Managing revenue collection outsourcing in Tanzania's local government authorities: a case study of Iringa Municipal Council

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Abstract

Due to their critical role in development and governance, local governments need adequate financial resources to deliver the many developmental functions. However, such financial resources are either not available or inadequate. One way of rising to this challenge has been scaling up revenue collection from local revenue sources. This is done through either in-house collection or outsourcing revenue collection. Extant research has focused on the benefits and challenges of outsourcing. This paper expands this body of knowledge by studying how local governments manage private collectors to maximise benefits of outsourcing. From interviews conducted with Iringa Municipality officials and staff, the paper shows that revenue collection outsourcing can be an effective tax administration strategy if properly managed.