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Effectiveness of Own-Source Revenue Generation at 22 Local Councils in Sierra Leone as a Driver of Local Development

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Abstract
Sierra Leone operates as a constitutional republic with a separation of powers among the executive, legislature, and judiciary. Local governance is managed through 22 local councils, consisting of six city councils, one municipal council, and 15 district councils. While there is no specific constitutional provision for local government, the Local Government Act of 2004 serves as the primary legal framework. The Ministry of Local Government and Rural Development is responsible for implementing decentralization and local governance reforms. Local councils are empowered to raise revenue through taxes, property rates, licenses, fees, charges, and mining revenues, while also receiving transfers from the national government in the form of grants for administrative functions, devolved services, and development initiatives. This study evaluates the effectiveness of own-source revenue generation across nine local councils: Port Loko City Council, Freetown City Council, Kenema City Council, Makeni City Council, Port Loko District Council, Western Area Rural District Council, Kambia District Council, Kailahun District Council, and Bombali District Council. The research focuses on nine key revenue streams common to these councils. The study reveals that while some local councils have effectively generated revenue from certain streams, others have struggled due to limitations in capacity and technical expertise. The nine revenue sources, including business licenses, property rates, and surface rent, are key but inconsistently effective across the councils. As a result, local councils are unable to leverage revenue generation fully to drive development in their communities. The study concludes that the ineffectiveness of own-source revenue generation, driven by systemic issues such as lack of capacity, insufficient technical know-how, and poor mobilization strategies, hampers local development. These challenges are prevalent across all councils included in the study.

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Introduction
Prior to the establishment of local governance and decentralization in Sierra Leone, the central government was solely responsible for generating revenue from various sources across the

country, using these funds to finance national development. In recent years, the concept of decentralization and local governance has gained significant traction in many developing countries as global democracy continues to advance. The establishment of local governance has provided opportunities for citizens, stakeholders, and political processes to enhance autonomy, particularly in areas like financial and developmental authority, enabling local authorities to contribute more directly to their regions' development (Sam, 2019). The decentralization process in Sierra Leone, as outlined in the constitution, mandates the creation of a system of local government that decentralizes its administrative structures. The Local Government Act of 2004 (Part 2, Section 2) established city and district councils as the highest administrative bodies within their respective localities. These councils are primarily responsible for driving local development, with significant autonomy and minimal interference from the central government, which only supervises their activities (Sam, 2019). However, certain functions, known as devolved sectors, remain under the control of the central government. For example, electricity is not a devolved function, so local councils do not have the authority to manage electricity distribution within their jurisdictions (Wonnawon, 2021).

Local governments in Sierra Leone, like those in many regions, face significant challenges in generating sufficient revenue to fund their activities and development projects. A study by Brown, Ofosuhene, and Akenten (2019) highlights the administrative and political obstacles faced by local governments in Africa, particularly in Ghana. These challenges include difficulties in revenue mobilization and the underutilization of potential new revenue sources. Despite the growing need for revenue to meet the demands of expanding populations, local governments often struggle to generate enough income to provide essential services. This issue is not unique to Ghana, as other countries also encounter similar constraints in local revenue collection. In the Philippines, Pescador and Caelian (2022) identify parallel challenges in implementing effective revenue generation programs. Their study reveals that, while collection strategies are generally effective, issues such as limited resources for tax assessors and treasurers hinder optimal performance. The introduction of electronic payment systems has emerged as a best practice, improving efficiency and reducing the burden on manual processes. This aligns with findings from Oloyede and Funmilayo (2022) in Nigeria, who advocate for electronic tax collection systems. Their research indicates that electronic taxation reduces errors and fraud, boosting overall revenue generation and helping to modernize tax systems in developing countries. In some areas, particularly rural regions, local governments struggle with limited taxing powers, which restrict their ability to generate adequate revenue. A study by Saptono, Khozen, and Hodžić (2023) on local taxation in Indonesia shows that the rise of the digital economy has complicated tax collection efforts. Digital platforms, while offering new services like food delivery and entertainment, often bypass local tax systems, leading to revenue leakage. Additionally, unclear tax-sharing arrangements between central and local governments further hinder effective local revenue generation. In Nigeria, Amin et al. (2020) focus on the Asa local government area, where declining revenue generation has led to budget deficits and inadequate community development. The study identifies weak enforcement of tax policies, tax evasion, and corruption as major contributors to financial challenges faced by local councils. These issues are similar to those observed in Sierra Leone, where limited political autonomy and insufficient internal revenue generation capacity hinder local councils' ability to fund development (Sheriff & Gbenday, 2022). Additionally, local governments' reliance on transfers from higher levels of government often diminishes their financial autonomy. This is particularly evident in Sierra Leone's property tax reform, as discussed by Jibao and Prichard (2014). While central and international government support is vital, successful reform requires strong local leadership and political will. Similarly, Workman (2011) observes that the success of public goods provision in Sierra Leone relies on effective collaboration between local councils and community-based organizations. This suggests that enhanced revenue generation can be facilitated by fostering strong, reciprocal relationships between local governments and these organizations. These studies illustrate the multifaceted challenges faced by local governments in generating sufficient revenue. From administrative and political barriers to issues arising from digitalization and limited local autonomy, addressing these challenges requires a combination of improved governance, innovative collection strategies, and political reforms that empower local governments.

Sierra Leone's local government operates in a single tier, consisting of 15 district councils and seven city councils. All 22 local councils are governed by the Local Government Act of 2004, which grants them legislative, financial, and administrative powers. The Act (Part 5, Section 20, Subsections 1 and 2a-k) outlines the functions of local governments, stating that local councils are responsible for the development of their districts and cities, including the preparation and submission of development plans and budgets aligned with national development priorities. Furthermore, local councils are tasked with formulating and implementing development plans and strategies for mobilizing local revenue to ensure sustainable resource allocation for regional development. To enable local councils to fulfill their primary responsibility of local development, the central government transfers funds to them on a quarterly basis. These funds are then allocated to various devolved sectors. The Local Government Finance Committee (LGFC) was constitutionally established to ensure a sound financial base for each local government agency, providing reliable revenue sources. However, the LGFC's role in addressing challenges faced by councils in their development efforts remains crucial. One of the ongoing issues is the delayed disbursement of funds from the central government, which significantly impedes the progress of local development. In some cases, the funds allocated by the central government are insufficient compared to the development plans drafted by local councils. Due to the late and inadequate disbursement of funds, many local councils have established departments specifically dedicated to generating revenue within their regions. Led by a valuator, these departments are tasked with identifying and mobilizing revenue from local sources, reducing reliance on central government transfers. Both local councils and external partners, including the European Union, World Bank, China Aid, and USAID, view revenue generation as a key driver of local development. To support this, donor partners have funded projects aimed at strengthening local councils' revenue generation capabilities. The central government has granted local councils the authority to generate revenue within the bounds of the law, recognizing the importance of local self-sufficiency. With plans to phase out the transfer of funds to local councils, this emphasis on own-source revenue generation is becoming increasingly critical.

Literature Review

The effectiveness of own-source revenue generation (OSR) in local councils is a critical factor in driving local development, particularly in low- and middle-income countries. This literature review examines key studies on local government revenue generation, highlighting challenges and best practices that can inform the assessment of OSR effectiveness in Sierra Leone's local councils. Several themes emerge from the literature, including administrative challenges, political constraints, the role of tax collection mechanisms, and the impact of electronic systems on improving revenue collection. These studies also underscore the importance of revenue generation in enabling local governments to meet the growing demands for public services and infrastructure development. A significant body of research has explored the constraints facing local governments in generating adequate revenue to fund development initiatives. Ato Brown et al. (2019) provide an insightful analysis of the challenges faced by local governments in Ghana, which is relevant to the context of Sierra Leone. They identify political interference, inadequate administrative structures, and the underutilization of available revenue sources as key obstacles to effective revenue generation. Despite efforts to implement various revenue instruments, the study concludes that local governments in Ghana, like in Sierra Leone, struggle to meet the demands of their growing populations due to insufficient revenue generation capabilities. The findings emphasize the need for enhanced administrative capacity and strategic use of untapped revenue sources. Similarly, the study by Amin et al. (2020) in the Asa Local Government Area of Kwara State, Nigeria, reveals that weak enforcement of tax policies, corruption, and inefficiency in tax collection are significant barriers to OSR generation. They argue that poor internal controls and inadequate staff training undermine the local councils' ability to generate sufficient funds for essential development activities, such as infrastructure improvement and service delivery. These findings highlight the importance of strengthening local tax collection systems and building the capacity of revenue personnel to improve OSR effectiveness. Several studies have explored how modernizing tax systems, particularly through electronic taxation (e-taxation), can enhance revenue collection and reduce corruption. Oloyede and Funmilayo (2022) investigated the role of electronic governance in improving tax collection in Nigeria. Their findings suggest that the adoption of e-taxation can significantly reduce errors in tax calculations, minimize fraud, and improve taxpayer compliance. This shift to digital platforms has the potential to streamline tax collection processes, thereby enhancing the overall effectiveness of OSR systems. Their research highlights the importance of adopting electronic systems in local councils, which could have similar benefits for Sierra Leone's councils, especially in addressing the challenges of revenue leakage and inefficiency.

Pescador and Caelian (2022) further support this argument, noting that e-payment systems not only increase efficiency but also enable better tracking of tax revenues, making it easier for local councils to identify and address compliance issues. As Sierra Leone's local councils face challenges in revenue generation, adopting electronic payment systems could enhance their ability to collect taxes more effectively, thus supporting local development. Saptono et al. (2023) examine the challenges faced by local governments in taxing the digital economy, specifically focusing on Indonesia. With the rise of digital platforms for services like online food delivery and entertainment, local governments have found it increasingly difficult to capture tax revenues from these sectors. The study reveals that the lack of clear tax-sharing arrangements between central and local governments leads to revenue leakage. This issue is particularly relevant for Sierra Leone, where digital services are becoming more widespread, and local councils may face similar difficulties in capturing taxes from digital transactions. The study underscores the importance of clarifying tax rights and responsibilities between different levels of government to ensure that local councils can effectively tax digital services and improve OSR generation. Political factors also play a critical role in shaping the revenue generation capacity of local councils. Jibao and Prichard (2014) investigated the property tax reforms in post-conflict Sierra Leone, highlighting the political economy of local government finance. They argue that the success of local revenue reforms is highly dependent on local political leadership and the alignment between local and central governments. In the context of Sierra Leone, strong local political leadership is crucial for overcoming resistance to tax reforms and ensuring that revenue generated locally is effectively allocated to community development projects. Workman (2011) further emphasizes the role of local political dynamics in shaping the effectiveness of local governance. His study on the co-production of public goods in Makeni City Council demonstrates that successful public goods provision, including revenue generation, relies on active collaboration between local councils and community-based organizations. This highlights the potential for local councils in Sierra Leone to leverage existing community networks to improve revenue collection and enhance local development.

Effective personnel management is another essential element for successful OSR generation. James Dauda (2019) explored the importance of personnel management in local government performance in Sierra Leone, emphasizing the need for well-trained and qualified staff to drive sustainable local development. In Sierra Leone's local councils, strengthening personnel capacity in revenue collection is critical to ensuring that tax policies are implemented effectively and that revenue collection mechanisms are both efficient and transparent. Sheriff and Gbenday (2022) assessed the role of management control procedures in reducing fraudulent activities in Sierra Leone's local councils. Their study found that effective control systems can help minimize revenue leakage and improve overall financial management. By adopting sound internal controls, local councils can enhance their ability to manage and allocate OSR efficiently, ensuring that funds are directed towards development projects that benefit local communities.

The literature reviewed demonstrates that effective OSR generation at the local government level is essential for driving local development, particularly in Sierra Leone. The key challenges facing local councils include administrative inefficiencies, weak enforcement of tax policies, political constraints, and inadequate capacity of revenue personnel. The adoption of electronic taxation, the clarification of tax-sharing arrangements, and the strengthening of management control systems are crucial steps in overcoming these challenges. Moreover, political leadership and personnel management are vital to ensuring that revenue generation is aligned with local development goals. This study will build on these insights to assess the effectiveness of OSR generation in Sierra Leone’s 22 local councils and explore how it can be leveraged as a driver of sustainable local development.

Before the establishment of the National Revenue Authority (NRA), Sierra Leone's revenue collection stood at a modest 20%. The creation of the NRA, along with the introduction of new tax laws, was intended to significantly improve the country's revenue collection. In response to the economic challenges the country faced, the government of Sierra Leone, under the leadership of President Ahmed Tejan Kabbah, established the NRA through an Act of Parliament. The purpose of the NRA, as outlined in Section 12 of the NRA Act of 2002, was to "formulate and implement plans for developing and maintaining an effective, fair, and efficient revenue collection system," among other responsibilities. This led to the merger of the Income Tax Department and the Customs and Excise Department into a single, centralized entity known as the National Revenue Authority. According to Section 27 of the NRA Act, all revenue collected by the authority is required to be placed into the Consolidated Revenue Fund. At the height of Sierra Leone's civil war, the country became heavily reliant on foreign aid, with up to 60% of its national revenue coming from donor partners. However, the establishment of the NRA in 2003 marked a significant shift in this dependency. By 2009, this reliance on external support had decreased to 40%, with the remaining 60% of the national revenue being generated domestically through the NRA's efforts. This achievement in boosting revenue collection has been one of the NRA's most notable successes since its inception (Pa Baimba Sesay).

Own Source Revenue Generation

Revenue refers to the inflows of assets or enhancements of an organization's resources resulting from its core operational activities, such as the production and sale of goods and services. According to Pany (2004), revenue is the monetary increase in an organization's asset values, driven by the physical events of production or sales. Rittenberg and Schwieger (2005) further define revenue as the inflows of assets or the settlement of liabilities during a specific period, originating from activities that are central to the organization's ongoing operations. This includes revenue generated through the delivery or production of goods and services. In the context of organizational performance, revenue generation is reflected in the accumulation of assets, the wealth created, and the quality of services delivered, as measured by customer satisfaction and the frequency of customer complaints (Kloot, 1999). To achieve optimal revenue generation, organizations must focus on understanding and addressing the needs of customers and stakeholders. Continuous improvement in revenue generation strategies is essential, supported by an effective internal control system. This system should be integrated into the organization's infrastructure, ensuring ongoing performance enhancements as part of its competitive advantage. Awitta (2010) defines revenue collection as the amount of money a company receives during a specific period, often referred to as "top line" or "gross income," from which costs are subtracted to determine net income. Revenue collection is derived from an organization's regular business activities, typically the sale of goods and services. In some cases, revenue may also be generated from interest, dividends, or royalties paid by other entities. According to the Financial Accounting Standards Board (FASB) Concept Statement 6 (1985), revenue is described as the inflows of assets or settlements of liabilities during a period from delivering goods, providing services, or other activities central to the entity’s operations.

In the case of Sierra Leone's National Revenue Authority (NRA), revenue is understood to encompass taxes, duties, fees, levies, charges, penalties, fines, and other monies collected under the written laws set out in the First Schedule. The effectiveness of internal control systems is crucial in the management of revenue collection, as it helps prevent revenue leakages. Many researchers have overlooked the relationship between internal control and revenue collection, but this study aims to shed light on how internal controls impact revenue mobilization. The findings will be valuable for both the government and the NRA in addressing revenue challenges and developing policy solutions. As noted by Julius (2008), effective revenue generation methods should ideally eliminate any direct relationship between internal control and revenue mobilization. In other words, internal controls become relevant only after the revenue has been generated, and their primary function is to regulate the outflow of funds through robust control mechanisms. The Local Government Act of 2004 grants local councils the authority to identify, mobilize, and generate revenue from a variety of sources, including local taxes, property rates, business licenses, sand mining, fees, and charges, as well as mining revenue, interest, and dividends. Own-source revenue is the revenue generated within the operations of local councils, and effective management of this revenue has contributed to better service delivery in many councils. The implementation of efficient revenue generation systems has proven essential for the success of local governments in Sierra Leone, demonstrating the link between strong revenue mobilization and improved public services.

Council operations

Sierra Leone is home to 22 local councils, which include six city councils, one municipal council in urban areas, and 15 district councils primarily serving rural areas. According to the Local Government Act of 2004, local councils are required to establish several committees, such as the Budgeting and Finance Committee, the Development Planning Committee, and the Local Technical Planning Committee. These committees are responsible for overseeing the preparation and review of the local development plans. Additionally, the Act grants councils the discretion to establish other committees, which may also co-opt non-voting members (Maligie, 2004). Local councils are composed of elected representatives, with each district council electing councilors on a single-member-per-ward basis, with the number of wards in each council ranging from 18 to 29. Freetown City Council, which has 48 wards, follows the same system. Other city and municipal councils have multi-member wards. Notably, paramount chiefs cannot stand for election as councilors. In councils located in regions with a paramount chieftaincy system (specifically the four provinces), paramount chiefs select between one and three of their peers to represent their interests on the local council. Elected councilors and paramount chief councilors serve a four-year term. The political leadership of each council is headed by a mayor (in city councils) or a chairperson (in district councils). The 2008 local government elections introduced direct elections for mayors and chairpersons, with these officials serving a four-year term and being eligible for re-election once. The deputy mayor or chairperson is elected by councilors from among their number. Councils operate through two wings of leadership: the administrative wing, headed by the Chief Administrator, and the political wing, led by the mayor (in city councils) or the chairperson (in district councils).

The structure and operations of local councils in Sierra Leone reflect a complex governance framework that requires effective management and peacebuilding strategies. This is particularly relevant in post-conflict settings, where the rebuilding of local institutions is crucial to long-term stability. As noted by Melnychenko (2022), the UN's involvement in post-conflict peacebuilding plays a significant role in shaping institutional recovery. Sierra Leone's recovery, following its civil war, benefited from peacebuilding initiatives, which included enhancing local governance systems and integrating democratic processes at the local level. The Local Government Act's provisions for elected representation and the delegation of powers to local councils reflect a broader strategy of devolving authority and empowering local actors to participate in governance. This decentralization approach, while important for local development, is also instrumental in fostering peace and security in the region. Similarly, the experience of Sierra Leone in receiving support from the UN, as outlined by Sloan (2011), underscores the challenges and opportunities that arise in post-conflict environments, where peacebuilding operations are key to restoring order and stability. The dual role of local councils as both governance bodies and key agents of peace and development highlights the need for well-functioning internal structures and strategic policy decisions to drive sustainable development. Through their authority to generate revenue, manage resources, and oversee local development plans, councils not only contribute to the country's economic recovery but also play a crucial role in maintaining social cohesion and peace. The establishment of robust internal governance systems, coupled with international support for peacebuilding, provides a foundation for Sierra Leone's councils to effectively serve their communities, ensuring that the lessons learned from the country's turbulent history guide their future operations.

Effectiveness of own source generation at local councils

The Longman Dictionary of Contemporary English (1995) defines revenue as the money that a business or organization receives over a period, particularly from the sale of goods or services. It also refers to the money that a government collects from taxes. Fayemi (2001) further expands this definition, describing revenue as all forms of income—such as taxes, fees, duties, fines, penalties, and other receipts from various sources—that a government collects over a specified period, typically one year or six months. In local government, revenue generation primarily comes from taxes, which are compulsory levies imposed by the government on individuals and businesses to fund the State's various legitimate functions (Olaoye, 2008). Taxes are charged on property, individuals, or transactions to raise funds for public purposes. However, this definition may not fully capture the broader social and religious duties associated with taxation. As Agbetunde (2004) suggests, taxation is not only a civic responsibility but also a religious duty, as it aligns with the teachings of Christianity, Islam, and other world religions. Over time, local councils have recognized own-source revenue generation as a critical tool for promoting development within their communities. While all local councils share common sources of own-source revenue, some councils have more robust revenue streams than others. Local councils prioritize generating revenue from within their areas because it enables them to fund development projects and improve infrastructure. However, it is evident that some councils face challenges in emphasizing revenue generation, particularly due to limited revenue sources within their jurisdictions. To overcome these challenges, councils often seek support from donor partners such as the European Union and the World Bank, who assist in building the capacity of staff and implementing effective revenue-generation strategies. Own-source revenue generation tends to be more effective in urban city councils and district councils, particularly those where mining activities take place, as these councils can collect royalties from mining companies.

The Efficiency Theory;

The Efficiency Theory, which originates from studies in cognitive and neural functioning, suggests that individuals who perform well on specific tasks require less mental or neural effort compared to those who struggle with the same tasks. For example, in the context of sports, Smith et al. (2001) applied this theory to volleyball players and discovered that those with higher levels of trait anxiety exerted more mental effort during competitive play, despite achieving similar performance levels as less anxious players. This finding highlights that efficient performance is closely linked to minimizing unnecessary cognitive load, particularly under stressful conditions. Extending this theory to personality psychology, Knyazev et al. (2015) found that individuals with certain traits, such as extraversion or psychoticism, showed distinct patterns of neural efficiency during decision-making, indicating that habitual behaviors linked to personality may require less brain activity. Beyond psychology, the Efficiency Theory has been applied to fields like economic growth. Urdaneta-Montiel et al. (2021) examined the dynamic efficiency theory and found that economic growth and competitiveness are directly tied to the efficient use of resources and innovation. In service management, Teng and Liu (2014) discovered that traits like conscientiousness and emotional stability affect service quality by influencing how efficiently service personnel perform their tasks. Overall, the Efficiency Theory provides a useful framework for understanding how individuals, systems, and economies can optimize performance by reducing unnecessary effort and enhancing productivity. This study also draws on the postulates of the Efficiency Theory, particularly its application to local government systems. At the heart of this theory is the idea that local governments exist primarily to provide essential social services—such as law and order, local roads, primary education, and sanitation—efficiently. According to William Machenzie (1954), as cited in Adeyemo (2010), the primary role of local governments is to ensure that service delivery consumes the necessary resources, power, and time effectively. Kafle and Karkee (2003) further emphasize that the core argument of the efficient-service delivery school is that local government is fundamentally responsible for ensuring the effective provision of services to the public.

The problems for ineffective revenue generation For Local Councils in Sierra Leone

1. **Lack of Fiscal Sustainability and Economic Mismanagement**: Despite the significant increase in revenue available to local councils in Sierra Leone, the country's economic development, as reflected in its GDP, remains disproportionately low compared to the services that local councils are expected to deliver. This gap in fiscal sustainability highlights the ongoing challenges in managing and utilizing available resources effectively, hindering local governments from meeting the basic needs of their communities.
2. **Corruption and Lack of Monitoring and Evaluation**: Corruption is arguably one of the most critical factors undermining the effectiveness of local councils in Sierra Leone. Both central and local governments suffer from the mismanagement of public funds, where money intended for development projects is embezzled for personal gain. The lack of a robust monitoring and evaluation system further exacerbates this issue, as funds allocated for public service delivery are not properly tracked or audited, leading to widespread inefficiency and wastage in revenue generation.
3. **Lack of Transparency and Accountability**: Transparency and accountability are fundamental to effective revenue generation. However, in Sierra Leone, local councils often fail to demonstrate transparency in how revenue is collected, managed, and allocated. This lack of clarity fosters a distrust among the public, who are hesitant to pay taxes or fees, believing that the revenue collected will not be used appropriately or for the intended purposes. This resistance further hampers local councils' ability to generate sufficient revenue.
4. **Lack of Skills and Strategies for Effective Revenue Generation**: Many local councils in Sierra Leone lack the technical skills and strategies necessary to effectively identify, mobilize, and generate revenue from local sources. This inability to explore and capitalize on potential revenue streams has contributed significantly to the inefficiency of revenue generation at the local level. While some councils have received support from donor partners to improve their revenue-generating capabilities, such as through the cadre system, the overall impact has been limited. Councils like Port Loko City Council, Kenema City Council, Port Loko District Council, and Kailahun District Council have benefited from such initiatives, but these efforts are often not widespread or sustained across all regions. As a result, many local councils continue to struggle with inadequate revenue generation systems.

Research Methodology

This study employs a descriptive analysis to evaluate the effectiveness of own-source revenue generation across the 22 local councils in Sierra Leone, with a particular focus on its potential role in fostering local development. The research integrates both primary and secondary data, including field data collected from local councils and secondary data derived from published research articles and reports. The methodology applied is Rapid Evidence Assessment (REA), a streamlined and focused approach that offers a concise, precise, and accurate review of relevant literature. Unlike traditional systematic literature reviews, which involve an elaborate and time-consuming process (Beebe, 2008), the REA allows for a quicker yet thorough examination of the evidence base, facilitating the generation of actionable conclusions in a shorter time frame. In addition to the REA, this study employs both qualitative and quantitative methods to provide a comprehensive analysis of the challenges and opportunities faced by local councils in Sierra Leone regarding revenue generation. The qualitative analysis includes thematic identification of key barriers, strategies, and local contexts, while the quantitative analysis focuses on measuring the effectiveness of various revenue streams across different councils.

The research adopts a random sampling technique, ensuring a broad and unbiased selection of councils. This method was chosen to ensure that a diverse range of councils, both urban and rural, were included in the study, reducing the potential for selection bias. Specifically, the study includes three (3) city councils and six (6) district councils, offering a balanced representation of local councils across Sierra Leone's diverse regions. This combination of qualitative and quantitative methods, along with a robust sampling strategy, provides a solid framework for evaluating the effectiveness of own-source revenue generation at the local council level.

Revenue Streams Assessed
The study assesses the effectiveness of various revenue streams in each council. The following is a brief overview of the main revenue sources analyzed for each council (presented in table 1):

Table 1: Effectiveness of Own-Source Revenue Streams across Selected Local Councils in Sierra Leone

PLCC	Business Licenses (1)	Business Registration (2)	Property Tax (1)	Surface Rent (1)	Marriage Certificate (1)	-	-	-	-
PLDC	Business Licenses (2)	Business Registration (2)	Property Tax (2)	Surface Rent (2)	Marriage Certificate (1)	Quarries (1)	Cattle Ranches (1)	Hall Rental (2)	Sand Mining C1)
FCC	Business Licenses (2)	Business Registration (2)	Property Tax (2)	-	Marriage Certificate (2)	-	-	Hall Rental (2)	1
KCC	Business Licenses (2)	Business Registration (2)	Property Tax (2)	-	Marriage Certificate (2)	Quarries (1)	-	Hall Rental (2)	Sand Mining C1)
KDC	Business Licenses (2)	Business Registration (2)	Property Tax (1)	-	Marriage Certificate (1)	Quarries (1)	Cattle Ranches (2)	Hall Rental (1)	Sand Mining C2)
KLDC	Business Licenses (2)	Business Registration (2	Property Tax (1)	-	Marriage Certificate (1)	Quarries (1)	Cattle Ranches (2)	Hall Rental (1)	Sand Mining C1)
MCC	Business Licenses (2)	Business Registration (2	Property Tax (2)	-	Marriage Certificate (2)	-	-	Hall Rental (1)	Sand Mining C1)
BDC	Business Licenses (2)	Business Registration (2	Property Tax (1)	Surface Rent (1)	Marriage Certificate (1)	Quarries (1)	Cattle Ranches (2)	Hall Rental (2)	Sand Mining C1)
WARDC	Business Licenses (2)	Business Registration (2	Property Tax (2)	-	Marriage Certificate (2)	Quarries (2)	-	Hall Rental (2)	Sand Mining C2

The effectiveness of each revenue stream was assessed by examining the revenues generated from each source, considering both the technical and logistical challenges faced by each council in managing these streams. This also involved identifying the councils that were able to maximize the potential of each revenue stream and those that faced barriers such as inadequate capacity, resistance to tax payments, and limited resources for proper revenue collection.

Sampling Strategy and Council Selection

The selection of councils was based on random sampling to ensure a representative sample across the different regions of Sierra Leone. By including both city councils (urban areas) and district councils (rural areas), the study aims to capture a broad spectrum of experiences and challenges related to revenue generation at the local government level. The councils included in the study are:

- City Councils: Freetown City Council (FCC), Port Loko City Council (PLCC), Kenema City Council (KCC)
- District Councils: Port Loko District Council (PLDC), Kailahun District Council (KLDC), Kambia District Council (KDC), Bombali District Council (BDC), Western Area Rural District Council (WARDC), Makeni City Council (MCC)

This approach enables the analysis to be more comprehensive, considering both urban and rural contexts, which may have different challenges and opportunities for revenue generation.

Data Collection and Analysis

The research team collected both primary data through fieldwork (interviews, surveys, and direct observations) and secondary data from published reports and existing literature on local government finances in Sierra Leone. Data collected from local councils included information on the actual revenue generated from each of the nine key revenue streams, as well as insights into the operational challenges and effectiveness of each stream. The qualitative data were analyzed through content analysis to identify common themes and issues related to the barriers and opportunities for effective revenue generation. Meanwhile, quantitative data were analyzed using basic statistical techniques to assess the proportion of revenue generated from each source and to identify patterns across the councils. This mixed-method approach, combining both qualitative and quantitative data, provides a rich and nuanced understanding of the state of revenue generation in Sierra Leone’s local councils, offering valuable insights into potential strategies for improvement.

Data Analysis by Local Councils

1. Port Loko City Council: Port Loko City Council, located in the north-western region of Sierra Leone, was established in 2017, along with Karene District Council and Falaba District Council. As a relatively new council, Port Loko has made initial strides in revenue generation. However, challenges persist, particularly in terms of capacity and technical know-how for identifying, mobilizing, and efficiently generating revenue. Among the nine revenue streams examined, only one — business registration — has been found to be effective. Despite having several potential sources of revenue, the limited success in these areas makes it difficult to generate sufficient funds for development. Furthermore, there is resistance from the local population regarding tax payment, which hinders overall revenue generation. In conclusion, own-source revenue generation in Port Loko City Council is currently ineffective.

2. Port Loko District Council: Situated in the north-western region, Port Loko District Council operates primarily in Port Loko City. It is one of Sierra Leone's more effective councils in terms of revenue generation. Among the nine revenue streams under review, Port Loko District Council has effectively harnessed revenue from five key sources: Business License, Business Registration, Surface Rent, Property Tax, and Hall Rental. Significant contributions come from surface rent, particularly from mining companies, and business licenses collected from major towns such as Lungi, Lunsar, and Masiaka. These revenue streams have proven essential for funding the district’s development projects.

3. Kambia District Council: Kambia District, located in the north-western part of Sierra Leone, shows limited effectiveness in its revenue generation efforts. Of the nine revenue sources examined, only four are effectively utilized: Business License, Business Registration, Cattle

Ranches, and Sand Mining. The most substantial revenue source is Business License fees, but overall, the district's ability to generate sufficient revenue for development remains constrained.

4. Kailahun District Council: Kailahun District, situated in the eastern part of Sierra Leone, also faces significant challenges in revenue generation. Among the nine revenue streams assessed, only two are effective: Business License and Business Registration. This limited success means the council struggles to generate the funds necessary for development and lacks the diversity in revenue sources that could support sustained growth.

5. Bombali District Council: Bombali District Council, based in Makeni City in the north-eastern part of Sierra Leone, has a relatively diverse range of potential revenue sources. However, the effectiveness of these sources is limited. Effective revenue streams include Business License, Business Registration, Cattle Ranches, and Quarries. While property rates have potential to generate significant funds, disputes with Makeni City Council over boundary delimitation have created challenges in fully exploiting this revenue source.

6. Western Area Rural District Council: Located in the rural part of the Western Area, specifically in Waterloo, the Western Area Rural District Council stands out as one of the more effective councils in Sierra Leone in terms of revenue generation. Among the nine revenue streams analyzed, seven have proven effective. The major sources of revenue are Business Licenses and Property Taxes, which contribute significantly to the council's finances and its ability to implement development projects.

7. Freetown City Council: As the capital city of Sierra Leone, Freetown City Council is the largest and most financially robust council in the country. Hosting most government offices and major businesses, Freetown benefits from a diverse range of revenue sources. Among the nine revenue streams reviewed, five are effective, with the most significant contributions coming from Business Licenses, Business Registration, and Property Rates. These sources enable Freetown to support a wide array of development initiatives.

8. Kenema City Council: Kenema, the third-largest city in Sierra Leone, is located in the eastern region of the country. The city hosts a variety of businesses and benefits from its proximity to Bo City. Among the nine revenue sources assessed, five are effectively utilized, with Business Licenses and Property Rates being the most significant. These revenue streams have been critical for funding the city's development activities.

9. Makeni City Council: Makeni City Council, located in the north-eastern part of Sierra Leone, has faced challenges regarding property tax and business license revenue generation, primarily due to ongoing disputes with Bombali District Council over boundary delimitation. Of the nine revenue streams reviewed, four have been found to generate revenue effectively. Property Rates and Business Licenses are the primary sources of revenue for the council, although the boundary issues have limited the potential for additional revenue generation.

Applications

The findings of this study have several important applications that can help enhance the effectiveness of own-source revenue (OSR) generation in Sierra Leone's local councils, guiding both policy development and practical interventions at the local level. First, policymakers can utilize the study to inform the design of targeted reforms that address the inefficiencies identified in the current revenue systems. By focusing on optimizing successful revenue streams such as business licenses, property taxes, and mining-related revenues, the government can develop policies that strengthen local revenue generation and reduce dependency on central government funding. Additionally, the study highlights key areas where local councils face challenges, such as corruption, boundary disputes, and lack of transparency, which could inform future policy interventions aimed at improving governance and accountability in the local revenue systems.

The study also provides a clear indication of the need for capacity-building programs for local government officials. Strengthening the technical skills of local council staff in areas like revenue mobilization, financial management, and public administration is crucial for improving the efficiency of OSR systems. Training programs designed to address these gaps could enhance the ability of local governments to identify and harness additional sources of revenue, ultimately improving their financial sustainability. Furthermore, the study's findings stress the importance of community engagement and public awareness in fostering trust and encouraging tax compliance. Local councils can apply this by developing more effective public education campaigns that inform citizens about the importance of tax payments and how these funds contribute to local development.

International donors and development partners can also apply the study's insights to design more targeted interventions aimed at supporting local councils in Sierra Leone. The study identifies specific challenges, such as limited administrative capacity and insufficient monitoring systems, where donor assistance could be particularly valuable. By providing technical support in these areas, donors can help local governments improve their revenue generation and financial management. In addition, the study can inform the development of more effective monitoring and evaluation (M&E) frameworks. Local councils could implement regular audits and performance assessments based on the study's recommendations to track the success of their revenue generation strategies and ensure that funds are being utilized effectively.

For future research, this study lays the groundwork for further exploration of local government finance in Sierra Leone. Researchers can build on the findings by conducting more in-depth case studies of successful revenue generation in specific councils or regions, which could offer valuable lessons for other local governments. Additionally, future studies could evaluate the impact of specific interventions, such as the introduction of technology in revenue collection or anti-corruption measures, to measure their effectiveness in improving revenue generation. Lastly, the study provides guidance for strategic planning at the local level. Local councils can use its findings to develop long-term development plans that prioritize revenue diversification and target sectors with strong revenue potential, ensuring a more sustainable and resilient local economy. Moreover, the applications of this study are far-reaching, offering practical recommendations for local councils, policymakers, donors, and researchers alike. By implementing the study's findings, Sierra Leone's local governments can enhance their revenue generation capabilities, improve service delivery, and foster sustainable development in their communities.

Conclusion

This study has provided a comprehensive assessment of the effectiveness of own-source revenue (OSR) generation across the local councils of Sierra Leone, with a focus on identifying the challenges and opportunities that shape local government finance in the country. By examining the revenue streams of nine selected councils, including both urban and rural councils, the research has revealed significant variations in the effectiveness of revenue generation. The findings indicate that while some councils, particularly those located in urban areas or with mining activities, have been more successful in mobilizing revenue, others face considerable challenges. Key factors influencing the effectiveness of revenue generation include the capacity of local councils, resistance to tax payments from the population, and administrative inefficiencies. Councils such as Port Loko District Council and Western Area Rural District Council have demonstrated effective use of multiple revenue streams, particularly through business licenses, property taxes, and mining-related revenues. In contrast, councils such as Port Loko City Council and Kailahun District Council struggle with limited revenue generation due to lack of insufficient diversification of revenue sources.

The study also highlights broader systemic challenges, including corruption, lack of transparency, and boundary disputes, which hinder the optimal utilization of available revenue streams. These challenges are compounded by the limited capacity of local councils to manage and mobilize revenues effectively. Despite the evident challenges, the study underscores the critical role of local councils in driving community development and the importance of enhancing their revenue-generation capacities. The findings suggest several actionable recommendations for improving

OSR generation in Sierra Leone's local councils. These include building the technical capacity of local council staff, implementing stronger monitoring and evaluation systems, resolving disputes over local boundaries, and fostering greater public trust in the tax system. Moreover, ensuring that revenue collection processes are transparent and accountable is crucial for overcoming resistance to tax payments. Moreover, while Sierra Leone's local councils face significant obstacles in generating sufficient revenue for development, there are notable opportunities for improvement. Strengthening institutional frameworks, enhancing revenue diversification, and investing in capacity building are essential steps to ensure that local governments can fulfill their development mandates and contribute to the broader national economic growth. The study provides valuable insights for policymakers, local government officials, and development partners seeking to enhance the effectiveness of local government finance in Sierra Leone.

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