Silent Struggles of Revenue Collection in Busia County

[1]Feler Orido., [2]Dr Fred Gichana Atandi

[1]Department of Economics, Finance and Accounting, Kibabii University

[2]Kibabii University

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ABSTRACT

Revenue collection is crucial for financing county development, delivering public services, and promoting sustainable growth. In Busia County, however, this process encounters numerous challenges, including systemic inefficiencies, corruption, and a heavy reliance on cross-border trade. This paper explores the subtle yet widespread issues that obstruct effective revenue collection in Busia. It investigates the underlying causes—such as inadequate infrastructure, political indifference, revenue leakages, and a lack of stakeholder awareness—and their impact on economic performance. The study is grounded in public choice theory, institutional theory, and stakeholder theory. A desktop review research design was employed, involving 25 revenue officers from various departments, 20 traders from both formal and informal sectors, 10 political leaders and policymakers, and 15 residents from diverse socio-economic backgrounds, all selected through purposive sampling methods due to their daily engagement with financial matters. Secondary data were utilized. Interview and focus group discussion data were transcribed and thematically analyzed using a manual coding process to uncover recurring patterns and challenges. Observational data were categorized to assess operational inefficiencies and compliance gaps. Financial data were analyzed with statistical tools to evaluate revenue trends, shortfalls, and correlations among different variables. The automated revenue system decreased inconsistencies by 15%, yet issues such as unreliable internet and insufficient training continued to be a problem. Informal trade made up 40% of untaxed transactions, and 65% of traders indicated that they felt politically encouraged to evade taxes. Public trust was still lacking, with 58% expressing dissatisfaction with how tax funds were allocated. Furthermore, 43% of revenue officers encountered challenges in tax collection due to inadequate infrastructure. The study revealed that poor road networks, insufficient office facilities, and unreliable technological systems are significant obstacles. These infrastructural shortcomings impede revenue officers' ability to reach remote areas and effectively implement modern collection methods. Suggested solutions include aligning county laws with national policies, enhancing automation of revenue streams, and investing in staff capacity building. The study emphasizes the importance of exploring new revenue sources, including eco-tourism, improved management of border markets, and tapping into informal sectors like bodaboda operations. It also suggests decentralizing revenue collection to local municipalities and building public trust through transparent service delivery. By tackling these systemic issues, Busia County can enhance its revenue capabilities, lessen its reliance on national funding, and promote sustainable economic development. The recommended reforms aim to establish a transparent, fair, and efficient revenue collection system that caters to the needs of its varied population. This paper outlines a detailed plan for policymakers, prioritizing inclusivity, innovation, and accountability to ensure a lasting fiscal and social impact.

Key terms: Fiscal sustainability**,** Cross-border transaction**,** Service delivery

BACKGROUND OF THE STUDY

Revenue generation is crucial for county government operations, as it provides the necessary resources for delivering public services and fostering economic development. Worldwide, public revenue collection faces challenges that often arise from systemic issues like tax evasion, outdated technological infrastructure, and weak governance frameworks. In developing countries, where informal economies are prevalent, governments often find it difficult to balance revenue mobilization with citizen compliance due to limited resources and fragile institutional capacity (World Bank, 2022). Additionally, global economic shocks, such as changes in international trade and currency fluctuations, can significantly impact sub-national revenue collection, especially in areas that depend heavily on external trade.

In Sub-Saharan Africa, the region encounters specific obstacles in revenue mobilization. The African Union and OECD report that many African countries have tax-to-GDP ratios that fall below the global average, largely due to informal trade, corruption, and a lack of public trust in government institutions (OECD, 2022). Within the East African Community (EAC), while cross-border trade agreements aim to enhance regional integration, they can also complicate local revenue collection. For example, policies that encourage free trade may clash with local taxation systems, resulting in enforcement difficulties and revenue losses at border crossings.

In Kenya, the 2010 Constitution aimed to enhance devolved governance by empowering counties to generate their own local revenues. However, counties such as Busia have faced challenges in leveraging this autonomy. Positioned along the Kenya-Uganda border, Busia is heavily dependent on cross-border trade, making it vulnerable to external economic fluctuations. Economic changes in Uganda, including currency instability and trade barriers, have a direct effect on customs revenue and trade volumes at the border (UNCTAD, 2020).

On a local level, systemic and operational inefficiencies further hinder Busia’s ability to collect revenue. The informal trade, often referred to as "Magendo," thrives due to weak border controls and lax enforcement, leading to increased tax evasion and revenue losses. Additionally, political resistance to tax reforms, often driven by populist agendas, complicates policy enforcement. Local leaders may prioritize short-term voter satisfaction over long-term fiscal sustainability, resulting in ineffective revenue frameworks (Odhiambo, 2023).

Revenue generation is crucial for the functioning of county governments. In Kenya, devolved units depend on locally generated revenues to complement the funds received from the national government. For counties like Busia, which is strategically located at the border with Uganda, the potential for revenue collection is significant. Despite this advantage, Busia has struggled to achieve its revenue targets (Busia County Government, 2023). The county's location on the Kenya-Uganda border offers considerable opportunities for revenue generation through active cross-border trade, bustling local markets, and access to fishing resources in Lake Victoria. Nevertheless, Busia consistently falls short of its revenue goals. For example, in the financial year 2020/2021, the county managed to collect only 20% of its revenue target. This trend of underperformance has continued in subsequent years, with reports showing declining revenues despite efforts to implement reforms (KNBS, 2022). This trend not only restricts the county’s ability to provide public services but also diminishes public trust and compliance (Fjeldstad & Heggstad, 2012).

Several systemic and operational challenges have hindered revenue collection efforts in Busia. The county’s heavy dependence on cross-border trade makes it vulnerable to external economic shocks, such as fluctuations in Uganda's economy, which directly affect trade volumes and customs revenue (UNCTAD, 2020). Moreover, informal trade, commonly referred to as "Magendo," flourishes along porous borders, avoiding taxation and worsening revenue losses. Political issues, including local leaders' resistance to enforcing tax policies, further undermine the system, with some leaders openly opposing taxes to retain voter support (World Bank, 2021).

Infrastructure problems, such as poor road conditions, insufficient office facilities, and unreliable technological systems, exacerbate the county’s difficulties (Odhiambo & Wanjiru, 2022). The rollout of a digital revenue collection system aimed at modernizing processes has encountered numerous challenges, including limited network coverage, technical inefficiencies, and inadequate staff training. These issues have obstructed the system’s implementation, resulting in revenue leakages and inconsistencies in collections.

Busia also grapples with issues related to public awareness and trust. Many residents, especially those involved in subsistence farming or informal trading, view taxes as burdensome due to the absence of visible benefits from public services. For example, healthcare facilities often suffer from shortages of essential supplies, and poor road infrastructure hampers trade and mobility. These shortcomings discourage compliance, as residents struggle to see the connection between their taxes and improved services (Fjeldstad & Heggstad, 2012).

Despite facing numerous challenges, Busia County has significant untapped potential in revenue sources like tourism, sand mining, land rates, and fishing permits. Unfortunately, a lack of innovative strategies and weak enforcement has resulted in these opportunities being largely overlooked (KIPPRA, 2021). To tackle these issues, the county needs not only systemic reforms but also strategic investments in infrastructure, stakeholder engagement, and building public trust to create a sustainable revenue base.

The county's reliance on cross-border trade, coupled with political challenges, inadequate infrastructure, and tax evasion, creates a cycle of inefficiency and underperformance. These obstacles not only impede service delivery but also weaken the county's capacity to invest in long-term development (World Bank, 2021). The revenue shortfalls compel Busia to depend heavily on national government funding, which restricts its autonomy and stifles innovation. This article delves into the systemic and operational challenges that hinder revenue collection in Busia County. By examining these issues and their interrelated impacts, it aims to offer practical recommendations to bridge the identified gaps.

Problem Statement

Busia County faces significant challenges in revenue collection due to a mix of structural, operational, and policy-related issues. Key factors include a lack of political support, an over-dependence on a fragile cross-border economy, revenue leakages, and major infrastructural shortcomings. Furthermore, inefficiencies in policy execution and inadequate engagement with stakeholders worsen the situation, making it increasingly difficult to enhance revenue generation. These obstacles not only lead to lower revenue inflows but also diminish public trust and compliance, hindering the county's efforts to achieve sustainable economic growth and deliver quality services to its residents (Kimani et al., 2023). A major contributor to these problems is the revenue management system implemented by the county. Although this system was designed to modernize revenue collection and boost efficiency, it has encountered numerous challenges since its rollout. Technical issues, poor infrastructure, and insufficient training for county staff have all limited its effectiveness. Consequently, the system has significantly decreased the revenue collected, falling short of the county's expectations and financial targets (Mutua & Ochieng, 2024). Revenue generation is essential for county governments, as it allows them to provide vital public services such as healthcare, education, infrastructure development, and social welfare programs. In Kenya's devolved governance framework, counties like Busia are responsible for supplementing national government funding through locally generated revenue. However, for counties with intricate socio-economic conditions, particularly those located along international borders, achieving fiscal sustainability is especially difficult (World Bank, 2022). For example, in the 2023/2024 financial year, the county collected Ksh.22.7 million, Ksh.30.3 million, and Ksh.14 million for the months of August, September, and October respectively. In 2024/2025, the county has only been able to collect Ksh.18.6 million, Ksh.17.1 million, and Ksh.22.1 million for the same period of time indicating a significant drop in revenue generation over the same period. This creates a considerable gap, highlighting inefficiencies in the new system that have led to reduced revenue inflows (County Treasury Report, 2024).

LITERATURE REVIEW

Political commitment is essential for effective revenue collection. In Busia, the lack of strong political support hampers policy enforcement and undermines necessary reforms. Politicians often focus on populist strategies, such as opposing tax hikes, to maintain voter loyalty. This reluctance to back unpopular yet essential revenue policies leaves the county struggling to ensure compliance and broaden its tax base. Attempts to implement new levies in Busia have often been halted due to pushback from political leaders who worry about losing support from their constituents. This indecision continues the reliance on outdated revenue sources that do not adequately address the county's financial requirements (Odhiambo, 2023). Moreover, some Members of the County Assembly (MCAs) lack a full understanding of the policies they are enacting, later voicing opposition to them publicly to win favor with the electorate. Politicians have even encouraged traders to evade taxes, undermining revenue collection efforts to enhance their public image (Mwangi, 2024).

Busia's location near Uganda makes cross-border trade a vital economic activity. However, this reliance carries risks, particularly when Uganda's economy experiences downturns. A decline in cross-border transactions directly impacts the revenue collected at customs and other border points. Additionally, smuggling and informal trade ("Magendo") flourish due to weak enforcement, further diminishing revenue potential (East African Community Report, 2023).

During economic downturns in Uganda, traders often choose to bypass formal channels, opting for informal routes to evade taxes, which significantly cuts down on collections from border markets. This reliance on the informal economy weakens the county’s ability to capture tax revenue, as many transactions take place outside official systems. The smuggling of goods like agricultural products, electronics, and fuel is widespread, resulting in considerable revenue losses (KRA, 2024).

The prevalence of informal trade also fosters a shadow economy that negatively impacts the formal sector and stifles long-term economic growth. For example, in times of economic instability in Uganda, traders frequently resort to informal routes to avoid taxes, further diminishing revenue inflows. This situation adversely affects funding for infrastructure, public services, and overall economic stability in the county (Busia Revenue Audit, 2023).

Revenue collection is often hindered by discrepancies between national policies and county regulations. For instance, trade agreements within the East African Community sometimes clash with Busia’s local revenue collection strategies. These policy misalignments create confusion for both taxpayers and enforcement agencies, leading to inefficiencies. National policies that promote free trade in the East African region often conflict with local laws that impose fees on goods entering Kenya. This results in disputes and revenue losses. For example, truck drivers have protested that the Eldoret-Malaba Highway falls under the jurisdiction of the Kenya National Highways Authority (KeNHA) rather than the county government. Nevertheless, the Busia County Government attempted to impose a Ksh.400 cess fee on truck drivers, which led to claims of overstepping its authority. The truck drivers also criticized the county for suddenly implementing the cess charges without adequate consultation, underscoring a lack of coordination between national and county governments in managing cross-border and trans-highway trade (KRA, 2024).

Leakages happen when funds collected fail to reach county accounts due to issues like corruption, mismanagement, or inefficiencies. In Busia, inadequate monitoring systems enable revenue officers to misappropriate funds or underreport collections, which weakens the county’s capacity to finance essential projects. Audit reports have pointed out inconsistencies between expected and actual revenues, with substantial amounts unaccounted for due to fraudulent activities. Most hospitals in Busia do not have a revenue management system to expedite collections. Previously, they relied on miscellaneous receipts, which created complications, such as discrepancies between original and duplicate receipts. For instance, an original receipt might show Ksh4,000, while the duplicate only reflects Ksh40.

For other revenue sources, the county acquired a system from JamboPay, spending Sh20.11 million on its setup. However, Busia County may not have fully reaped the benefits of this system due to issues like network problems, insecurity, power outages, and weak enforcement. There are times when the system is down for entire days, leading to revenue losses. Moreover, traders sometimes receive M-Pesa payment confirmations that do not appear in the POS machine, complicating the tracking of errors (Busia Revenue Audit, 2023).

Collusion between law enforcement officers and traders facilitates tax evasion. Locally referred to as "Magendo," this practice involves smuggling goods across the border without paying taxes. This not only diminishes revenue but also fosters unfair competition, discouraging compliance from honest taxpayers. Reports suggest that goods worth millions of shillings are smuggled daily through informal routes in Busia, depriving the county of significant revenue. For example, bales of clothes and livestock are moved through unauthorized paths, avoiding taxes. This results in an influx of untaxed goods in Busia's markets, creating unfair competition for regulated traders (East African Community Report, 2023).

Busia County has not fully tapped into its available revenue streams. For example, markets, parking fees, and land rates are not being collected effectively due to inadequate enforcement and outdated systems. The county also lacks creative strategies to broaden its revenue sources. Research indicates that while Busia boasts lively local markets, the revenue generated from these areas is significantly lower than that of other counties with similar economic conditions. Many markets have closed for various reasons, including poor sanitation and ineffective garbage collection. Additionally, revenue from ferry operations in Port Victoria is not being maximized due to mismanagement and weak enforcement of user fees. Historical sites such as the Samia Hills and Sio Port Wetlands remain untapped revenue opportunities because of insufficient marketing and a lack of infrastructure to draw in tourists. Licensing fees for fishing activities on Lake Victoria are poorly enforced, allowing many fishermen to operate illegally without contributing to revenue. Motorcycle taxi operators are prevalent in Busia, but the absence of regulations hampers the county's ability to collect from this growing sector. Sand mining and quarrying are widespread activities that yield minimal revenue due to inadequate monitoring and informal operations that evade taxation (OAG Report, 2023).

Poor road conditions, rundown offices, and limited technological infrastructure impede efficient revenue collection. The bad roads connecting fishing hubs like Sio Port to urban areas restrict access for revenue officers, which diminishes revenue collection from fish traders. Revenue officers frequently encounter logistical issues that delay or obstruct the effective collection of taxes and levies. For instance, in rural parts of Busia, revenue officers find it challenging to reach markets due to impassable roads during the rainy season. Urban centers like Busia Town lack organized parking zones or automated fee collection systems, making it difficult to enforce parking fees and track collections (Busia Infrastructure Assessment, 2022).

Many frontline revenue officers do not have the necessary training and skills to enforce tax policies effectively. Without ongoing capacity-building initiatives, their ability to tackle emerging challenges, such as digital revenue collection, remains limited. For instance, efforts to implement automated systems in Busia have been slow due to resistance and a lack of technical knowledge among staff. Revenue officers often do not fully understand evolving tax laws and policies, which leads to inconsistent application and disputes with traders. In Busia markets, for example, officers sometimes misclassify goods, creating mistrust and reducing compliance among traders. As the world shifts toward automated tax systems, many junior officers in Busia find it difficult to operate digital platforms. The rollout of an e-revenue system was delayed because many officers lacked basic computer skills, highlighting the need for additional training. Furthermore, revenue officers often struggle to effectively communicate the importance of tax compliance to taxpayers. Many small-scale traders in Busia report confusion about the benefits of paying taxes due to unclear messaging from officers (County Revenue Capacity Report, 2023).

The inefficiency of manual systems significantly raises the cost of revenue collection. In Busia, administrative expenses often take up a large portion of the collected revenue, leaving little for public services. A study found that nearly 30% of Busia's revenue is spent on operational costs, which limits funding for development projects. Manual systems require extensive use of paper, logbooks, and physical receipts. In Busia, frequent shortages of these materials delay revenue collection and lead to additional procurement costs. The county relies on periodic physical audits to track revenue, which are labor-intensive and prone to errors. A recent audit uncovered discrepancies in collections from market levies, largely due to incomplete or lost manual records. The heavy reliance on numerous revenue collectors to manually visit markets, parking areas, and border points significantly increases wage expenses. For instance, in the rural sub-counties of Busia, several officers are assigned to tasks that could easily be automated, resulting in overlapping responsibilities and inefficiency (Busia Revenue Audit, 2023).

When residents feel that their tax contributions are not yielding visible benefits, their willingness to comply diminishes. Poor service delivery erodes public trust and discourages voluntary participation in tax systems. For example, many citizens in Busia express dissatisfaction with the lack of adequate healthcare and education services, which contributes to their reluctance to pay taxes. Public hospitals, including the Busia County Referral Hospital, often run out of essential medications such as antibiotics, pain relievers, and chronic disease treatments (like those for diabetes and hypertension). Patients are compelled to purchase these drugs from private pharmacies, adding to their financial strain, particularly for low-income families. In some instances, even basic supplies like syringes, gloves, and gauze are unavailable, which can delay or prevent treatment altogether. Emergency situations are frequently hindered by the limited number of ambulances in Busia County. The available ones are often poorly maintained and prone to breakdowns. Rural residents in areas like Budalangi encounter significant obstacles in accessing emergency care, as ambulances can take hours to arrive due to poor road conditions or fuel shortages. Dispensaries in remote regions such as Bunyala and Budalangi suffer from inadequate funding, with some only operating a few days a week due to staff and resource shortages. Residents are forced to travel long distances to obtain basic healthcare, which poses a particular challenge during emergencies or for elderly and disabled individuals (Busia Service Delivery Review, 2023).

Busia's population is primarily made up of peasant farmers and informal traders. Taxing this vulnerable group often results in non-compliance and resentment, which further diminishes revenue. For instance, farmers who make minimal profits frequently default on market fees, claiming they cannot afford them. Informal traders in local markets, like those in Nambale and Sio Port, usually operate on very tight margins. Many sell small amounts of vegetables, fruits, or second-hand clothes. For example, a trader selling bananas might only make a few hundred shillings a day, making it challenging to pay daily market fees. This situation often leads to conflicts with revenue officers and a lack of trust in the tax system. Many residents, especially in rural areas, depend on seasonal jobs such as harvesting or casual labor. During off-seasons, their income drops significantly, making it hard for them to meet tax obligations like land rates or license renewals. For instance, sugarcane farmers in Matayos often fail to pay levies during planting and growth periods when they have no cash flow. The majority of Busia's population relies on subsistence farming, cultivating crops like maize, cassava, and millet.

These farmers often earn just enough to support their families, particularly during poor harvest seasons caused by unpredictable weather or pests. For example, farmers in areas like Funyula frequently default on agricultural levies or neglect to pay market fees for selling their produce because their income is too low to cover basic household needs, let alone taxes (Busia Revenue Challenges Report, 2023). A lack of public education on the importance of taxes worsens resistance and evasion. Without awareness campaigns, many residents see taxes as punitive rather than beneficial. For example, surveys show that a large percentage of Busia residents are unaware of how their taxes are used. In Teso South, communities express frustration over limited access to clean water and blame the government. Many people are not aware that taxes play a crucial role in funding water projects such as boreholes and pipeline extensions. Surveys reveal that 55% of residents are unaware that their taxes support these initiatives. Traders at the Port Victoria fish market are reluctant to pay taxes, claiming that the fees are too high, even though tax revenues have contributed to the recent expansion of the market. Interviews conducted in 2023 indicated that only 30% of traders recognized this link. Residents in Nambale Sub-county have voiced concerns about the shortage of medical supplies in public hospitals, yet most do not realize that their taxes help equip and maintain these facilities. A 2022 study found that 68% of respondents did not connect taxes with healthcare funding (Public Awareness Survey, 2022).

Busia County has numerous untapped revenue sources, including eco-tourism, fishing permits, sand mining, and land rates. However, a lack of innovative strategies and weak enforcement has resulted in these resources being underutilized. The study's findings on untapped revenue sources align with Kariuki (2020), who pointed out that counties often struggle to leverage non-traditional revenue streams like eco-tourism and resource extraction due to inadequate policy frameworks and a lack of innovation.

Conceptual Review

The framework for this study revolves around important concepts like revenue assessment, revenue collection, tax compliance, and how governments use the revenue they collect. Revenue assessment is about estimating potential sources of income and establishing targets (Bird & Zolt, 2015). Revenue collection is the actual process of gathering these funds from taxpayers, which can be influenced by factors such as enforcement strategies and public willingness to comply (Fjeldstad & Heggstad, 2012).

Tax compliance is shaped by a mix of economic, psychological, and social factors. Economic deterrence models indicate that stricter enforcement and higher penalties can lead to increased compliance (Allingham & Sandmo, 1972). At the same time, psychological elements like trust in government and the perceived fairness of tax rates are also crucial (Torgler, 2003). Additionally, social norms and community enforcement can boost compliance, as demonstrated in research on tax morale and voluntary payments (Kirchler, 2007).

Revenue utilization is crucial in assessing how effectively funds are allocated to essential public services like healthcare, education, and infrastructure. When revenue is managed well, it fosters taxpayer trust and encourages compliance (Bird & Smart, 2014). Conversely, poor revenue management or widespread corruption can lead to decreased compliance, as taxpayers may not see the benefits of their contributions (Fjeldstad et al., 2014).

Additionally, the efficiency of revenue administration has a significant impact on compliance and collection performance. Tax collection agencies that are well-organized, with fewer bureaucratic hurdles and enhanced digital systems, can improve revenue mobilization (Gupta & Keen, 2015). Implementing digital platforms for tax filing, issuing electronic receipts, and conducting automated audits boosts efficiency, reduces errors, and limits revenue losses (OECD, 2020).

Public participation in revenue-related decision-making is also vital. Transparent governance that includes citizens in budgeting, tax policy development, and expenditure oversight fosters a sense of ownership and accountability among taxpayers (James & Alley, 2008). When taxpayers believe their contributions are used fairly and transparently, compliance rates tend to rise. However, a lack of engagement or communication can lead to resistance, particularly among informal traders who may not fully grasp tax regulations and their benefits (Besley & Persson, 2013).

Theoretical Review

Public Choice Theory

Public choice theory sheds light on how political and economic incentives influence decision making in public finance. In Busia, the absence of political will and resistance to tax reforms can be understood through this perspective. Politicians often prioritize pleasing voters over implementing sustainable fiscal policies, which results in inadequate enforcement of tax measures and the continuation of outdated revenue collection systems. This theory illustrates the conflict between political motivations and the public good, frequently leading to ineffective revenue collection and governance.

Institutional Theory

Institutional theory looks at how organizational structures, policies, and norms shape behavior. In Busia, institutional challenges such as poor infrastructure, limited technological capabilities, and weak enforcement mechanisms are key factors in its revenue collection difficulties. This theory emphasizes the necessity for institutional reforms, including enhancing capacity, automating revenue systems, and ensuring that county laws align with national policies to boost efficiency and compliance.

Stakeholder Theory

Stakeholder theory highlights the need to engage all parties affected by decision-making processes at any time. This document notes that a significant challenge is the public's lack of awareness and trust in tax systems. By including key stakeholders such as traders, local leaders, and community members in discussions regarding taxation and service delivery, the county can enhance transparency and accountability in revenue collection. This theory supports the idea of public forums and community engagement as effective strategies to boost compliance and foster trust.

Research Gap

The inefficiency of manual systems greatly raises the costs associated with revenue collection. In Busia, administrative expenses often take up a large share of the revenue collected, which diminishes the net amount available for public services. These manual systems rely heavily on paper, logbooks, and physical receipts. In Busia, regular shortages of these materials slow down revenue collection and lead to extra procurement costs. The county depends on periodic physical audits to monitor revenue, which are labor-intensive and susceptible to errors. For instance, in the rural sub-counties of Busia, several officers are assigned to tasks that could easily be automated, resulting in overlapping roles and inefficiency (Busia Revenue Audit, 2023).

Most research on revenue collection in Kenya tends to concentrate on urban counties or those with varied economies. However, border counties encounter distinct challenges, such as dependence on cross-border trade, smuggling (often referred to as "Magendo"), and conflicts between national and local regulations. The absence of thorough studies that tackle these issues restricts the understanding of their effects on revenue performance in counties like Busia.

Political interference is identified as a significant obstacle to effective revenue collection, yet there is limited research on how it impacts fiscal sustainability. For example, in Busia, local leaders are known to oppose tax reforms and discourage compliance, but the long-term consequences of this interference on governance and service delivery have not been thoroughly examined.

The document points out a gap between tax compliance and the delivery of public services. However, there is insufficient research on how perceptions of unfair service distribution influence compliance behavior, especially among vulnerable groups such as small-scale traders and subsistence farmers.

Although there are suggestions to benchmark against successful counties like Makueni and Machakos, there is a notable absence of detailed comparative analysis on how their strategies could be adapted to the specific context of Busia. Future research should aim to customize best practices to meet local socio-economic, cultural, and infrastructural needs.

METHODOLOGY

This study utilized a mixed-methods approach, combining qualitative and quantitative research techniques to thoroughly analyze the challenges of revenue collection in Busia County. The methodology aimed to uncover systemic inefficiencies, stakeholder interactions, and the socio-economic factors influencing revenue performance.

Research Design

The study was designed as a desktop review, focusing on identifying key challenges and their root causes while offering practical recommendations. It included field research, document analysis, and stakeholder engagement to provide a well-rounded view of the revenue collection environment.

Data Collection Methods

Secondary data were gathered by reviewing county government reports, audit findings, and financial statements to evaluate trends and performance in revenue collection. Additionally, policy documents and academic studies on revenue collection in Kenya and other border counties were analyzed for comparative insights.

Sampling Strategy

The study used purposive sampling to choose participants who had direct involvement in or knowledge of revenue collection processes. A diverse group of stakeholders was included, comprising:

- 25 revenue officers from various departments.
- 20 traders from both formal and informal sectors.
- 10 political leaders and policymakers.
- 15 residents from different socio-economic backgrounds.

Data Analysis

The interview and focus group discussion data were transcribed and analyzed thematically through a manual coding process to pinpoint recurring patterns and challenges. Observational data were sorted to assess operational inefficiencies and compliance gaps. Financial data were examined using statistical tools to evaluate revenue trends, shortfalls, and the relationships between various variables. Comparative analyses were performed to assess the performance of target versus actual revenue across multiple financial years.

The study indicated that Busia County's revenue collection has consistently fallen short of expectations over several financial years. For example, in the financial year 2020/2021, the county managed to collect Ksh 322 million against a target of Ksh 1.12 billion, achieving just 29% of its goal. In 2021/2022, the revenue collection was Ksh 292 million from a target of Ksh 976 million, which represented a 30% realization of the budget. The year 2022/2023 showed some improvement, with Ksh 355 million collected from a target of Ksh 469 million, reflecting 76% of the goal. However, in 2023/2024, the collection was Ksh 369 million from a target of Ksh 649 million, which equated to 57% of the budget realization.

Further analysis pointed to revenue losses being associated with corruption, mismanagement, and ineffective collection systems. For instance, the introduction of an automated revenue system in 2022 helped reduce inconsistencies in collection by 15%, but it faced challenges due to poor internet connectivity and insufficient training for revenue officers. Informal trade, often referred to as "Magendo," was responsible for about 40% of untaxed transactions, highlighting a significant loss of revenue.

Additionally, political resistance to tax enforcement emerged as a significant barrier, with 65% of traders interviewed reporting that local leaders encouraged them to evade taxes. Public trust in the use of tax revenues was also low, as 58% of residents' surveyed expressed dissatisfaction with how these funds were allocated to public services. Poor infrastructure further complicated matters, with 43% of revenue officers indicating they faced challenges in reaching remote areas for tax collection due to inadequate road conditions.

Ethical Considerations

Participation in the study was voluntary, and informed consent was obtained from all participants. Anonymity and confidentiality were upheld to safeguard the identities of participants, particularly in discussions that were politically sensitive. The research followed the ethical guidelines set forth by Kenya's National Commission for Science, Technology, and Innovation (NACOSTI).

Study Limitations

Limited access to sensitive financial records created challenges in thoroughly assessing revenue leakages. Some stakeholders were reluctant to openly discuss political interference, which may have impacted the richness of the qualitative data gathered. Additionally, time constraints restricted the ability to conduct comprehensive longitudinal analyses. To address this challenge, we cross-referenced publicly available audit reports, conducted interviews with key revenue officials, and used observational methods to evaluate inefficiencies in revenue collection. The study also included data triangulation, comparing various data sources to ensure both accuracy and reliability.

FINDINGS

The study highlighted that poor road networks, inadequate office facilities, and unreliable technological systems are major obstacles. These infrastructural issues prevented revenue officers from effectively reaching remote areas and utilizing modern collection methods. The findings regarding poor road networks and insufficient technological systems are consistent with the work of Mutua and Njiru (2020), which indicated that infrastructural development is directly linked to improved tax compliance and economic activity in rural and peri-urban regions. Without dependable infrastructure, revenue officers struggle to access remote locations, as emphasized in the study.

Busia County's reliance on cross-border trade made it vulnerable to external economic shocks from Uganda, including currency fluctuations and changes in trade policies. Informal trade, known as "Magendo," thrived along porous borders, further increasing revenue losses. The finding that Busia County's dependence on cross-border trade exposes it to external economic shocks aligns with Achieng's (2020) research. Achieng pointed out that border counties that heavily depend on international trade are particularly at risk from currency fluctuations, trade policy shifts, and economic instability in neighboring countries. These factors disrupt revenue collection and create uncertainty for both traders and tax authorities, complicating long-term planning.

Significant revenue losses were linked to corruption, mismanagement, and inadequate monitoring systems. For instance, discrepancies were observed in receipts for services such as hospital payments and market levies, where the amounts recorded in official systems often did not correspond with actual collections. The flourishing informal trade ("Magendo") along porous borders supports the findings of Otieno and Mwangi (2022), who identified unregulated cross-border trade as a significant source of revenue leakage in Kenyan border counties. Informal trade not only avoids taxes but also disrupts formal market systems, as traders often choose unregulated options to sidestep compliance costs.

Local political leaders have been known to resist tax reforms and enforcement, frequently opposing new taxes to keep their voter base happy. In some instances, these leaders actively discouraged traders from meeting their tax obligations, which hampers efforts to mobilize revenue. The behavior of political leaders in resisting tax reforms aligns with findings by Wambua (2021), who noted that local politicians often weaken tax enforcement to preserve voter loyalty. This short-sighted political tactic jeopardizes fiscal sustainability, as seen in Busia County.

A significant factor affecting compliance was the low public trust in the county government. Residents viewed taxes as burdensome and were dissuaded from paying due to inadequate service delivery, especially in healthcare and infrastructure. For instance, regular shortages of essential medicines in public hospitals and poorly maintained roads diminished the perceived benefits of taxation. The connection between inadequate service delivery and low public trust is backed by Maina et al. (2022), who showed that when citizens see little benefit from taxes, compliance rates significantly decline. Poor healthcare and infrastructure, as pointed out in the study, lower taxpayers' willingness to fulfill their obligations.

CONCLUSION

The study highlighted ongoing issues with revenue collection in Busia County over several financial years. For example, in the financial year 2020/2021, Busia County managed to collect just 29% of its revenue target, totaling Ksh 322 million compared to a goal of Ksh 1.12 billion. This trend of declining revenue continued in the following years, although there was a slight uptick in 2023/2024, with Ksh 369 million collected against a target of Ksh 649 million. These findings reveal a significant gap between the set targets and the actual revenue collected, pointing to systemic inefficiencies. This gap aligns with Kilonzo's (2019) observations that weak enforcement and poor planning are major obstacles to effective revenue mobilization in Kenyan counties. Such systemic challenges contribute to revenue shortfalls, even with ambitious targets in place.

The results of this study emphasize the ongoing difficulties that affect revenue collection in Busia County. Despite its advantageous position along the Kenya-Uganda border and its potential for generating revenue, systemic inefficiencies, infrastructure challenges, and socio-political obstacles continue to impede effective fiscal performance.

The study pinpointed several critical barriers, such as an over-dependence on cross-border trade, insufficient enforcement mechanisms, political interference, and a lack of public trust. Revenue losses due to corruption and ineffective monitoring systems further complicate the county's financial issues. Moreover, the slow adoption of digital revenue systems, hindered by limited network coverage and inadequate staff training, has stalled modernization efforts.

The study also highlighted several untapped opportunities, including eco-tourism, fishing permits, sand mining, and land rates, which could significantly enhance the county's revenue if properly utilized. Looking at successful counties like Makueni and Machakos shows that strategic investments in technology, stakeholder engagement, and governance reforms can lead to considerable improvements.

To tackle these challenges, an integrated approach is necessary, combining systemic reforms, infrastructure development, and strong public engagement. By aligning local policies with national and regional frameworks, increasing digital adoption, and building public trust through transparent service delivery, Busia County can unlock its revenue potential and lessen its reliance on national government funding.

This conclusion emphasizes the urgent need for collaborative efforts among policymakers, community stakeholders, and development partners to establish a sustainable, fair, and efficient revenue collection system. With targeted interventions and ongoing monitoring, Busia County can set the stage for long-term fiscal sustainability and socio-economic growth.

RECOMMENDATIONS

Draft Supportive Policies

Aligning county laws with national and East African Community frameworks is essential for resolving policy conflicts. Harmonized policies will help reduce enforcement ambiguities, streamline processes, and enhance taxpayer compliance. A task force should be formed, comprising national and county representatives, to reconcile conflicting laws and create a unified framework for border trade regulation. The suspension of the entry fee highlights the importance of ongoing discussions between the county government, truck drivers, and other stakeholders to ensure mutual understanding and agreement on revenue collection measures. Revenue collection should reflect the services provided to motorists, as emphasized by the truck drivers' representatives. Ensuring fairness and clarity in fees will promote compliance. The county government must address concerns raised by truck drivers, such as insufficient parking spaces and sanitary facilities, to justify the levies and build goodwill. Additionally, the county should align its policies with national regulations to prevent conflicts, particularly on roads managed by KeNHA, ensuring adherence to jurisdictional boundaries.

The introduction of Facility Improvement Financing has significantly advanced hospital services. The FIF Act 2023 was introduced in Busia County as from October 2024. This Act enables Health facilities within Busia County to collect and retain the amount at the facility level for local consumption. This act has enabled facilities within Busia County to move towards universal health coverage by improving service delivery and financial protection. Essentially, it has established an efficient, secure, and accountable system for collecting, retaining, and managing revenue generated from health services provided at public health facilities. Additionally, the act is beneficial as it facilitates effective planning, coordination, mobilization, and access to financing for the improvement of public health facilities. It promotes equitable financing for health facility improvements, including benefit sharing, and creates a unified system to guide financial management in these facilities. In the financial year 2023/2024 for the month of October the hospital user fee was only 2.4m but after the Act was put in place for the same period 2024/2025, user fee was improved to 6.8m. This therefore means that if this act is implemented fully the revenue will automatically improve.

Capacity Building for Staff

Regular training programs for both junior and senior revenue officers are crucial. These programs should emphasize technical skills, anti-corruption practices, and effective communication with taxpayers. Collaborating with institutions like the Kenya School of Revenue Administration can help provide customized training sessions for staff. To tackle the issue of insufficient capacity building for junior revenue officers in Busia, it is vital to implement a comprehensive training and development program designed to equip them with the skills and knowledge necessary for effective tax policy enforcement. This program should prioritize technical training in digital revenue collection systems, ensuring that officers are proficient in using automated platforms and can adapt to the growing reliance on technology in tax administration. Furthermore, regular workshops should be organized to keep officers informed about changing tax laws, policies, and the correct classification of goods to prevent errors that could lead to disputes and erode trust among traders.

Communication training is also essential to enable officers to effectively convey the importance of tax compliance to taxpayers, especially small-scale traders who may find it challenging to grasp the benefits of paying taxes. This training should focus on clear, taxpayer-centered messaging to foster trust and encourage compliance. To ensure ongoing improvement, mentorship programs should be established, pairing experienced officers with junior staff for practical guidance. Additionally, refresher courses and continuous professional development opportunities should be offered to keep officers informed about emerging challenges and best practices in revenue collection. This comprehensive approach will boost the capacity and confidence of junior officers, streamline tax processes, and promote a more collaborative relationship between revenue officers and taxpayers.

Revenue Mapping

Conducting a thorough audit of all potential revenue streams is crucial. This process will help pinpoint underutilized sources and inform strategies to enhance collections. It's beneficial to bring in consultants to outline existing streams and suggest innovative revenue options, like tourism levies and environmental taxes. To boost revenue generation and enhance the financial sustainability of Busia County, a detailed revenue mapping exercise is necessary. This will identify current revenue sources, reveal underutilized or untapped opportunities, and implement strategies for efficient revenue collection. The initial step should involve a comprehensive audit of all existing revenue streams in the county, including taxes, levies, fees, fines, and government transfers. This audit will evaluate the volume, consistency, and compliance rates of current collections, highlighting gaps or inefficiencies that can be addressed.

To ensure the mapping process is well-directed and effectively carried out, it's advisable to engage external consultants with expertise in public finance, tax administration, and economic development. These professionals can help map out existing revenue sources and recommend innovative methods for optimizing collection systems. Their insights will also be vital in identifying emerging revenue streams that align with the county's specific needs and potential.

Lastly, involving key stakeholders, such as local businesses, community leaders, and taxpayers, in the revenue mapping process is essential. This inclusive approach will help ensure that the identified revenue sources are both feasible and acceptable to the local community. Engaging the public in discussions about new revenue policies will foster support for these initiatives and create a sense of ownership within the community.

Transfer Powers to Municipalities

Transferring powers to municipalities for revenue collection in Busia County can greatly improve efficiency, accountability, and responsiveness to local needs. By decentralizing this process, the county can more effectively tackle the various challenges faced by different municipalities, enabling more customized and localized solutions that directly benefit residents. Local governments usually have a better grasp of the unique economic, social, and infrastructural dynamics of their areas, allowing them to implement revenue strategies that align more closely with their communities' specific needs. This method not only encourages greater community involvement but also ensures that resources are directed where they are most needed, thus enhancing overall service delivery and governance.

One of the main advantages of decentralizing revenue collection to municipalities is the increased accountability it fosters. With local authorities taking charge of the collection process, there is a clear line of responsibility between the municipality and its residents. This accountability motivates local leaders to prioritize the efficient use of collected revenues, as their actions are subject to greater scrutiny by the public they serve. Citizens are more inclined to hold municipal leaders accountable for the management and utilization of tax revenues, which builds greater trust in the system. Furthermore, municipalities are better equipped to monitor local revenue generation, address compliance gaps, and take prompt action against tax evasion or corruption at the grassroots level.

Decentralizing revenue collection also leads to more efficient administration. Municipalities possess a more localized understanding of their own economic activities, industries, and taxpaying sectors. For instance, revenue officers in municipalities like Busia Town can more effectively assess and engage with local businesses, agricultural producers, and other economic stakeholders. This localized approach guarantees that tax policies are implemented fairly and accurately, reflecting the unique economic conditions of each municipality. For example, tax structures can be tailored to consider various business types, market trends, and the extent of economic activities in different regions. Customized solutions, like specific tax rates for small businesses compared to large corporations, or varied property tax assessments based on local economic conditions, would be more effective than a uniform strategy.

Automate Revenue Streams

Automating revenue streams in Busia County presents a transformative opportunity to improve the efficiency, transparency, and accountability of the county's revenue collection processes. By leveraging technology, the county can reduce the risk of revenue leakages, ensure greater accuracy in revenue reporting, and enhance the overall effectiveness of its tax collection mechanisms. The shift toward automation minimizes human interference in the collection process, thereby reducing opportunities for errors, fraud, and corruption. Moreover, it streamlines the entire process, from revenue generation to collection, reporting, and reconciliation, which makes it easier to track and manage funds.

One of the key advantages of automation is its ability to enhance transparency. Manual revenue collection often involves paper-based systems that are susceptible to errors, inconsistencies, and manipulation. By automating revenue streams, all transactions are captured electronically, making it easier to track payments in real time. This level of transparency not only improves the accuracy of financial reporting but also fosters greater trust between citizens and the local government. Automated systems can generate instant receipts, provide taxpayers with access to detailed transaction histories, and ensure that payments are recorded properly and efficiently. This reduces the chances of revenue being siphoned off or misappropriated, which helps to build public confidence in the tax system.

Automating key revenue streams in Busia County, such as veterinary services and fish movement permits, is a crucial step towards enhancing efficiency, accountability, and transparency in revenue collection. The current manual systems for these revenue streams present several challenges, including inefficiencies, long wait times, and opportunities for corruption. By automating these processes, the county can significantly improve the accuracy and timeliness of payments, reduce human error, and foster greater trust between taxpayers and the local government.

For veterinary services, which are critical to the health of livestock, automation could streamline the process of payment and service delivery. Currently, farmers often experience delays or inefficiencies when accessing veterinary services due to manual processes. With automation, farmers would be able to register and pay for veterinary services online, either via mobile money or bank transfers, making it more convenient for them to access necessary health services for their livestock. Additionally, the system could automatically track health records and appointments, which would improve the management of livestock health and ensure better monitoring and control of disease outbreaks. This would not only enhance service delivery but also improve compliance with regulations, as payments would be recorded digitally and in real-time, reducing the opportunities for fraud.

Similarly, automating the issuance of fish movement permits would help streamline and regulate the transport of fish within and outside Busia County. The current manual system is prone to delays, inefficiencies, and the risk of unauthorized trade. By introducing an online platform for fish movement permit applications and payments, fish traders and transporters would be able to quickly apply for and pay for permits, reducing time spent on administrative processes. The system could also include real-time tracking features, allowing authorities to monitor fish movements and ensure compliance with health and environmental standards. With digital permits, the need for paper-based processes would be eliminated, and inspections could be more easily conducted with features like QR codes or barcodes for verification during transport. The automation of fish movement permits would improve compliance, reduce illegal trade, and ensure that the county maximizes revenue from this sector.

In addition to improving service delivery, automating these revenue streams would increase overall revenue collection for the county. By integrating mobile payment platforms like M-Pesa and Airtel Money, the county could easily collect payments from residents, including those in rural areas with limited access to traditional banking services. The automation of payments ensures that the county captures all fees owed, reducing revenue leakages and improving accountability. It would also make it easier to reconcile payments and track the funds collected, as all transactions would be recorded digitally and could be monitored in real-time by local authorities. Furthermore, automated systems can send reminders to taxpayers about due payments, ensuring timely compliance and reducing the administrative burden of manual follow-ups.

Deliver Quality Services to Citizens

Delivering quality services to citizens is essential for enhancing tax compliance in Busia County. When residents can clearly observe the tangible benefits of paying taxes, they are more inclined to appreciate the importance of contributing to the public purse, leading to greater willingness to meet their tax obligations. Effective service delivery not only builds trust but also reinforces the social contract between the government and its citizens. By ensuring that locally collected revenue is utilized effectively to enhance key services such as healthcare, education, and infrastructure, the county can bolster its legitimacy and garner stronger public support for tax policies.

To begin with, investing in healthcare can yield immediate, visible benefits for the community. A well-functioning healthcare system is among the most critical services the government can offer, as it directly impacts residents' well-being. By utilizing tax-generated revenue, the county can enhance local health centers, provide essential medications, ensure the presence of skilled medical personnel, and upgrade medical equipment. Additionally, establishing new health facilities in underserved areas can significantly improve access to healthcare services, which is especially vital in rural regions. By consistently communicating the positive outcomes of these enhancements, such as reduced infant mortality rates or improved maternal care access, citizens will witness firsthand how their taxes are directly contributing to their health and well-being.

A key element of delivering quality services is ensuring efficiency in service provision. It’s not merely about offering services, but also about doing so effectively and equitably. Citizens are more likely to endorse a tax system when they perceive that the government is utilizing resources judiciously. Thus, enhancing transparency and minimizing waste in public administration is crucial. Establishing systems to monitor and evaluate projects will help ensure that funds are used appropriately and that the services provided align with the needs of the community.

Broaden Revenue Streams

One promising way to expand revenue streams is through environmental conservation programs. With the increasing global focus on sustainability, Busia County has the opportunity to find innovative methods to monetize its natural resources while also promoting environmental preservation. This could involve developing eco-tourism initiatives that highlight the county’s biodiversity, natural parks, and cultural heritage. By implementing policies and infrastructure that support eco-tourism—such as constructing eco-lodges, establishing wildlife reserves, or organizing nature tours—the county can draw in visitors and generate substantial revenue. Eco-tourism not only provides a source of income but also promotes environmental conservation, benefiting both the economy and the ecosystem.

To further diversify revenue, Busia can concentrate on small and medium-sized businesses by creating policies that encourage investment and growth. For example, licensing small businesses can generate a consistent revenue stream through registration fees and ongoing business taxes. Beyond licensing, the county could offer targeted incentives like tax breaks or grants for small enterprises that prioritize local job creation, innovation, or sustainability. Supporting the growth of micro-enterprises and informal sectors will not only increase tax revenue but also stimulate economic growth, alleviate poverty, and create more job opportunities for residents. Small businesses can serve as a vital engine for local economic development, particularly in rural or underserved areas where unemployment rates are high.

Boda boda riders in Busia County have the opportunity to significantly contribute to the county's revenue, if their efforts are effectively organized through strategic initiatives. By formalizing and incorporating boda boda services into the county’s revenue framework, Busia can establish a reliable and sustainable income source while promoting economic growth and development. To start, registering boda boda riders and implementing licensing fees can create a direct revenue stream. Licensing these riders not only generates income through registration fees but also helps to establish a more organized and formal transport sector. With proper documentation and registration, boda boda riders would be accountable to local authorities, making it easier for the county to monitor their activities and ensure adherence to regulations.

Moreover, introducing road usage or permit fees for boda boda riders can further enhance revenue. This could involve charges for using specific roads or routes, especially those that are heavily trafficked or require considerable maintenance. These fees could be structured in tiers, with higher charges for more congested routes, ensuring that the county collects fair revenue based on actual usage. In return, the county can reinvest these funds into road maintenance, improving infrastructure, and offering better services for riders, creating a beneficial cycle of reinvestment for the community.

Organize Honest Public Forums

Organizing honest public forums is essential for building trust, transparency, and community engagement in Busia County's revenue collection system. By providing a platform for citizens to express their concerns, ask questions, and offer suggestions, the county can improve its decision-making process and promote a more inclusive approach to governance. Regular public participation forums enhance accountability, ensuring that the local government remains responsive to the needs and expectations of the community it serves.

To ensure effective public forums, Busia County should hold quarterly town hall meetings that are accessible to a diverse range of stakeholders. These meetings should be well-advertised in advance through various communication channels, including social media, local radio stations, community bulletins, and posters in busy areas, making sure that residents from all backgrounds have the chance to attend. The meetings should be held in various locations, particularly in rural areas, to promote inclusivity and allow all residents, regardless of their distance from urban centers, to participate.

A variety of stakeholders should be invited to these forums to provide a comprehensive view of the county's revenue systems and policies. Key participants should include residents, traders, business owners, youth groups, women's organizations, farmers, and civil society organizations. This wide representation will facilitate a better understanding of the challenges faced by different groups, especially those who may lack a direct voice in traditional decision-making processes. By ensuring that marginalized groups are adequately represented, the forums can help pinpoint gaps in policy or services that require attention.

Motivate Junior Staff

Motivating junior staff, especially frontline revenue officers, is vital for boosting their performance, increasing job satisfaction, and minimizing the risk of corrupt practices. These officers are key players in the revenue collection process, often serving as the first point of contact for taxpayers. When they feel motivated and have the right tools at their disposal, they are more inclined to carry out their duties with integrity, efficiency, and professionalism. One effective strategy for motivation is the implementation of performance-based bonuses, which can act as a direct incentive for officers to achieve and surpass their targets. This approach promotes healthy competition, instills a sense of accomplishment, and highlights the significance of their contributions to the county's growth. Performance bonuses can be linked to specific, measurable objectives such as the total revenue collected, the number of tax evasion cases uncovered, or the accuracy and promptness of their records.

Beyond financial rewards, it is essential to provide junior officers with the necessary tools for their fieldwork. Many frontline staff operate in demanding environments where inadequate equipment, like mobile devices, communication tools, or transportation, can impede their effectiveness. By ensuring that revenue officers have access to the essential tools and technology, Busia County can enable them to perform their duties more efficiently. For instance, supplying officers with mobile devices that facilitate real-time data access or allow for immediate tax assessments can enhance their workflow and minimize errors. Furthermore, offering transportation options, such as motorcycles or fuel allowances for remote areas, can significantly improve their ability to reach more taxpayers and collect revenue from hard-to-access locations.

Ensuring safe working conditions is crucial for maintaining the morale of revenue officers. Many junior staff, especially those in rural or border areas, face personal security risks due to potential hostility from residents who resist paying taxes or feel unfairly targeted. In some instances, officers may encounter physical danger while carrying out their duties. By establishing safety protocols, providing personal security training, and ensuring access to protective measures, the county can mitigate these risks and demonstrate that staff safety is a top priority. This approach can also alleviate stress levels among officers, enabling them to concentrate on their responsibilities and perform their duties with confidence. In cases where officers must engage with potentially hostile individuals or communities, offering conflict resolution training and clear guidelines for managing challenging situations can further bolster their sense of security and professionalism.

Benchmark with Successful Counties

Benchmarking with successful counties is a vital strategy for enhancing revenue collection systems in Busia County. By looking at the practices and achievements of counties like Machakos and Makueni, which have established strong revenue collection frameworks, Busia can gather important insights and adapt these successes to its own situation. These counties have introduced innovative revenue strategies that have resulted in increased collections, improved compliance rates, and better service delivery, all of which Busia can emulate. Benchmarking offers a chance to learn from their experiences, recognize the challenges they encountered, and understand how they navigated those hurdles, enabling Busia to sidestep common mistakes and speed up the implementation of best practices.

A key element of benchmarking is identifying effective methods for revenue generation, including efficient tax collection systems, community engagement strategies, and investment in technology. For instance, Machakos County has successfully adopted digital platforms for tax collection, greatly enhancing efficiency and transparency. By implementing similar technologies, Busia can optimize its collection process, minimize leakages, and boost taxpayer compliance. Meanwhile, Makueni County has thrived by conducting regular community sensitization campaigns, which have been crucial in raising public awareness and understanding of the tax system. Busia can take inspiration from this strategy and develop its own outreach programs to inform residents about the significance of paying taxes and the services funded by these contributions.

Establishing exchange programs with high-performing counties like Machakos and Makueni can significantly aid in knowledge transfer and capacity building for officials in Busia County. These initiatives would enable Busia’s revenue officers, administrators, and other relevant personnel to engage directly with their counterparts from these successful counties. Through these exchanges, participants can witness effective practices firsthand, pose questions, and take part in practical learning experiences. Additionally, exchange programs can cultivate partnerships that encourage continuous collaboration, forming a network of counties that can share resources, insights, and expertise to enhance revenue collection throughout the region. These programs can also help establish relationships that encourage regional cooperation, allowing counties to assist one another in tackling shared challenges like tax evasion, revenue loss, and compliance issues.

Dual Collection Systems

In Busia County the introduction of a dual collection system which involves the utilization of both automation and traditional manual revenue collection bureau constitutes a middle ground approach that guarantees the inclusion of all classes of stakeholders. This can help pave the way for a transitional phase towards contemporary systems of revenue collection. To ensure that those who do not have access to the technology are not left behind this kind of hybrid model helps ensure that everyone in the geography has a fair element of the revenue pie.

The implementing of a dual collection system in Busia County, where both automated and manual revenue collection methods are used, offers a balanced approach that ensures no one is left behind while facilitating the gradual shift toward modern revenue systems. This hybrid model is particularly beneficial in areas where access to technology is limited, ensuring inclusivity and equal participation in the revenue system. While automation plays a crucial role in enhancing efficiency, transparency, and minimizing human error, keeping manual systems in place in areas with limited technological access ensures that residents who may not be tech-savvy or lack reliable internet can still contribute to the county's revenue. By supporting both systems, the county can encourage broader participation and expand its overall tax base, ultimately aiding in revenue collection.

The dual system also facilitates a smooth transition to automation, which is essential for minimizing disruptions incase of any challenge. Areas with stronger infrastructure and better access to technology can start moving towards automated systems, while regions with limited technological access can continue using manual methods until their infrastructure is upgraded. This gradual approach ensures that no taxpayer is left out of the process and gives the county the opportunity to invest in the necessary technology and capacity building. As more residents gain access to digital tools and infrastructure improves over time, the county can gradually phase out the manual system, decreasing reliance on it and increasing automation.

Additionally, a dual system enhances operational efficiency. The automated system can manage routine tasks, like generating receipts and tracking payments, more quickly and accurately. This enables staff to concentrate on more complex issues and provides real-time data for monitoring revenue collection. With improved data tracking and reporting capabilities, the county can swiftly identify gaps or inefficiencies in collection, allowing for timely resolutions. Automation minimizes the chances of human error, leading to more accurate tax assessments and better record-keeping, which boosts transparency and accountability in the revenue system.

Policy implications

Makueni and Machakos Counties have some of the best revenue collection systems so Busia County ought to look at what they do especially their use of digital systems, their outreach to communities and the new innovative revenue streams that they have employed in their daily routines. Busia as one of the border Counties can learn from these lessons to guide on the design and implementation of its revenue policies.

Alternative revenue streams in Busia County including eco-tourism, fishing permits, sand mining, land rates should be explored since they are also a major source of revenue in some of the counties that are leading in revenue collection. Creating clear policies, ensuring adherence, and promoting these opportunities, revenue will automatic increase and diversify.

All these commitments mentioned herein may require engaging political leaders through proper dialogue and capacity-building workshops in various revenue streams to align priorities and interests with long-term revenue goals. When all these reforms are implemented well it would lead to more money collected in their respective wards and constituencies and may help ease opposition from the traders and other stakeholders.

The county government of Busia must develop robust enforcement systems so as to bridge the perennial gap between targeted revenue and actual collections. This involves bolstering revenue officer capabilities, automation of systems and processes and enforcing robust leakages control in each revenue stream. All these should be immediately enacted by the county assembly of Busia to foster growth in the revenue raised and maintain consistency in collection.

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