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Research Article

Trends of Revenue Collection and Factors Influencing Financial Performance at Mwanza City Council in Tanzania

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Abstract

This study examines revenue collection trends and institutional factors affecting financial performance at Mwanza City Council, Tanzania's second-largest urban municipality. A cross-sectional design was employed, combining quantitative data from official records with qualitative insights from 44 purposively selected officials involved in finance, planning, and revenue administration. Between 2012 and 2022, revenue performance ranged from 79.5% to 96.1% of projected targets, with underperformance in 2013/2014 and 2019/2020 linked to policy changes and administrative inefficiencies. Despite receiving clean audit opinions for three consecutive years (2019–2022), the council continues to face structural constraints. These include a 21.2% staffing deficit in finance-related roles, with only one CPA-certified staff member and two holding postgraduate qualifications. ICT infrastructure gaps persist, with a 33% shortage in computers and a 40% shortfall in POS machines. Qualitative data revealed weak managerial follow-up, limited strategic oversight, and unclear performance accountability. Staff expressed concerns over the disconnect between planning and implementation. The study concludes that enhancing financial performance requires reforms in staffing, digital systems, and managerial leadership. These findings offer both empirical data and operational insights into strengthening fiscal capacity in decentralized urban governance.

Keywords

Revenue Collection, Local Government, Mwanza City, Institutional Performance, Qualitative Insights

1. Introduction

Revenue collection is a fundamental pillar in enhancing the financial autonomy and service delivery capacity of Local Government Authorities (LGAs), especially within developing economies. The ability of LGAs to mobilize own-source revenues enables them to finance critical public services such as infrastructure, healthcare, education, and administration, thereby reducing reliance on central government transfers. Moreover, effective local revenue systems foster fiscal accountability, promote participatory governance, and enhance public trust in local institutions [10, 15]. Conversely, weak revenue performance undermines service delivery, impedes long-term planning, and erodes the legitimacy of decentralized governance structures.

Global experiences highlight the transformative potential of well-designed local revenue systems. In Indonesia, fiscal decentralization has empowered subnational governments to increase revenue mobilization, though regional disparities in fiscal capacity persist [20]. In Toronto, municipal fiscal resilience is largely sustained through property taxes and user fees, although provincial control over tax instruments poses

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structural constraints [16]. In Rwanda, the use of Geographic Information Systems (GIS) and automated valuation technologies has significantly improved property tax collection [6, 14]. Meanwhile, Ghana continues to grapple with weak enforcement mechanisms and outdated property valuation systems, despite ongoing reforms [5, 4]. Similarly, in South Africa, although urban municipalities generate considerable revenue through property taxes and service charges, centralized fiscal frameworks continue to restrict their financial autonomy [1, 3].

In Tanzania, decentralization was institutionalized through the Local Government Finance Act of 1982, which authorized LGAs to collect own-source revenues, formulate budgets, and implement development initiatives tailored to local priorities [8]. Guided by fiscal decentralization theory, the government introduced key reforms, including the Local Revenue Enhancement Plan (LREP) and the deployment of Point-of-Sale (POS) systems, to promote transparency and operational efficiency in revenue administration [7, 15]. Some municipalities, such as Mpanda, have demonstrated the potential of strategic human resource deployment, particularly through trade officers, to enhance revenue oversight and reduce dependency on central transfers [12]. However, recent centralization policies, such as the transfer of property tax collection responsibilities to the Tanzania Revenue Authority (TRA), have raised concerns about the erosion of local fiscal autonomy and the sustainability of decentralized financing [9].

Mwanza City Council provides a relevant and compelling case for investigating the practical implications of fiscal decentralization on local government performance in Tanzania. As the second-largest urban center in the country and a major economic and administrative hub in the Lake Zone region, Mwanza plays a critical role in subnational governance [18], National Bureau of Statistics [NBS], 2021). The city's rapid urbanization, expanding service demands, and strategic location along the southern shores of Lake Victoria present both opportunities and fiscal challenges that are representative of many large municipalities across Tanzania (Mwanza City Council, 2023; 21). Analyzing Mwanza's revenue performance offers valuable insights into how institutional arrangements and administrative practices influence financial outcomes in dynamic urban contexts [11]. Despite the adoption of annual revenue enhancement plans and other institutional reforms, Mwanza City Council continues to experience fluctuations in revenue collection. Key contributing factors include limited human resources, outdated local bylaws, weak enforcement capacity, and overlapping institutional responsibilities. These persistent inefficiencies have undermined the council's ability to meet its revenue targets and deliver essential services effectively [13].

Although various studies have examined decentralization and fiscal reforms in Tanzania, few have offered in-depth, municipality-level analyses of the specific constraints facing local governments in their efforts to improve revenue mobilization. This study addresses that gap by focusing on Mwanza City Council. Through an analysis of revenue trends and institutional challenges, the research aims to contribute practical, evidence-based recommendations to enhance financial sustainability and strengthen the fiscal autonomy of Local Government Authorities.

2. Material and Methods

2.1. Study Area

This study was conducted in Mwanza City Council, located in the Mwanza Region of northern Tanzania. Mwanza is the second-largest city in the country and serves as a key administrative and economic hub in the Lake Zone. Geographically, the city is situated along the southern shores of Lake Victoria and spans approximately 256.45 square kilometers, of which 184.90 square kilometers is land. According to the National Bureau of Statistics (2022) [19], Mwanza has a population of 363,452 residents, composed of 177,812 males and 185,640 females. Rapid urbanization in the city has increased the demand for public services, placing additional pressure on local government revenue systems.

2.2. Research Design

The study adopted a cross-sectional research design, which is widely used in public administration and social sciences for its ability to capture data at a single point in time across multiple variables. This design is particularly useful for assessing the relationships between institutional factors and financial outcomes without the need for longitudinal tracking (Creswell, 2014; Babbie, 2021). It was appropriate for this study because it enabled the collection of both qualitative and quantitative data relevant to the performance of Mwanza City Council's revenue systems. Furthermore, its flexibility allowed for a comprehensive examination of organizational, infrastructural, and human resource-related variables influencing financial performance.

2.3. Sampling and Respondents

The study employed purposive sampling to select individuals directly involved in financial administration at Mwanza City Council. The sample included a total of 44 respondents, comprising 30 revenue collectors, 5 planning officers, 4 accountants, 4 trade officers, and the City Treasurer. These categories were selected based on their active roles in revenue collection, budget planning, and financial oversight, making them suitable for providing insights into the factors influencing the council's financial performance.

The sample size was obtained by using the Infinite formula founded by Hussein.

$$n=Z^2xPxQ/e^2$$

Where;

Z-1.96 with 95% Desired confidence interval

Q level of significance 5% =0.05

P Population proportional 50% (0.5)

e-allowable error or marginal error 10% =0.1

The sample size of the study was 44 respondents

A proper list of respondents both officials and revenue collectors were used to select among the appropriate respondents for this study.

2.4. Data Collection Methods

Both primary and secondary data were utilized in the study. Primary data were collected through structured questionnaires and semi-structured interviews targeting selected council employees. These instruments were designed to gather detailed information on staffing levels, use of ICT infrastructure, revenue collection logistics, and managerial practices within the council. Secondary data were obtained from existing municipal records, including annual audit reports, financial statements, performance reports, and legal documents related to revenue management. These sources were used to contextualize findings and analyze revenue trends over time.

2.5. Data Analysis

The data collected were subjected to both quantitative and qualitative analysis techniques. Quantitative data, such as staffing ratios, resource availability, and revenue performance figures, were analyzed using descriptive statistics, including frequencies, percentages, and ratios. These were used to identify trends and measure the gap between planned and actual performance. Qualitative data from interviews were analyzed using thematic analysis, which involved coding responses and categorizing them into key themes aligned with the research objectives. These themes included institutional capacity, ICT utilization, enforcement challenges, and human resource adequacy. The integration of qualitative insights helped to interpret quantitative findings and provide a nuanced understanding of financial performance drivers.

3. Results and Discussion

3.1. The Trend of Revenue Collection in Local Government Authority

An analysis of Mwanza City Council's revenue collection over the past decade reveals a generally positive but inconsistent performance in meeting budgetary targets. As shown in Table 1 & Figure 1, the council's actual revenue collection has improved from 85.0 percent of the budgeted amount in 2012/2013 to 96.1 percent in 2021/2022. While this upward trend suggests improvements in administrative capacity and policy enforcement, annual fluctuations indicate underlying instability in local revenue mobilization.

Table 1*. Trend of revenue collection.*

Year	Trend of revenue collection Amount (in Tsh)		
	Planned	**Actual**	**Performance (%)**
2012-2013	10,081,987,765	8,576,821,750	85.00
2013-2014	10,993,450,780	8,743,821,750	79.50
2014-2015	11,075,262,000	10,056,673,029	91.00
2015-2016	11,703,629,000	10,671,566,213	91.20
2016-2017	12,129,472,000	10,414,019,770	85.80
2017-2018	13,023,651,490	12,464,543,100	95.70
2018-2019	14,453,775,900	12,866,256,489	88.90
2019-2020	15,062,997,000	12,652,865,637	83.60
2020-2021	15,512,715,000	13,707,558,191	88.40
2021-2022	16,030,273,000	15,382,165,121	96.10

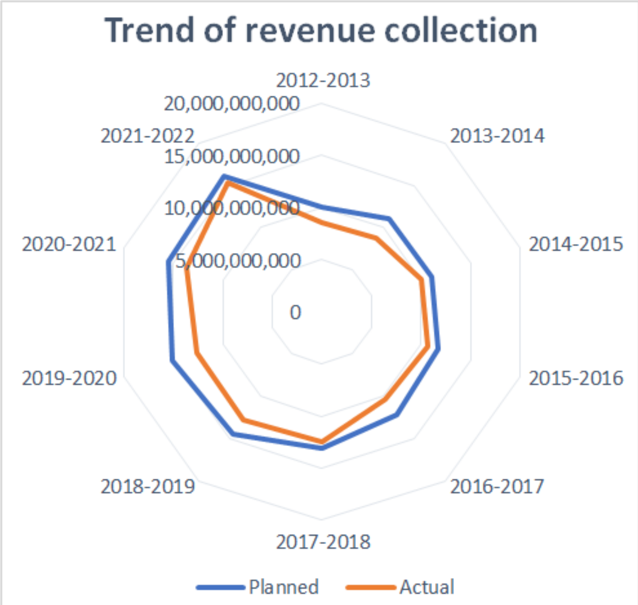

Figure 1. *Trend of Revenue Collection.*

Although the overall revenue performance of Mwanza City Council improved in the later years, the council consistently fell short of meeting its annual collection targets. Notable underperformance was recorded in 2013/2014 and 2019/2020, with collection rates falling below 85 percent. Interviews with key informants attributed these shortfalls to a combination of external policy changes and internal inefficiencies. In particular, the introduction of the national entrepreneurial identification card system in 2019/2020 led to the reallocation of some revenue streams to central government agencies, significantly reducing the council's local collection capacity [18]. These fluctuations suggest that performance is not solely driven by local administrative effort, but also by broader institutional dynamics.

This variability is consistent with findings from other studies in the region. [17] observes that many Tanzanian local governments lack accurate forecasting tools and effective coordination mechanisms, making it difficult to align revenue targets with actual collection capacity. Although digital tools such as point-of-sale (POS) systems have been introduced to enhance transparency and efficiency, their effectiveness has been uneven due to infrastructural gaps and human resource constraints-factors also evident in Mwanza's case. While the council achieved a high-performance rate of 96.1 percent in 2021/2022, this outcome should be interpreted cautiously, as it may reflect short-term enforcement drives rather than long-term institutional reforms. The [21] emphasizes that sustained improvements in local revenue mobilization require structural reforms in planning, staffing, and legal frameworks. By providing longitudinal evidence from a major urban municipality, this study contributes to the growing literature on subnational fiscal performance in Tanzania. It underscores the need to look beyond annual performance figures and instead examine the systemic and administrative foundations that shape local government revenue trends.

3.2. Financial Audit Report

Audit results offer a lens into the financial governance practices of local authorities. Over the last three fiscal years (2019/2020 to 2021/2022), Mwanza City Council has consistently received unqualified (clean) audit opinions from the Controller and Auditor General (CAG), indicating that financial statements were prepared in accordance with applicable reporting standards and were free from material misstatements (CAG, 2022), as presented in table 2.

Table 2. *Audit General Opinions for Mwanza City.*

Fiscal year			
Audit report	**2019/2020**	**2020/2021**	**2021/2022**
	Clean (unqualified)	Clean (unqualified)	Clean (unqualified)

The audit performance of Mwanza City Council aligns with findings by the [22] and the United Nations Capital Development Fund [17], which highlight improvements in financial reporting quality across Tanzanian Local Government Authorities (LGAs) following digitization efforts and strengthened oversight mechanisms. However, a clean audit opinion does not necessarily reflect operational efficiency or the effective delivery of public services. Reports by the OECD (2022) and the International Monetary Fund (IMF, 2019) caution that unqualified audit opinions may coexist with weak revenue collection and financial underperformance, as audit frameworks tend to prioritize compliance over actual results. Mwanza City Council exemplifies this disconnect: although the council has consistently achieved formal audit compliance, it continues to experience underperformance in local revenue generation. This finding supports observations by the Government of Tanzania [18], which acknowledged that many LGAs fulfill procedural requirements yet struggle to meet their revenue targets due to persistent structural and operational constraints.

3.3. Factors Influencing Financial Performance in Mwanza City Council

The study focused on examining the four factors which are human resources, ICT facilities, logistic capacity and managerial capacity in order to determine the influence of each factor to the financial performance in the City council.

3.3.1. Human Resources

Adequate and skilled human capital is a prerequisite for efficient public financial management. Mwanza City Council operates with approximately 21 percent fewer personnel than required in its finance-related departments. Key deficits exist in revenue collection, procurement, and accounting as summarized in Table 3.

Table 3. *Availability of human resources for financial affairs in Mwanza City Council.*

Types Personnel	Required	Available	Deficit (%)
Revenue collectors	25	19 (76.00%)	6 (24.00%)
Procurement officers	6	3 (50.00%)	3 (50.00%)
Accountants	18	15 (83.30%)	3 (26.70%)
Senior activity officer	3	3 (100.00%)	0.0%
Trade officers	6	6 (100.00%)	0.0%
Planning officers	8	6 (75.00%)	2 (25.00%)
Total	66	52 (78.80%)	14 (21.20%)

Human resource limitations are a well-documented constraint on local revenue administration across Africa. The [21] highlights that staffing shortages and skill gaps significantly hinder the effectiveness of subnational governments. In Tanzania, PMO-RALG (2022) similarly identifies inadequate technical capacity as a key barrier to local revenue performance. Mwanza City Council reflects this challenge, particularly in its shortage of certified accountants and procurement officers. Only one staff member holds a CPA qualification, and just two possess postgraduate credentials in finance, while the majority have only basic or intermediate qualifications. This skills gap reduces the council's ability to manage complex financial systems and produce timely, high-quality reports. These findings align with [2], which emphasizes the importance of professional capacity in public financial management. This study adds to the literature by linking technical staff qualifications to revenue performance at the urban council level, an area that remains underexplored in the Tanzanian context.

3.3.2. ICT Infrastructure and Logistics

Information and communication technology (ICT) plays a critical role in modernizing revenue administration, enhancing transparency, and reducing leakages. Mwanza City Council has made progress in adopting ICT tools, including computer systems, office telephones, and point-of-sale (POS) machines as summarized in Table 4. However, significant gaps remain. As of 2023, the council operated with a 33 percent deficit in computers, a 21.7 percent deficit in telecommunication tools, and a 40 percent shortfall in POS devices. These shortages limit automation in revenue collection and weaken data management capabilities. According to the [22], ICT adoption in local governments across Sub-Saharan Africa is strongly correlated with improvements in tax compliance and financial efficiency. In Tanzania, the PMO-RALG (2022) report emphasizes that digital infrastructure is essential for achieving accountability in local government revenue systems. Mwanza's partial ICT rollout reflects broader challenges in scaling digital solutions in resource-constrained environments. This study contributes to the literature by providing empirical evidence on how ICT deficits impact revenue performance at the council level, reinforcing the need for targeted investment in digital infrastructure within Tanzania's decentralization agenda.

Table 4. *ICT Infrastructure.*

Types of facilities	Required	Available	Deficit
Computer	36	24 (66.75%)	12 (33.25%)

Types of facilities	Required	Available	Deficit
Office telephone	23	18 (78.30%)	5 (21.70%)
POS Machines	25	15 (60.00%)	10 (40.00%)
Total	84	57 (67.90%)	18 (21.40%)

3.3.3. Managerial Capacity

Managerial capacity appears to be a significant yet underreported constraint on Mwanza City Council's financial performance. While formal mechanisms such as annual revenue enhancement plans are in place, their limited impact suggests gaps in strategic oversight and follow-through. One departmental officer noted, *"We draft these plans every year, but there is no regular follow-up or evaluation to check what is working and what is not."* Similarly, a revenue supervisor stated, *"Most of the time, we focus on routine tasks, but there is no clear direction or feedback from leadership on how to improve revenue collection."* These insights reflect weaknesses in performance monitoring, adaptive planning, and inter-departmental coordination—core managerial functions necessary for efficient revenue administration. This finding aligns with broader assessments by the United Nations Capital Development Fund [17, 22] which highlight that while many Tanzanian LGAs have technical systems and trained personnel in place, poor managerial leadership, fragmented responsibilities, and weak accountability structures continue to undermine local fiscal performance.

4. Conclusion

This study examined revenue collection trends and the institutional factors influencing financial performance at Mwanza City Council. The analysis of data from 2012 to 2022 revealed a generally improving but inconsistent pattern in revenue collection, with performance ranging from 79.5 percent to 96.1 percent of annual targets. Despite receiving clean audit opinions for three consecutive years, the council continues to face persistent structural and operational challenges. These include a shortage of qualified financial staff, outdated bylaws, limited ICT infrastructure, and weak managerial oversight. Qualitative findings further revealed a lack of follow-up on strategic plans, unclear accountability mechanisms, and insufficient coordination across departments. These issues collectively hinder the council's ability to meet its revenue targets consistently and to fully realize the benefits of fiscal decentralization.

5. Recommendations

To improve financial performance, the council should prioritize legal, administrative, and technological reforms. First, local revenue bylaws must be reviewed and updated to reflect current economic realities. Second, investments in ICT infrastructure should focus on expanding the use of digital payment systems and improving data management tools. Third, capacity-building initiatives are needed to address staffing shortages and upgrade the qualifications of financial personnel. Finally, the council should adopt a more results-oriented management approach by institutionalizing regular performance evaluations and accountability frameworks. Addressing these areas will help strengthen Mwanza City Council's revenue systems and enhance its overall financial sustainability, thereby contributing to more effective local governance and improved service delivery.

Abbreviations

CAG	Controller and Auditor General
CPA	Certified Public Accountant
GIS	Geographic Information Systems
ICT	Information and Communication Technology
LGAs	Local Government Authorities
LREP	Local Revenue Enhancement Plan
NBS	National Bureau of Statistics
POS	Point-of-Sale
TRA	Tanzania Revenue Authority
URT	United Republic of Tanzania

Conflicts of Interest

The authors declare no conflicts of interest.

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