, they align with ZIPAR (2020) ^[40] who found that Zambian local authorities continue to face structural and technical challenges that limit their fiscal autonomy despite progressive decentralization frameworks such as the National Decentralization Policy (2013).

Secondly, the study revealed that decentralization remains one of the most promising reforms for enhancing accountability and local service delivery. However, its performance is largely determined by institutional and administrative capacity. This aligns with the OECD (2020) ^[24], who noted that fiscal decentralization performs effectively where councils possess adequate managerial and financial capacity. For example, in South Korea, decentralization reforms successfully improved local service delivery due to robust fiscal management systems and continuous staff training (OECD, 2020) ^[24].

In addition, regional reviews show that Rwanda's decentralization framework, supported by strong performance monitoring and transparent budgetary processes, has led to noticeable improvements in local health and education services (UNDP, 2021) ^[32]. Locally, the World Bank (2019) ^[34] cautioned that in Zambia, the lack of proper financial management systems and adequately trained personnel limits the effectiveness of decentralization. Thus, Chilanga Town Council's mixed performance demonstrates the broader reality that institutional and human capacity define the practical success of fiscal decentralization initiatives.

In contrast to that, one critical issue emerging from the findings is the uneven exposure of staff to fiscal decentralization. From the findings, 72% of employees reported direct experience and 28% mainly older staff had little or none. This stresses UNDP (2021) ^[32] observation that successful decentralization depends on continuous human capital development and knowledge transfer across generations. This is evident in Indonesia, where the government invested heavily in local capacity-building after the 2001 decentralization reform, leading to significant improvements in service quality (World Bank, 2020) ^[35].

Apart from Indonesia, the findings also aligns with AfDB (2020) ^[1] who reported that in Ghana and Kenya, limited training and inconsistent capacity-building programs remain barriers to effective decentralization outcomes. In Zambia, Smart Zambia (2018) ^[27] observed that Zambian councils, including Chilanga, suffer from uneven digital and fiscal skills among employees, making reforms difficult to sustain. Therefore, Chilanga's uneven staff readiness mirrors global and regional experiences that underscore the importance of

continuous capacity development and institutional learning for successful policy implementation.

The lack of adequate ICT infrastructure was a third finding that limits the effectiveness of fiscal decentralization in Chilanga. Respondents cited frequent system downtime, lack of real-time services, and poor integration of e-permit systems. This agrees with Heeks (2017) ^[15] who observed that weak ICT integration in developing countries perpetuates manual processes prone to inefficiencies and corruption. This is similar to experiences in Nigeria, where attempts to digitize local tax systems suffered from power interruptions and low staff capacity.

At a regional level, the finds align with Nyangena and Wambugu (2021) who noted that Kenya's devolved county governments faced persistent ICT connectivity challenges that slowed down automation of revenue systems, despite national e-governance policies. In Rwanda, however, government-led investments in broadband infrastructure have transformed municipal financial management, increasing efficiency and transparency (RDB, 2020) ^[25]. In Zambia, ZICTA (2023) ^[39] reported that only 38% of rural and peri-urban areas in Zambia had stable internet access, severely constraining e-governance initiatives. Similarly, Smart Zambia (2022) ^[28] emphasized that without coordinated ICT investments, councils like Chilanga risk being left behind in the national Smart Zambia digital transformation agenda. Thus, Chilanga's experience confirms the importance of ICT readiness for enhancing efficiency and transparency in fiscal decentralization.

In terms of implementation and sustainability, beneficiaries acknowledged making payments for services such as trading licenses, health certificates, and land rates, yet the council's revenue base remains narrow and heavily reliant on a few streams. This agrees with Fjeldstad (2018) ^[12] who observed similar vulnerabilities in Zimbabwe and Tanzania, where local governments with undiversified revenue streams experienced fiscal instability and poor service provision. Locally, Chabala (2021) ^[6] observed that many Zambian councils, including Chilanga, depend heavily on property rates and business licenses, making them financially fragile. The finding that 24% of respondents expressed doubt about the sustainability of fiscal decentralization echoes this evidence. This underscores the urgent need to diversify local revenue sources through innovative mechanisms such as digital tax collection, land value capture, and public-private partnerships.

Lastly but not the least, public perception and confidence in fiscal decentralization were also mixed. While 75% of respondents agreed that the policy has potential to improve service delivery, overall confidence in its sustainability remained low. This aligns with AfDB (2021)'s ^[2] observation that citizen skepticism toward decentralization rises when policy promises are not matched by improved services, as seen in Nigeria and Ethiopia, where decentralization reforms failed to translate into local service improvements. Apart from that, the findings match with that of Transparency International (2020) ^[29] who reported similar findings in Uganda and Kenya, where limited transparency in local finances eroded citizen trust and reduced participation. This means that weak accountability mechanisms within councils contribute to declining public confidence in local governance. These findings support the view that citizen trust depends more on tangible service

outcomes such as timely waste collection, road maintenance, and permit processing.

Overall, the findings underscore that fiscal decentralization in Chilanga Town Council is conceptually sound and partially effective but constrained by systemic and contextual factors. Secondly, the council has achieved modest progress in local revenue mobilization and community engagement but continues to face significant limitations. These include inadequate ICT infrastructure, insufficient staff training, narrow revenue streams, and low citizen confidence. These results align globally with UN-Habitat (2022) ^[30], regionally with AfDB (2021) ^[2], and locally with ZICTA (2023) ^[39], all of which conclude that the success of decentralization depends on institutional readiness, digital inclusion, and consistent financial investment.

Therefore, the Chilanga Town Council experience confirms a consistent global-to-local narrative that decentralization is not a quick remedy but a gradual, capacity-dependent process requiring continuous investment in digital infrastructure, human resource development, and transparent governance. Addressing these deficiencies will be crucial if fiscal decentralization is to evolve from policy rhetoric into a tangible instrument for improved public service delivery, echoing the recommendations of Smart Zambia (2018) ^[27] and the World Bank (2020) ^[35].

5. Conclusion and Recommendations

5.1 Conclusion

The study concludes that fiscal decentralisation has moderately enhanced local governance and service delivery in Chilanga Town Council. However, its full potential remains constrained by several administrative, financial, and technological challenges. Evidence from the research indicates that decentralisation has contributed to improved local revenue collection, increased community engagement, and greater accountability in decision-making. Nevertheless, these gains are uneven and delicate, primarily due to persistent institutional weaknesses such as inadequate ICT infrastructure, insufficient staff training, and limited fiscal autonomy. This finding aligns with the argument presented in the literature review that while decentralisation has opened opportunities for participatory governance and local empowerment, its implementation in Zambia remains hindered by structural inefficiencies and weak policy coordination.

The study further establishes that the success of fiscal decentralisation is heavily dependent on institutional capacity, digital readiness, and intergovernmental collaboration. The case of Chilanga Town Council mirrors global and regional experiences where the absence of robust digital systems and administrative support undermines the objectives of fiscal reforms. Similar patterns have been observed by ZICTA (2023) ^[39] who confirm that low internet penetration and inadequate ICT integration continue to impede local e-governance initiatives. Thus, the challenges observed in Chilanga reflect a broader reality in developing economies where decentralisation is theoretically sound but practically constrained by operational and resource limitations.

Finally, the findings reaffirm that fiscal decentralisation in Zambia though a step toward enhancing public service delivery remains a gradual. Hence, capacity-driven process that requires sustained investment in technology, human

resources, and transparency mechanisms. What this means for Chilanga Town Council to realise the transformative potential of decentralisation, is that there is a need to strengthen institutional frameworks, diversify local revenue sources, and promote citizen participation through digital inclusion. Therefore, fiscal decentralisation should not be viewed as an end in itself, but as a continuous process of institutional learning and governance improvement aimed at achieving equitable and sustainable local development.

5.2 Recommendations

The findings of this study suggest that improving the effectiveness of fiscal decentralisation in Chilanga Town Council requires a holistic reform agenda that addresses both institutional and operational setbacks. One key area is staff training and capacity building. Chilanga Town Council should prioritise continuous professional development, particularly in financial management, digital literacy, and customer service.

Equally important is the enhancement of ICT infrastructure. Many of the challenges identified by respondents, such as delays when making payments, downtimes, and lack of real-time services stem from poor technological systems. Adoption of e-permit platforms, digital payment systems, and automated monitoring mechanisms would greatly improve efficiency and transparency. The Government of Zambia (2022) ^[14] also emphasises the need for ICT adoption under its Smart Zambia strategy, which seeks to digitalise service delivery across ministries and local authorities. In the context of Chilanga, greater ICT investment would not only streamline revenue collection but also enhance citizen trust.

Furthermore, the study revealed that Chilanga Town Council relies heavily on a narrow range of revenue streams, primarily trading licences and property rates. This overdependence creates fiscal vulnerability, particularly during economic downturns. To safeguard sustainability, the council should broaden its fiscal base by introducing innovative service charges, developing public-private partnerships, and exploring property management strategies. By expanding its revenue options, Chilanga Town Council would reduce risks and create a more sustainable fiscal framework.

Another recommendation is improving communication and citizen engagement. Effective decentralisation depends not only on revenue collection but also on citizen perceptions of fairness, transparency, and accountability. Establishing robust communication channels, such as regular community meetings, feedback platforms, and awareness campaigns, would help bridge the gap between the council and its beneficiaries.

Finally, addressing structural barriers to sustainability is critical. The study revealed challenges such as resistance to change among staff, inadequate infrastructure, among others. For Chilanga Town Council, clarifying mandates, upgrading infrastructure, and cultivating an organisational culture that embraces change are essential steps toward building a sustainable decentralised governance model. Otherwise, from the findings fiscal decentralisation at Chilanga Town Council is a game changer.

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