

**DECENTRALIZATION AND FINANCIAL PERFORMANCE IN LOCAL
GOVERNMENTS OF UGANDA, THE CASE STUDY OF NANSANA
MUNICIPAL COUNCIL**

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DECLARATION

I SAUDA YUSUF declare that the work in this Research Dissertation was done with my own knowledge and ideas so is my original work knowledge has never been submitted by any other student of the University or any other institution of learning.

Signature  _____

Date 18 / 07 / 2018

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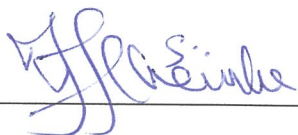
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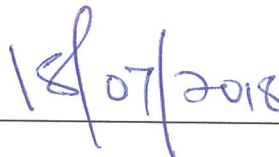
APPROVAL

This research report has been submitted with my approval as the University supervisor and is now ready for examination for the award of Bachelor's Degree in Public Administration of Kampala International University.

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MR. IBEMBE JOHN DANIEL

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DEDICATION

This research report is dedicated to my supportive and loving brother Mr. Bashir Yusuf for all his support financially and advises grated as he helped me to progress with my academic education at the Kampala International University.

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--MAY ALLAH Reward You Abundantly--

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LIST OF ABBREVIATION

AFS.....	Annual Financial Statement
CA.....	Constituent Assembly
CBOs	Community Based Organizations
CSOs.....	Civil Society Organisations
DPs.....	Development Partners
FBOs.....	Faith-based Organisations
TPC.....	Technical Planning Committee
NAADS.....	National Agricultural Advisory Services
JLOS.....	Justice Law and Order Sector
LGFC.....	Local Government Finance Commission
LG.....	Local Government
MoFPED.....	Ministry of Finance Planning and Economic Development
NDP.....	National Development Plan
PSOs.....	Private Sector Organizations
URA.....	Uganda Revenue Authority
UGX.....	Uganda Shillings
WB.....	World Bank.

ABSTRACT

The study was set to establish the extent to which Nansana Municipal Council as a decentralized unit has performed financially. The study was based on four research objectives which included; to establish whether Nansana municipal council plans and budgets for finances according to the guidelines of MOFPED, to determine whether Nansana municipal council has alternative sources of revenue, to establish whether the central government provides Nansana municipal council with sufficient resources and on time and to examine whether Nansana municipal council spends finances according to the budget. The study employed a descriptive research design which enabled the researcher to use both qualitative and quantitative techniques in collecting and analysing data from the findings. The study employed a sample size of 32 people out of 36 target population who were interfaced through the use of an interview guide. The findings revealed that local revenue tax collection is done as outlined policies and revenue generation principally derived from tax and finances is spent according to the allocated budget of the municipal council. The study concludes that the local government has been found with weakness in following the appropriate measures and approved guidelines in planning and budgeting which has limited effective service delivery in the region. The study also concludes that much emphasis has been put towards improving internally generated revenue and instillation of transparency and accountability in management structure of the Local governments. Lastly, as regards financial spending according to the budget, the study concludes that despite the good intentions of decentralisation, its implementation has faced challenges of financing, personnel capacity at the local level and effective monitoring of service delivery as a result of failure to finance local government projects according to the budget allocated, which has been also attributed to using unqualified regional planners, limited research made towards the region, combined with existing levels of corruption and misuse of funds by the responsible officials. The study recommends that, more emphasis should be put towards improving local funding sources like; property taxes, sales and gross receipts taxes, government grants in form of external loans, internal loans, contributions from revenue, donations and public contributions, public/private partnership set.

CHAPTER ONE INTRODUCTION

1.0 Introduction

Chapter one highlights the background to the study, give the statement of the problem, presents the purpose of the study, the objectives, research questions, scope of the study, significance, and the conceptual framework and key research terms about the decentralization and financial performance in Nansana municipal council.

1.1 Background of the Study

Decentralization of government functions has been a global agenda since the 1970s. Its meaning in relation to the public sector depends on the two forms that it can take that is to say; de-concentration and delegation (Litvack et al., 1998; Litvack and Seddon, 2009). Since the 1980s decentralization and the quest for local governance has remained the most dominant paradigm in global reform agenda. It is most likely to remain so in the present millennium. Globally states are in a process of redefinition, in terms of structural/function and roles. In this process decentralization is perceived to be the centre piece bottom-up development, De-concentration, delegation, devolution, privatization, accountability and transparency are some of the key elements that characterize decentralization. Decentralization is an intervention in the political system and administrative institutions which lead to a relocation of regulatory powers and create new areas and structures of legitimization and resource distribution. It is a strategy which involves a range of the complex relationships between state and society. Typically it focuses on the transfer of administrative powers to subordinate local bodies and the provision of new mechanisms of integration and participation, especially at the local levels with the aim of establishing political stability and administrative efficiency (Lawson, D. 2003).

According to Charlotte Benson, Edward J. Clay (1993), in Eastern Europe and the former Soviet Union, it was part of political transformation from centralized government where few participated in decision-making to a decentralized system where many could participate in the decision-making process. In Sri Lanka and South Africa it was a response to ethnic and regional conflicts. It is argued that decentralization provides an institutional mechanism for bringing divided groups into a formal, rule-bound bargaining process (Treismann, 2000). Decentralization thus serves as a path to national unity by increasing political stability and national unity by allowing citizens to better control public programs at the local level and

therefore plays important roles in broadening participation in political, economic and social activities in developing countries like Uganda.

Developed countries consider Decentralization as a better option for providing public services in a more cost-effective approach (Smith, 2013). Thus reforms mainly involve re-alignment of procedures and processes of public service delivery through the introduction of various new public management (NPM) tools. This includes reengineering the public service delivery function, while employing various private sector tools and the marketing of public service delivery (Carmeli, 2012). Meanwhile developing countries consider Decentralization reforms as a means of tackling economic inefficiencies, macroeconomic instability, and ineffective governance (Carmeli, 2012). Reforms in these countries aim to boost economic development, political stability and poverty alleviation. Over 80 percent of developing and transition economies implement Decentralisation policies following failure of a centralized strategy to promote development and poverty reduction (Barbu, 2012). Thus, in developing countries reforms focus on transfer of power and responsibilities to lower levels of government, seeking community participation in development projects, involving the private sector in development programmes and enhancing political stability (Crook and Manor, 2010).

In Africa, the introduction of decentralization reforms became widespread in the late 1980s. Tanzania, for instance, introduced reforms through the decentralization reform agenda of 1996 and decentralization policy paper of 1998 (Nsibambi, 1998). Rwanda initiated reforms from 1997 to 2000 so as to enhance the involvement of people in decisions that affect their socio-economic matters, while South Africa introduced reforms in 1993 as part of the dismantling of the apartheid regime (Kauzya, 2007). Other examples include Morocco, which voted in a decentralization law in 1973, although it was the constitutional reform of 1986 and 1992 which led to a moderate devolution; and Uganda, which initiated reforms in the early 1990s, with power and responsibilities devolving through a new constitution adopted in 1995 (Work, 2002). In recognizing the potentials of decentralization to African countries, the agenda will remain in effect for many years (Godfrey Hampwaye, 2008).

In countries like Chile and Cote D'Ivoire, it was carried out for improving service delivery (Shah and Theresa 2004). The 1995 constitution of the republic of Uganda and the Local Government Act (1997), a central part of the decentralization policy, stipulates that most

central government powers and responsibilities for public services planning and delivery should be devolved to local governments (Tabaire, B., and Okao, J., 2010).

As in many developing countries, Tanzania attempted to decentralize its government functions for the first time in 1972. The aim was to deal with interregional development gaps and access to public services between urban and rural areas and within the rural areas. However, the introduction of reforms went hand in hand with the abolition of the local government structure inherited from colonial rule. This structure was considered inconsistent with the decisions of the then new government. As a result, during implementation the reforms raised a number of problems³ partly as a result of the abolition of the LGAs, and hence the programme ceased just after 10 years. The implementation of government functions from 1972 to the early 1980s was made through regional planning committees coordinated by the central government, but in 1982, LGAs were re-introduced. In the late 1990s, the country re-initiated another reform under the name of Decentralization by Devolution (D by D) in order to enhance local government functioning (Akin, John, Paul Hutchinson and Koleman Strumpf, 2001).

In Uganda, in 1995 the post-independence constitution provided for decentralization based on regional government, which were abolished in 1966 when the constitution was abrogated and all the executive powers were vested in the presidency and the post of the prime minister was repealed in the 1995 Constitution of the republic of Uganda (Tabaire, B., and Okao, J., 2010). Central government centralized almost all powers until 1993, when parliament enacted the local government (resistance councils) statute and functions, powers and services were gradually transferred from the central government to the local government (Emorut, S. 2006). Before decentralization, the central government decided how funds were to be utilized and remitted them directly to the department in the district with the district authority having no control over their use. The decentralization in Uganda evolved over a number of years and involved extensive consultation among stake holders (Francis, P, 2009). Local government (resistance councils) statute, 1993 provided the law for decentralization and empowerment of the popularly elected local leaders to make own decision, budget, plan and monitoring own programs. In conformity with the local government (resistance council) statute 1993, the 1995 constitution of the republic of Uganda provided for decentralization of governance, with the district as the local governments below which are lower local governments and administrative units (Musiime, E., and Naluwairo, R., 2004). The constitution followed the decision of the Constituent Assembly (CA) and the findings of the constitutional commission, whose report

was a subject of debate by the CA(Nansozi K. Muwanga.2013). The local government councils have political, legislative, judicial and administrative power and they are corporate bodies with perpetual succession and with power to sue and to be sued in their corporate names (Nsibambi, A.R.1998).

In Uganda, most of the financial resources available to local governments are conditional grants from the centre. Local governments are constrained in the flexible allocation of these funds and basically only administer them (Kisakye, J. 1996).Hence, despite the fundamental assumption in the decentralization debate about the informational advantage of local governments over the central government with regard to local needs and preferences, the centre ultimately decides how much money is transferred and used at the local level and for which purposes. If poverty was reduced as a result of these resources that are generally channeled towards poverty priority areas, it is not the decision-making at the local level but central policy-making that was behind it (Francis, P, and Robert, 2003).The allocation of Conditional grants to the Local Government by the sector is not in accordance with the formulae agreed upon with LGs and the Local Government Finance Commission (LGFC). Consequently, Local governments have not had the expected increments in conditional grants to match the increase in the cost of delivering services in LGs and the growing needs (Tabaire, B., and Okao, J., 2010). The allocation of Unconditional grant to LGs is not undertaken in accordance with the formulae prescribed under Article 193 (2) of the constitution. Consequently, the allocations have not enabled LGs to adequately finance their local discretionary priority needs or cater for the general price changes and the incremental costs of running services(Azfar, Omar, and P. Meagher, 2010).

Thus financing of local governments is critical to the success of the decentralization policy. Overtime Government has made improvements in the level of financing of LGs through various policy reforms and increased central government transfers. In spite of these efforts financing of Local Governments is still a challenge as it has not been matched with the increased demand and cost for services in LGs. The lack of comprehensive needs assessment and inappropriate application of the prescribed formulae for allocation of Central Government grants to LGs has resulted in increased funding gaps. The mismatch between development and recurrent expenditures, decreasing allocations for LGs relative to the sector allocations coupled with wide disparities in the unit costs of service delivery across various LGs points to inequitable distribution of resources. On the other hand there exists huge

potential for Local Governments to enhance their local revenues but owing to various weaknesses not much has been done to exploit that potential. Government needs to invest significantly in the enhancement of local revenues at the local government level.

Decentralization in Uganda aims at improving performance through municipal Councils like Nansana Municipal Council local government to set plans and objectives which implemented by a developmental, professional and motivated human resource of the Municipality (Tabaire, B., and Okao, J., (2010). Decentralization has been advanced as a process that promises the transfer of legal, political, administrative and financial authority to plan, make decisions and manage public functions and services (Nsibambi, 2008). Uganda's current decentralization policy is embedded in Chapter eleven of the 1995 Constitution of the Republic of Uganda (hereinafter called the 1995 Constitution) and the Local Governments Act, 1997. Uganda's decentralized personnel management aims at enhancing district personnel motivation to perform. Performance in this case refers to the personnel's achievement of the goals of effective and efficient delivery of services to the citizens (Baland, Jean, 2009).

1.2 Statement of the problem

According to Muwanga (2013), the decentralization policy has been in place since 1987 with the resistance councils and was piloted in 1992 under a policy in 1997, but it is realized that some local governments have not delivered the designated functions and services efficiently and effectively to the local level. In addition, the local governments have failed to satisfactorily execute programmes designed to promote financial performance (Constitution of Uganda, 1995, Local Government Act 1997). According to MoLG, (2006), Uganda has made significant progress in the implementation of decentralization which was adopted to empower citizens, heightened their awareness of the different custodians of responsibilities, delivered coordinated services closer to the people, promoted creative local resource mobilization, and increased the responsiveness of public investment to local popular demands (Emorut, 2009). The ultimate-objective of decentralization is to reduce the persistent poverty in Uganda by improving the essential public services like health, education, transport, environmental management. But this has not been smooth in implementation due to high levels of corruption, poor ethics and accountability, poor budgeting, understaffing, poor monitoring and evaluation, lack of adequate funding at the local level, and is largely reflected in the education and health sectors (Francis, P, and

Robert, 2003). In addition, to this the functions and roles that have been devolved to Nansana Municipal council local government not only demand a clear understanding of the reform process but also requisite skills and behaviours that facilitate the functioning of local governments (Asiimwe et al, 2010). The ultimate objective of decentralization is to reduce the persistent poverty in Uganda by improving the essential public services like health, education, transport and environmental management. Therefore I intend to seek viable ways on how improve on decentralization so to promote effective financial of local governments like Nansana municipal local government in Uganda (Faguet, J.P. 2001).

1.3 Purpose of the study

The purpose of the study is to establish the extent to which Nansana Municipal Council as a decentralized unit has performed financially.

1.4 Specific Objectives of the study

The specific objectives of the study are:-

- i). To establish whether Nansana municipal council plans and budgets for finances according to the guidelines of MoFPED
- ii). To determine whether Nansana municipal council has alternative sources of revenue
- iii). To establish whether the central government provides Nansana municipal council with sufficient resources and on time.
- iv). To examine whether Nansana municipal council spends finances according to the budget.

1.5 Research Questions

- i). Does Nansana municipal council plans and budgets for finances according to the guidelines of MOFPED?
- ii). Does Nansana municipal council has alternative sources of revenue?
- iii). Does the central government provide Nansana municipal council with sufficient resources and on time?
- iv). Does Nansana municipal council spends finances according to the budget?

1.6 Scope of the study

1.6.1 Geography / Physical Scope

The research was conducted in Nansana Municipal council found in Wakiso district and is one of the five municipalities in the district which lies in the Central Region of the country. Nansana is located on the main highway between Kampala and Hoima, the Kampala-Hoima Road (Mugerwa, Yasiin, 2015). The town is approximately 12 kilometres (7 mi), by road, north-west of Kampala, Uganda's capital and largest city. This is approximately 9 kilometres (6 mi), by road, south of Wakiso, the location of the district headquarters. The coordinates of the town are 0°21'50.0"N, 32°31'43.0"E (Latitude:0.363889; Longitude:32.528611).

1.6.2 Content Scope

The study examines decentralization and financial performance in local governments in Uganda taking Nansana municipal council as the area of interest.

1.6.4 Time Scope

The study focused on the period 2015 to date since the inception and upgrading on Nansana municipal council.

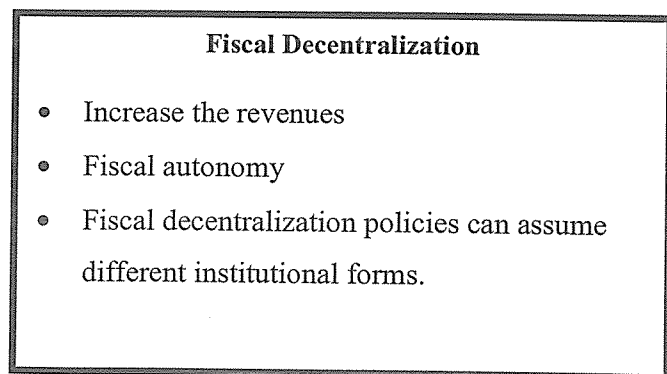
1.7 Significance of the Study

- The research will be of great significance to scholars and academicians as some of the literature developed in this study would be used by future researchers as secondary data for their own research as a copy of this research report will be kept in the University Library.
- The findings of the study will enable the central government identify the major achievements of the decentralization system and the impact it has on the delivery of services such as health, education, road infrastructures, agricultural extension, water and sanitation.
- Nansana Municipal Council and local governments will benefit from this study to effectively facilitate local participation especially of the poor and thus allow the local government to better understand the people's needs; improve public policy design; reduce conflict by helping people to accept government decisions; socially integrate the community; and make local economies more prosperous and more equitable.
- The findings of the study will also be of vital importance to the district planners in designing sound policies geared towards proper service delivery in the district

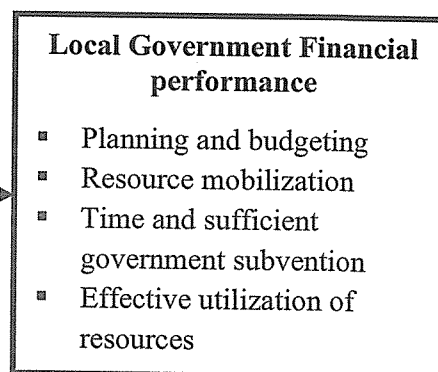
- The study findings shall provide new insights of decentralization policy, thus contributing to a body of knowledge.
- The study will help the researcher in understanding more about the public sector financial reforms and service delivery. The study will also help the researcher to gain skills in conduct in research for instance interviewing, making questionnaire, observing, and data collection, widen the knowledge and improve on career and career development. The research can be used as future carrier and done as a business in order to earn some income
- The study will help Nansana Municipality Local Government to ensure proper and efficient service delivery and the study will highlight the impact of public sector financial reforms on service delivery.
- The study will help the management of Nansana Municipality to improve on the administration and better management of service delivery. This helps to consolidate their weak areas and improves further on their strong areas so as to provide more efficient, reliable and transparent services.
- The study will create an understanding to the residents of Nansana Municipality about the nature and quality of services they are supposed to get from the District, for example efficient and reliable services, accessible and timely.
- The study will be useful to other researchers and academicians who will be under taking research on public sector financial reforms and service delivery; this is because the study will contribute to the existing secondary data for reference.

1.8. Conceptual Framework

Independent variables



Dependent variables



Source: Adapted or designed by the researcher (2018)

The model above shows the relation between the study variables as regards to decentralization and financial performance in local governments of Uganda, where by decentralization is the independent variable which is in terms of; increasing the revenues, fiscal autonomy, and fiscal decentralization policies can assume different institutional forms. While local government financial performance is the dependent variable which is determined by planning and budgeting, resource mobilization, time and sufficient government subvention and effective utilization of resources

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents a review of the theoretical and empirical literature related to decentralization and the financial sustainability of local governments. This chapter will essentially look at the research works conducted Internationally, Nationally and Local Governments literature.

2.1 Planning and budgeting in Local Government

Nansana Municipal council normally plans and budgets its finances and the planning and budgeting process is guided by the National Development Plan and is highly decentralized to both sectors and local governments (Nampewo, and Bogere, 2013). The budget process in Uganda has been fundamentally reformed over the last two decades, from incremental budgeting to integrated planning and budgeting at local government, sector and national levels. This evolution has influenced the institutional framework for planning and budgeting and has been a significant contributor to the success in economic management as demonstrated by consistent macro-economic stability and positive poverty outcomes (Masayo, 2012).

Most local governments actually have multiple budgets, which are referred to as “funds.” A fund provides a distinct accounting mechanism to keep public money designated for different purposes from being commingled (Adeosun, 1999). The general fund of a local government is the fund that receives general tax revenues and fees that may be used for any legitimate function of the local government. Enterprise funds for services that are supported by fees and charges. They are commonly used to provide segregation of money generated for services that are similar to services provided by the private sector. Enterprise funds for water and sewer systems are among the most common. These services are typically fully supported by charges to the users without general tax subsidy (Akai, 2012).

According to Frischmann (2010), special revenue funds are taxes that are earmarked for a specific service or set of services. The special tax levy may support a wide array of services: parks, transit, and fire services are all typical. Major grants from state or federal governments may also be segregated into a special revenue fund to ensure that the funds are only spent for purposes for which they are intended.

Internal service funds are an accounting mechanism whereby a local government provides a service to its own agencies for which it charges as if the service was purchased from the private sector. The reason for doing this is to reflect the true total cost of the service purchasing from the internal service fund. Examples include a central vehicle fleet that provides service and replacement of public vehicles from fire trucks to dump trucks to police cruisers (Bardhan & Pranab, 2002). The general fund budget has two major components: a revenue budget and an expenditure budget. The distinction represents the reality that general tax revenues are not connected directly to the services that they support. A “balanced” budget is one where the revenue budget is the same amount as the expenditure budget. Local governments in the U.S. are required to have balanced budgets. They may incur debt, but the annual debt repayments must be funded with current annual revenues (Frischmann, 2010).

Developments in the institutional framework for planning and budgeting have ensured that resources are allocated to Government’s strategic priorities expressed in the National Development Plan (NDP), while ensuring that aggregate spending is consistent with prudent macro-economic policy. The National Development Plan (NDP) represents the country’s overall planning framework guiding the preparation of detailed sector strategic plans, as well as district development plans. With the adoption of the Sector Wide Approach (SWAp), the relationship between the NDP and sector plans is a symbiotic. The NDP sets the overarching framework for sector plans but it is also the product of those plans, as sector strategic objectives are reflected in the NDP. The National Development Plan identifies the administration of Justice, Law and Order as a critical instrument for growth and socio-economic development through the promotion of peaceful co-existence, Law and Order, increasing productivity, mitigating social inequity and improving the nation’s competitiveness. The Justice Law and Order Sector (JLOS) should therefore place emphasis to achieving satisfactory sectoral outcomes that meet overall national goals and aspirations (Nampewo, S., and Bogere, G., 2013).

The guidelines are supposed to ensure that decentralized development plans are well linked to the overall National development strategic direction as well as to the sector development goals (Vertical Harmony). On the other hand, the guidelines are also supposed to ensure intra and inter agency synergies and linkages in the local government planning framework (Horizontal Harmony). In this case, horizontal harmony is to ensure that there is inter-sectoral and inter- agency coordination in the selection and programming of development activities within the district i.e. coordination amongst different departments within a local government

as well as between the local government departments and Civil Society Organisations (CSOs) Faith-based Organisations (FBOs), Community Based Organizations (CBOs), Development Partners (DPs), and Private Sector Organisations (PSOs), etc. In addition, the guidelines also aim at facilitating planning for inter-jurisdictional programs and services (i.e. programs and services between two or more Local Governments (Fattore, 2009). Whilst the MoFPED conducts LG Workshops with the Higher Local Governments to seek their input on the Budget for the proceeding financial year, the Higher Local Governments are also mandated to Consult LLGs and their communities in the process of developing their budgets and plans through, among others, Budget Conferences and other means which are usually conducted after the Regional Local Government Budget Consultative Workshops (Bardhan, Pranab, 2012).

The service delivery obligations of Local Governments require far more resources than what is currently provided. The MoFPED rationalized the allocation of available resources to meet local needs in line with national priorities. In the interest of fairness and equity, the resources are distributed using a formula. It is upon a sector Ministry to develop a needs assessment format/manual and the unit costs to guide the allocation of resources for delivering a service using a pre-determined criteria; The Local Government performance assessment tool that is being developed will include indicators to determine whether the communities were consulted and agreed priorities incorporated in the plans and budgets (Ministry of Local Government. 2006).

2.2. Alternative sources of revenue in Local Governments

The central government of Uganda provides Nansana municipal council with taxes as alternative sources of revenue. Many different types of taxes exist at the state and local level and thus the most common taxes levied by local government in Uganda and other government agencies URA exclusive are; passport fees, work permit fees, court fees and fines, traffic express penalties, land transfer fees, royalties, business and company registration fees and tender fees. Taxes are levied as a percentage of the amount of the purchase or income received. For example, one tax rate might be 5%. Some common taxes include sales, gas, corporate, income, and property tax. A sales tax is a tax applied to purchases by consumers. For example, when you go to the grocery store you might pay a sales tax on all of your groceries. A gas tax is basically a specific kind of sales tax, paid on purchases of fuel.

For example, when you fill up your car with gasoline you pay a tax on the gasoline (Bardhan, Pranab, 2012).

Property Taxes:

This is the tax payable on either the income arising from the sale or rental of property or on the transfer of property. Property taxes were the most prominent source of state and local tax revenues in fiscal year 2010. This category includes both commercial and residential real estate in addition to personal property tax revenues obtained from taxes on cars, boats, etc. Residential and commercial real estate are often a source of local tax revenue, while personal property taxes are often a source of state tax revenue (Moşteanu, 2008). In Uganda, a rental tax is a charge levied on money received by property owners from tenants in the year.

According to the daily Monitor Report August (2011), Uganda Revenue Authority's new measure of tax enforcement relating to transactions involving the purchase of land and or motor vehicles has generated a lot of outcry from the people of Nansana Municipality. Some of the comments made by the business community especially the property developers and in some cases by Members of Parliament in response to this new URA initiative just show how much more the government and the URA in particular have to do to educate the wanainchi on matters relating to taxation. Thus, it is the duty a purchaser of property pays to the government in order to have the transfer documents "stamped" during the process of transferring the title deeds of that property from the names of the seller to the names of the purchaser and the new owner of the property. The rate of Stamp Duty in Uganda is 1 per cent. That is if you buy property worth Shs100 million, you will be required to pay stamp duty of Shs1 million to the government, in order to have the registrar of titles change the title documents relating to the property, from the names of the seller into your names as the new owner of the property, to the names into your names. This is important to reflect the change in ownership of the property.

Sales and Gross Receipts Taxes

These are another main source of state and local government tax revenue. This category includes both general sales and selective sales taxes. General sales taxes are levied on "all types good and services" (subject to certain exemptions). Selective sales taxes are most often collected on alcoholic beverages, amusements, insurance, motor fuels, pari-mutuels, public utilities, and tobacco products (Wei-qing. 2010). The state with the highest proportion of tax revenues from sales and gross receipts taxes in 2010 was Washington, with over 60 percent

derived from this source. After Washington, the states that relied most heavily on these types of taxes were Tennessee (56.8 percent), Louisiana, (54.0 percent), South Dakota (53.6 percent), and Arkansas (50.5 percent). Oregon was the state that had the smallest proportion of state and local tax revenues coming from sales and gross receipts taxes (only 10 percent). The remaining four were Alaska (11.0 percent), Delaware (13.2 percent), New Hampshire (16.0 percent), and Montana (16.8 percent).

Government grants:

Municipalities may apply to national government for grants for infrastructure development. The two main funds available. Given the low revenue generation locally, Katine sub-county, Soroti is hugely dependent on grants from Kampala, which mostly come for specific activities. One of these is the Local Development Grant (LDG), which for the 2008-09 financial year amounted to US\$ 26.3m (\$13,170). Obore says that this money is used for development projects that will have been identified through a "down-top" - from community level - planning process (Lugaz, C. 2011). Each village produces a prioritised wish-list of the activities it wants the local government to fund. The wish-lists of various villages are then sent to the Parish Development Committee, which debates the suggestions and generates a prioritised list for the whole parish. This becomes the Parish Development Plan.

All Parishes send their development plans to the sub-county, where they are discussed by the technical planning committee (TPC) and a prioritised sub-county development plan is produced. The TPC submits its plan to the sub-county executive committee, which decides on the activities that should be implemented. Its decision is then sent to the sub-county council for debate and approval.

In the 2008-09 financial year, Katine used this grant to open up an 8km road in the sub-county, buy 43 desks for Ojago primary school, renovate the sub-county office block and construct a public latrine in a trading centre. This is all that could be afforded from a list of nearly 100 activities, which included the construction of teachers' houses, the drilling of boreholes and the formation and training of wetland management committees. Besides the LDG, central government also sends money to each sub-county to fund projects under the National Agricultural Advisory Services (NAADS). Last financial year, Katine received US\$ 78m (\$39,000). This money is used to fund the activities of about 100 NAADS farmers' groups in the sub-county. Each group has 15 to 30 members and the average sum for each group is around \$390 per year.

It's not much money and some of it won't reach the farmers as it's often stolen. Over the last few years, Museveni has repeatedly complained about the lack of impact NAADS money is having (NAADS report, 2013).

Like Katine sub-county, Soroti district also suffers chronic funding problems. Again the big challenge is the low amount of local revenue. In the last financial year, which ended June 2009, the district had a budget of US\$ 16.4bn (\$8.2m). Of this, the district, with an estimated population of 526,000, generated only US\$ 242.5m (1.5%) in local tax revenue; donor grants amounted to 4%, while grants from the central government made up 94.5% of the district budget.

Given the huge discrepancy between the needs of local governments and their capacity to finance those needs, the possibility that Soroti district and Katine sub-county officers will fill the void that will be left by Amref seems overly optimistic. But it may well be that Katine will get special attention because, as district vice-chairman Ewadu said, they want to make Katine a model sub-county.

External loans - External loans (from a bank or other financial institution) are an expensive form of financing the capital budget because of the high interest rates in South Africa. External loans should only be used to finance the purchase of major capital items such as roads, buildings, sewerage works and water systems (Kisakye, 2006).

Internal loans- Many municipalities have internal "savings funds" such as Capital Development Funds or Consolidated Loan Fund. These funds can make internal loans to the municipality for the purchase or development of capital items, usually at a lower interest rate than for an external loan and the municipality is paying the interest back to its own "savings fund", which can later be used for another capital project. (Ministry of Local Government, 2012)

Contributions from revenue - When purchasing a small capital item, the small total cost can be paid for from the operating income in the year of purchase. This financing source is known as "contributions from revenue". In most municipalities, this source of financing is used to pay for smaller capital items, such as one or two items of furniture and equipment. As no interest is payable, this source of financing is considerably cheaper than external or internal loans.

Donations and public contributions- Local and foreign donors may sometimes donate a capital item or money to be used specifically for the purchase of a capital item, in a disadvantaged area. They may want publicity for their donation, which the municipality can arrange to acknowledge their sponsorship (World Bank. 2009).

Public/Private Partnerships- Capital costs can be paid for by means of partnerships between the private sector and the municipality. In most cases the private sector partner will have a profit motive in the services and capital being financed, so the terms and conditions must be carefully defined, to protect the community's interests (Kisakye, 2006).

2.3 Timely availability of sufficient resources to Local Governments

MoFPED allocates a limit in the MTEF for the central votes and LG votes based on national priorities. The sectors are then expected to use an objective, fair and equitable allocation formula to distribute funds across LGs. Through a comparison of central government grant allocations to LGs with the national budget and domestic revenues for the last 13 years, it was noted that whereas the allocations in the National Budget(Domestic and external financing) have generally been increasing, the share of transfers to Local Governments has generally been decreasing over the same period.

Central government's financial role requires that it assesses and collects taxes, print money, borrow money, regulate the value of money and punish counterfeiters. Its commerce role includes regulating both interstate and foreign trade, establishing bankruptcy rules, establishing roads and post offices, and granting copy rights and patents. National defense includes declaring of wars, maintaining and raising the armed forces, ensuring state militia enforces federal laws, repelling invasions and suppressing insurrections as well as punishing piracy.

The foreign affairs role conducts diplomacy and authorizes treaties when transacting with foreign countries. Its role of ensuring all laws are necessary and proper allows Congress to be flexible enough to expand the powers that are necessary in carrying out its role. The three branches of the central government guarantee that no single individual or group has too much control. The legislative branch makes the laws, enacts legislation and has the power to declare war, the executive branch carries out and enforces the laws, and the judicial branch executes those laws (Akin, 2011).

A local authority's annual budget represents current expenditure (sometimes referred to as revenue expenditure) which covers the day-to-day running of the local authority (including staff salaries, housing maintenance, pensions, operational costs etc.). The annual budget is adopted by the elected council at its budget meeting. The Local Government Act 2001, as amended by the Local Government Reform Act 2014, provides the legislative basis for the local authority budget process. The budget is developed in a phased process involving input from the Chief Executive, the Municipal District members and the Corporate Policy Group. It is a matter for each local authority to determine its own spending priorities in the context of the annual budgetary process having regard to both locally identified needs and available resources. The elected members of a local authority have direct responsibility in law for all reserved functions of the authority, which includes adopting the annual budget, and are democratically accountable for all expenditure by the local authority (Ulrike, 2010).

The local authority Chief Executive prepares and submits to the elected members a report indicating the programme of capital projects proposed by the local authority for the forthcoming and following two years. The capital programme includes expenditure on the acquisition of fixed assets, infrastructure projects, and work-in-progress and preliminary expenses. The Annual Financial Statement (AFS) of a local authority provides details of Capital Account Income and Expenditure and overall Capital Balance. Individual local authority budgets are available from the council's finance section and are generally published on the authorities' website. Consolidated annual budget data for all local authorities, compiled by the Department is available at Budgets. Current expenditure is funded from a variety of sources, as set out below, although the specific contribution of income from the different sources may vary between authorities (Golola, 2013).

2.4 Expenditure of resources in Nansana municipal council

According to Bangura, Y. and P. Gibbon (2012), the budgets of Local Governments (LG) in Uganda are funded through central government grants, local revenue collections, and in some cases borrowing and/or donations from development partners either directly to the Local Governments or indirectly through the sectors. Central Government Grants (Transfers) constitute the major source of revenues to Local Governments. Central Government transfers comprise conditional grants, unconditional grants and equalization grants. For locally raised revenues the LGs identify their own local revenue sources through enumeration, registration and assessment prior to carrying out local revenue collections. Central Government grants to

LGs contribute over 85% of financing to LG budgets with more than 90% of this funding coming in form of conditional grants. This heavy reliance on CGs for financing has left LGs with very marginal opportunity for local fiscal autonomy and discretion in resource allocation decisions. Besides there has been a notable reduction in the Local Government's own revenues, for example, in 2005 the Graduated Tax which was the predominant source of local revenue was suspended and later abolished in 200 (Gertzel, Cherry. 2008).

There is a mismatch between development and recurrent expenditure allocations to LGs. Development expenditure received on average 14% of total allocations to LGs compared to 58% allocation at national level. Sectors were retaining the biggest proportions of their allocations despite devolving the responsibility of service delivery to LGs. The key service sectors of water, works, agriculture and health retained on average more than 80% of sector allocations at the centre. It was noted that the unit rate per pupil for UPE capitation grant allocation under the variable component differed from district to district (Akin, John, Paul Hutchinson, 2001).

LGs have not fully exploited their potential to generate local revenue. For the three years 2012/13, 2013/14, and 2014/15, financial statements showed that the local governments were not able to tap into key revenue sources and also had revenue shortfalls of UGX 83.6 billion representing 17.6% of projected revenues. The low revenue performance was attributed to the following: The existing laws and regulations governing local revenue management (domestic business registration, regulation and licensing) have not been updated to reflect current operations and thus are complicated, hard to administer and to comply with, and do not represent best practices. LGs have not done adequate enumeration, assessment, and registration in order to expand their local revenue base. LGs were not carrying out adequate mobilization and sensitization for local revenue to improve tax compliance. Weak collection and enforcement mechanisms for property rates that resulted into collected/untapped property tax amounting to UGX 19 billion in the LGs that had property valuation registers.

Local government spending amounts to about 27% of all public spending. Local authorities spend the majority of this on providing schools, social services and maintaining roads, but they also provide many other services. Local government spending pays for many different types of local authority. These include county councils, district councils, London and Metropolitan authorities, and police and fire services. However, the local funding received by

individual authorities varies significantly depending on the local tax base for council tax, the demography of local service need and the services provided by different types of local authority.

The biggest single amount that local government receives is from central government. This is made up from 'specific' grants (54%), and a general grant (7%) for local authorities and the police; Specific grants are provided by central government to pay directly for individual services, such as running schools and helping vulnerable people with their housing and accommodation needs. Local authorities and schools would normally only spend this allocated grant money on the specified purposes. A general grant is also paid by central government to local authorities. This is known as the Revenue Support Grant or Formula Grant. Formula Grant is largely funded by local business rates income (which is ultimately collected for central government). General grant and business rates are added together to make up the Formula Grant, which is then distributed to local authorities using a complex formula.

To date Local Governments have actually had little power to allocate funds in line with their local needs and priorities, as the vast majority of funds transferred to Local Governments have been as conditional grants, with fixed amounts for specified purposes. The Fiscal Decentralization Strategy changes this, and brings in increased flexibility, and better systems that enable Local Governments to decide on programmes and investments that are in line with Local Governments' needs and priorities (Bardhan, Pranab, 2012).

The Local Government Budget is made up of a recurrent budget, and a capital development budget. The recurrent budget refers to the financial plan for the running of the day-to-day routine programmes within a government, such as health services, and education in primary schools (Nansozi K. Muwanga, 2013). The capital development budget is the budget for investment activities, which tend to be one off, such as the building of schools and health-centers, and the training of teachers and nurses. According to Breuss, F and Markus E. (2004), the Fiscal Decentralization Strategy has two systems, the Recurrent and Development Transfer Systems that streamlines the transfer of funds from the Central Government. Local Governments have flexibility over the allocation of recurrent sector conditional grants between and within sectors. Initially, local governments will be allowed to reallocate up to a maximum of 10% of grant funds from one priority sector department to another and from one sub-sector to another, within the recurrent budget. The total allocation for conditional grants

will remain the same. Every year, the level of overall flexibility will be determined for each Local Government by the Local Government Budget Committee after the annual local government reviews. The flexibility can be increased or decreased by the LGBC (Chiedozie, A.O. 2004). Up to 5% of the non-wage sector grant within a sector can be allocated to fund activities in sector administration, which directly support the implementation of programmes, such as inspection, monitoring and support supervision. General administration and non-priority sectors/sub-sectors will not receive conditional grant funding, but will be funded from the unconditional grant, local revenue and any available donor resources (Serdar.2012).

In the development budget, the source of flexibility comes from the discretionary Local Development Grant, which Local Governments can allocate towards any investment, so long as it is identified in the DDP. Central government sector conditional grants for development expenditures, such as the Primary Schools' Facilities Grant, will be allocated to priority sub-sectors within the development budget. These allocations, unlike those for recurrent sector grants will be fixed.

The Local Development Grant and sector grants will be fully integrated with current development planning systems. Local Governments at every level will be able to make better decisions which meet their needs and priorities, because they will be fully responsible for identifying and planning for investments in their areas via the DDP. The Executive will provide lower local governments with Indicative Planning Figures for sector grants and the local development grants simultaneously, and on the basis of this Lower Local Governments will make decisions on which investment in which sector to undertake in the following financial year.

2.5 Conclusion/ Gaps in the literature

Dissatisfied with centralized approaches to delivering local public services, a large number of countries are decentralizing responsibility for these services to lower level, elected governments. The results have been mixed. This chapter has provided a framework for evaluating whether Nansana municipal council plans and budgets for finances according to the guidelines of MOFPED, whether Nansana municipal council has alternative sources of revenue and whether the central government provides Nansana municipal council with sufficient resources and on time and examine whether Nansana municipal council spends finances according to the budget (Ministry of Finance, Planning and Economic Development,

2015).It highlighted the fact that service delivery depends on the effective budgeting practices, accountability, availability of sufficient resources and presence of alternative sources of revenue to foster the activities of the municipal council are regards effective service delivery. Decentralization introduces a new relationship of accountability between national and local policymakers while also altering existing relationships, such as that between citizens and elected politicians. Only by examining how these relationships change can we understand why decentralization can, and sometimes cannot, lead to better service delivery. In particular, the various instruments of decentralization fiscal, administrative, regulatory, market, and financial can affect the incentives facing service providers, even though they relate only to local policymakers (Ebel, R. D. and Serdar Y. 2002). Likewise, and perhaps more significantly, the incentives facing local and national politicians can have a profound effect on the provision of local services. Finally, the process of implementing decentralization can be as important as the design of the system in influencing service delivery outcomes (Robert, 2013).

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter covers the research design, study population, the sampling procedure, the sample size, the tools of data collection, the sources of data and methods of data analysis.

3.1 Research design

The study used a descriptive research design which enabled the researcher to use both qualitative and quantitative techniques in collecting and analysing data from the findings which was compared and contrasted with the available secondary literature to come up with a comprehensive analysis of whether Nansana municipal council plans and budgets for finances according to the guidelines of MOFPED, whether Nansana municipal council has alternative sources of revenue, whether the central government provides Nansana municipal council with sufficient resources and on time and whether Nansana municipal council spends finances according to the budget. Thus this kind of research design was selected because different categories of participants were studied at one point in time. Qualitative methods were used like the interview schedules to collect views and opinions of the participants, whereas quantitative method like employing measurements and statistical analysis. Therefore graphical forms like tables, charts and with the use of appropriate programs like micro-soft excel and micro-soft word

3.2 Area and study population

The population is estimated to 36 Members of from different departments from Nansana municipality local government which include; (04) from Administration &HR , (03) Finance , (03) Internal Audit, (02) Education & Sports, (03) Health, (02) Natural Resource, (04) Physical Planning, (04) Production & Markets, and (03) Community Based Services department (<http://www.nansana.go.ug>).

3.3 Sampling Procedure

Cluster sampling method was used for the study since it helped the researcher to divide the population into separate groups, called clusters. Then, a simple random sample of clusters will be selected from the population. In addition, a purposive sample was selected based on characteristics of the population from Nansana municipal council and the objective of the study. Purposive sampling was therefore very useful in situations when there is need to reach a targeted sample quickly.

3.4 Sample size

A sample size of 32 participants was used for data collection during the study. These were obtained in the ratios of (05) Administration & HR, (01) Finance, (04) Internal Audit, (07) Education & Sports, (03) Health, (06) Natural Resource, (03) Physical Planning, (05) Production & Markets, and (03) Community Based Services department who made to 12 selected participants from Nansana Municipal council to represent the rest for the study.

3.5 Data collection tools and methods

3.5.1 Data collection tools

Interview tools

Interviews were used to collect data from people who cannot read and write. They also were used for those people who have enough time to attend to the interview sessions. This method helped the respondent to probe the respondent since it involved face- to-face interaction. It also helped to obtain data that can be used to quote as the respondent explains answers at length (Adefila, J.J 2008).

Documentary analysis tools

In this method of data collection, involved consulting other related literature in books, brochures, journals, newspapers with some articles of decentralization and financial performance of organizations. Using documentary methods of data collection, the research was able to collect a large amount of data previously collected by others and were not published (Adefila, J.J 2008). Through this method the information that has not been analyzed was analyzed, published and presented to schools, institutes, colleges and universities about the different service provisions to tourism in different locations.

3.5.2 Data collection tools and methods

Questionnaire method

This study was conducted using self-administered questionnaires with closed-ended questions. The participants were determined and guided by the research questions to the participants to avoid irrelevant information from the respondents. This method was good especially when acquiring information from head of departments of the bank who tend to be busy doing their work and have little time to attend to external duty (Asika, N. 2000).

Observation:

This was also used on documents at the credit department by credit officers where an observation check list was used to guide the research on the exercise. Data obtained by this method was generally objective and more accurate (Mugenda, O.M and Mugenda A.G. 2003).

3.6 Sources of data.

These are the alternative ways and areas from which the researcher obtained data about the topic under study these included;

Primary sources:

This is the source from which the researcher obtained data through interaction with participants it includes the field data, thus this data was collected using two methods; that is the questionnaire method and interview method. However, it should be noted that care and thought was given in the application of these methods since this study has taken a single case study dimension. All sources were in general be treated and assessed as of high quality and the diversity of sources and nature of records is in accordance with the multifaceted and holistic approach of this study.

Secondary sources:

These are sources from which the researcher extracted data that had already been written about the topic understudy. Therefore, for the purposes of this study, secondary data was collected through the use of a literature survey. Under this method both published and non-published reviewed materials such as books, reports, articles, documents, journals and internet resources were used. The literature survey further provided a useful background of the study topic in question. This made up the literature review, which helped the researcher to cite areas of agreement and disagreement after the field study. These sources include; the textbooks, Internet, journals, reports, newspapers and other unpublished articles(Asika, N. 2000).

3.7 Data Processing, Analysis and Presentation

3.7.1 Data processing.

This involved collecting responses from Nansaana Municipal council staff members, coding them, and analyse them.

3.8 Data analysis

Qualitatively thematic analysis was used through editing and coding related data into themes, which were used to draw conclusions about the study.

3.9 Ethical Considerations

The researcher ensured confidentiality of the information provided by the participants and ascertain the practice of ethics in this study. The research sought permission through a written request to the concerned Management or Human resource department of Nansaana Municipal Council to be included in the study, participants were asked to sign in Informed Consent Form, acknowledge the authors quoted in this study and the author of the standardized instrument through citations and referencing, findings were presented in a generalized manner. During the study, an informed consent form was attached to each questionnaire, and interview guide which was required to be filled and signed by the participants before any attempt to partake in this study. This form, as attached to the appendices were sought to ensure that the participants were not coerced into taking part in the study but did it out their own will to make the research program a success.

3.10 Limitations of the study

During the study, there was a challenge of uncooperative behaviour of some respondents, unapproachable participants and those who were reluctant to give information and this was overcome through creating good relationship with the participants so as easily collaborate with them in filling up the questionnaires.

Using personal interviews might usually take more time where sometimes, the interviews lasted for hours on end and the interviewer failed to check the free flow of the respondent's replies for fear that it may disrupt study.

Not all the participants selected for this research was competent enough to give their opinions relating to the variables on decentralization and financial performance as a result they might not give information as required for the study.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter contains the statistical results that are generated from the data analysis, together with the interpretation thereof. The presentation in this chapter is guided by the research objectives and the results are generated so as to appropriately address the research objectives to establish whether Nansana municipal council plans and budgets for finances according to the guidelines of MoFPED, to determine whether Nansana municipal council has alternative sources of revenue, to establish whether the central government provides Nansana municipal council with sufficient resources and on time and to examine whether Nansana municipal council spends finances according to the budget.

4.1 Descriptive characteristics of Participants

This section presents the sample characteristics of the participants such as; their gender, ages, marital status, level of education, length of service, and their designation in respective departments within the municipality council. The results are presented in Table form with generated respective frequencies and graphs.

Table 4.1.Descriptive characteristics of Participants-

S/N	Attribute	Frequency	Percentage (%)
1	Gender		
	Male	19	54.28
	Female	13	37.14
	Total	32	100%
2	Age		
	Less than 20 years	-	-
	20-29	05	15.62
	30-39	12	37.5
	40-49	08	25.0
	50-59	04	12.5
	Over 60 yrs	03	9.37
	Total	32	100%

3	Marital status		
	Married	16	50.0
	Single	06	18.75
	Divorced /separated	03	9.37
	Widowed	07	21.87
	Total	32	100%
4	Level of Education		
	Certificate	06	18.75
	Diploma	09	28.12
	Degree	15	46.87
	Masters level	02	6.25
	Total	32	100%
5	Designation		
	Administration &HR	04	12.5
	Finance ,	03	9.37
	Internal Audit	03	9.37
	Education & Sports	04	12.5
	Health	03	9.37
	Natural Resource	06	18.75
	Physical Planning	03	9.37
	Production & Markets	03	9.37
	Community Based Services	03	9.37
	Total	32	100%

Source: Primary data (2018).

From the Table 4.4 above, the finding revealed that the males (54.28%) participants were more than the female participants (37.14%) within Nansana Municipality which implies that municipal council is mostly dominated by men who occupy different departments in the municipality.

According to the table, for the case of Age of participants, most of the of participants (37.5%) were in the age ranges of 30-39 years, followed by 25% of participants who were between 40-49 years, 12.5% were between 50-59 years, 15.62% were between 20-29 years, while None of the participants were of ages Less than 20 years. This implies that most of the participants who were interviewed in the study were between 30-39years and 40-49 years.

As regards the marital status of people operating in Nansana Municipal council, most of the participants in the study were married at 50%, followed by the Widowed at 21.87%, while 18.75% of the participants interviewed in the study were single. The Divorced /separated of participants were the least at 9.37%.

In terms of the level of Education of participants, most of the participants were degree holders at 46.87%, followed by 28.12% as Diploma holders while the least participants were at Masters level at only 6.25%. This thus implies that Nansana Municipal council is mostly occupied by learned individuals who are knowledgeable enough to implement effective service delivery within the region.

Lastly for the case of designation of participants, most of the participants dominated the Natural Resource departments, Administration & HR, and Education & Sports of the municipal council with 18.75%, 12.5% and 12.5% respectively, followed by the Finance, Internal Audit, Health, Physical Planning, Production & Markets, and Community Based Services departments.

4.2 PLANNING AND BUDGETING

4.2.1 Whether the council follows the approved guidelines for planning and budgeting

Attribute	Frequency	Percentage (%)
Agree	02	6.25
Strongly agreed	02	6.25
Not sure	06	18.75
Disagreed	13	40.62
Strongly disagreed	09	28.12
Total	32	100%

Source: Primary data, 2018

In the table, it shows the responses on whether the council follows the approved guidelines for planning and budgeting, majority (40.62%) disagreed with the statement, 28.12% strongly disagreed, 18.75 were neutral, 6.25 both strongly agreed and agreed. This implies that Nansana municipal rarely follows the approved guidelines for planning and budgeting as suggested by majority of the participants who disagreed.

Table 4.2.2. Findings on which categories of staff are involved in Planning and Budgeting at Nansana Municipality.

Attribute	Frequency	Percentage (%)
Administration &HR	01	3.12
Finance	06	18.75
Health	01	3.12
Natural Resource	04	12.5
Physical Planning	11	34.37
Production & Markets	01	3.12
Community Based Services	08	25.0
Total	32	100%

Source: Primary data, 2018

In the table above it shows that 34.37% of staff involved in planning and budgeting at the municipal council were from the Physical Planning, and 25% represented the community Based Services departments, while 12.5% represented the Natural Resource departments and only 3.125% represented the Administration &HR, Health and Production & Markets departments of Nansana Municipal council. This therefore implies that the Community Based Services, Physical Planning and the Natural Resource departments are mostly involved in Planning and Budgeting at the municipality.

4.3 ALTERNATIVE SOURCES OF REVENUE

4.3.1 Findings on whether the local revenue tax is done according to outlined policies

Table 4.3.1 Findings on whether the local revenue tax is done according to outlined policies

Options	Frequency	Percentage (%)
Strongly agree	10	31.25
Agree	16	50
Not sure	01	3.12
Disagree	03	9.37
Strongly disagree	02	6.25
Total	32	100

Source: Primary data, 2018

From the table above, 31.25% strongly agreed, 50 % were in agreement, 3.12 % were not sure, 9.37% were in disagreement, while 6.25% were in strong disagreement. Implying that the majority of the participants were in agreement that the local revenue tax collection is done as outlined policies

4.3.2 Finding on whether the local revenue is carried out every financial year

Table 4.3.2. The local revenue is carried out every financial year

Options	Frequency	Percentage (%)
Strongly agree	15	46.87
Agree	09	28.12
Not sure	00	00
Disagree	03	9.37
Strongly disagree	05	15.62
Total	32	100

Source: Primary data, 2018

From the table above, the majority were in strong agreement, that is 46.87%, 28.12% were in agreement, none were not sure, 9.37% were in disagreements and 15.62% were in strong disagreement. Implying that the revenue assessment is carried out every year

4.3.3 Findings on whether the revenue is collected at the right time

Table 4.3.3. The revenue is collected at the right time

Options	Frequency	Percentage (%)
Strongly agree	11	34.37
Agree	10	31.25
Not sure	06	18.75
Disagree	02	6.25
Strongly disagree	03	9.37
Total	32	100

Source: Primary data, 2018

From the table above, 34.37% of participants were in strong agreement that the tax is collected in time, 31.2 % were in agreement, 18.75% were not sure, 6.25% were in disagreement, while 9.37% were in strong disagreement. Meaning that the majority agreed that the local revenues are collected in the right time and this gives the planning and policy formulation to be efficient.

4.3.4 Findings on whether there are strict measures of collecting local revenues

Table 4.3.4. There are strict measures of collecting local revenues

Options	Frequency	Percentage (%)
Strongly agree	10	31.25
Agree	09	28.12
Not sure	06	18.75
Disagree	04	12.5
Strongly disagree	03	9.37
Total	32	100

Source: primary data, 2018

From the table above, 31.25% were in strong agreement, 28.12% were in agreement, 18.75% were not sure, 12.5 % were in disagreement while only 9.37 % were in strong disagreement. Hence this shows that the collection of local revenues is primarily an obligation to all the collecting agencies.

4.3.5 Findings on whether local government faces these problems acquiring alternative sources of income for the council

Table 4.3.5. Local government faces these problems in acquiring alternative sources of income for the council

Options	Frequency	Percentage (%)
Strongly agree	15	46.87
Agree	10	31.25
Not sure	05	15.62
Disagree	02	6.25
Strongly disagree	03	9.37
Total	32	100

Source: Primary Data, 2018.

From the table above, 46.87% were in strong agreement that the local government faces these problems acquiring alternative sources of income for the council and they responded that there are other factors facing local government collection, which include corruption and embezzlement of the collected tax, a problem of lack of enough manpower, poor infrastructures and accessibility among many others. 31.25 % in agreement, 15.62% were not sure, 6.25 % were also in disagreement and 9.37 % were in strong disagreement.

4.3.6 Findings on whether there are measures have been undertaken to acquire alternative sources of income for the council

Table 4.3.6. Whether there are measures have been undertaken to acquire alternative sources of income for the council

Options	Frequency	Percentage (%)
Strongly agree	10	31.25
Agree	06	18.75
Not sure	10	31.25
Disagree	04	12.5
Strongly disagree	02	6.25
Total	32	100

Source: Primary data, 2018.

From the table above, 31.25% strongly agreed that there are measures have been undertaken to acquire alternative sources of income for the council and they suggested that there should be recruitment of more man power to counteract with the big work needed to be done, 18.75% agreed and they suggested the cut down costs of tax collection, proper tax education to enable the masses be aware of the use of the tax they pay, that there is a need to fight corruption and embezzlement while some suggested that there should be an improvement in the infrastructure for proper accessibility for the masses to succeed in their businesses and other works, 31.25% not sure, 12.5 disagreed while 6.25% Strongly disagreed with the statement.

4.3.7. Findings on whether there alternative sources of the revenue for the council

Table 4.3.7. Whether there alternative sources of the revenue for the council

Attribute	Frequency	Percentage (%)
Agree	09	28.12
Strongly agree	05	15.62
Not sure	06	18.75
Disagree	10	31.25
Strongly disagree	02	6.25
Total	32	100%

Source: Primary data, 2018.

From the table above, 15.62% were in strong agreement, 28.12% were in agreement, 18.75% were not sure, 31.25% were in disagreement while only 6.25% were in strong disagreement. Hence this shows that the collection of local revenues is primarily an obligation to all the collecting agencies, and this is in agreement with (sec. 108 IAT, 1997/8) which allows for amendments in the tax law.

4.4 SUFFICIENT RESOURCES AND ON TIME

4.4.1 Whether the central government provides sufficient finances to the municipal councils

Table 4.4.1. Whether the central government provides sufficient finances to the municipal councils

Attribute	Frequency	Percentage (%)
Agree	03	9.37
Strongly agree	04	12.5
Not sure	02	6.25
Disagree	09	28.12
Strongly disagree	14	43.75
Total	32	100%

Source: Primary data, 2018.

From the table above, 12.5% were in strong agreement, 9.37% were in agreement, 34% were not sure, 28.12% were in disagreement, while the majority 43.75 % were in strong disagreement. Implying that the majority strongly disagree that the central government does not provide enough finances to Nansana the municipal council, in Wakiso district.

4.4.2 Whether the resources provided are sent on time

Table 4.4.2 Whether the resources provided are sent on time

Attribute	Frequency	Percentage (%)
Agree	01	3.125
Strongly agree	03	9.37
Not sure	03	9.37
Disagree	12	37.5
Strongly disagree	13	40.62
Total	32	100%

Source: Primary data, 2018.

From the table above, 40.62% were in strong disagreement, 37.5% were in disagreement, 9.37% were not sure, 9.37% were in agreement and only 3.125% were in strong agreement. Implying that the majority were in disagreement with the statement thus implying that the resources provided to Nansana municipal council tend to delay which affects the effective decentralization and service delivery within the whole region of Nansana.

4.4.3. Whether there are cases of misuse of resources within the municipal council

Table 4.4.3. Whether there are cases of misuse of resources within the municipal council

Attribute	Frequency	Percentage (%)
Agree	11	34.37
Strongly agree	16	50
Not sure	05	15.62
Disagree	-	-
Strongly disagree	-	-
Total	32	100%

Source: Primary data, 2018.

From the table above, 50% were in strong agreement that there are many cases of misuse of resources within Nansana municipal council, 34.37% were in agreement, none were sure, and none were in disagreement while none of the participants were in strong disagreement with the statement. Implying that the municipal council has a great challenge of failure to curb down corruption and misuse of funds allocated for implementation of different development projects in relation to health, education, infrastructure and transportation networks within the municipality region.

4.4.4 Findings on whether administration monitors service activities carried out

Table 4.4.4: Administration monitors service activities carried out

Options	Frequency	Percentage (%)
Strongly agree	06	34.37
Agree	07	21.87
Not sure	08	25
Disagree	03	9.37
Strongly disagree	11	18.75
Total	32	100

Source: Primary data, 2018.

From the table above, 34.37% were in strong agreement, 21.87% were in agreement that administrators monitors, 25% were not sure, 9.37% were in disagreement while majority, 18.75% were in strong agreement hence. Monitoring is done within the local government but to a small extent.

4.5 FINANCIAL SPENDING ACCORDING TO THE BUDGET.

4.5.1. Whether finances are spent according to the allocate budget of the municipal council

Table 4.5.1: Expenditure targets are fully met as per the budget

Options	Frequency	Percentage (%)
Strongly agree	04	12.5
Agree	02	6.25
Not sure	00	00
Disagree	11	34.37
Strongly disagree	15	46.87
Total	32	100

Source: Primary data, 2018.

From the table above, 46.87 % were in strong disagreement, 34.37% were in disagreement, none were sure, None were Not sure, 6.25% were in agreement while 12.5 % were in strong agreement. Implying that the expenditure costs are higher than the collected revenue, hence implying that Expenditure targets within Nansana Municipality region not fully met as per the local government budget due to high cases of corruption and embezzlement of finds among the responsible officials.

4.5.2. Whether resources provided are sufficient enough to cater for the municipal's activities

Table 4.5.2.Whether resources provided are sufficient enough to cater for the municipal's activities

Attribute	Frequency	Percentage (%)
Agree	-	-
Strongly agree	02	6.25
Not sure	07	21.87
Disagree	09	28.12
Strongly disagree	14	43.75
Total	32	100%

Source: Primary data, 2018.

From the table above, 43.75% were in strong disagreement, that the resources provided are not sufficient enough to cater for the municipal's activities, 28.12% were in disagreement, 21.87% were not sure, 6.25% were in strong agreement and none of the participants were in agreement, Implying that the resources provided to Nansana Municipal council are not sufficient enough to cater for the municipal's activities.

4.5.3. Whether development ventures in the region are normally implemented by the municipal council

Table 4.5.3. Whether development ventures in the region are normally implemented by the municipal council

Attribute	Frequency	Percentage (%)
Agree	10	31.25
Strongly agree	13	40.62
Not sure	04	12.5
Disagree	05	15.65
Strongly disagree	-	-
Total	32	100%

Source: Primary data, 2018.

From the table above, 40.62 % were in strong agreement that development ventures in the region are normally funded by the municipal council, 31.25 % were in agreement, 12.5 % were not sure, 15.65% were in disagreement, while None of the participants were in strong disagreement. This shows that despite of government efforts to promote socio-economic development in different regions of Uganda, there development ventures in the region are normally implemented by the municipal council

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMEMNDATIONS

5.0 Introduction

This chapter discusses the findings by comparing what was established in this study with what other scholars have established before in the literature review. It helps to draw conclusions as well as recommendations and other areas for future research. The discussion is according to the study objectives.

5.1. Discussion of the Findings

5.1.1 Findings on the Demographic characteristics of respondents

The finding revealed that most departments in Nansana Municipality i.e. administration & HR Finance, Internal Audit, Education & Sports, Health, Natural Resource, Community Based Services, Physical Planning, Production & Markets are occupied by men since they more able bodied, more committed.

The findings also revealed that most people operating within Nansana Municipal Council are between 30-39 years of age which implies that the board of members within the council are mature, responsible and old enough to handle developmental matters that concern their region.

As regards the marital status of people operating in Nansana Municipal council, the findings revealed that most of the people in Nansana Municipal are married with families which implies that the region is municipal council board is occupied by responsible individuals who know what they are doing and so their presence could yield ripe fruits for the council.

Furthermore, the findings revealed that, most of the participants were degree holders and Diploma holders which implies the Finance, Internal Audit, Health, Physical Planning, Production & Markets, and Community Based Services departments, are occupied by individuals who are educated enough which can easily promote the Nansana region in terms of infrastructural development, education, and medical facilities by setting up public/government health centres to cater for all the people in the region.

5.1.2 Planning and Budgeting in Nansana Municipality

The findings on whether the council follows the approved guidelines for planning and budgeting show that majority (40.62%) disagreed with the statement, 28.12% strongly disagreed, and 18.75% were neutral, 6.25 both strongly agreed and agreed. This implies that Nansana municipal rarely follows the approved guidelines for planning and budgeting as suggested by majority of the participants who disagreed. The Findings on which categories of staff are involved in Planning and Budgeting at Nansana Municipality show that 34.37% of staff involved in planning and budgeting at the municipal council were from the Physical Planning, and 25% represented the community Based Services departments, while 12.5% represented the Natural Resource departments and only 3.125% represented the Administration & HR, Health and Production & Markets departments of Nansana Municipal council. This therefore implies that the Community Based Services, Physical Planning and the Natural Resource departments are mostly involved in Planning and Budgeting at the municipality.

5.1.3 Alternative sources of revenue in Nansana Municipality

The Findings on whether the local revenue tax is done according to outlined policies show that 31.25% strongly agreed, 50 % were in agreement, 3.12 % were not sure, 9.37% were in disagreement, while 6.25% were in strong disagreement. Implying that the majority of the participants were in agreement that the local revenue tax collection is done as outlined policies. Revenue generation in Nansana Municipality local government is principally derived from tax. Tax is a compulsory levy imposed by government on individuals and companies for the various legitimate function of the region (Olaoye, 2008). Tax is a necessary ingredient for civilization. The history of man has shown that man has to pay tax in one form or the other that is either in cash or in kind, initially to his chieftain and later on a form of organized government (Ojo, 2003). No system or rules can be effective whether foreign or nature unless it enjoys some measures of financial independence. Local governments in Uganda have developed over a number of years. Historically, the development of direct taxation in local government in Uganda can be traced the British pre-colonial period Under this period, community taxes were levied on communities (Rabiu, 2004) recently the revenue that accrues to local government is derived from two broad sources, viz the external sources and the internal source and hence an effective Local Government system rests majorly on the availability of human and material resources which the nation could mobilize and harness for the local government development.

The finding on whether the local revenue is carried out every financial year show that the majority were in strong agreement, that is 46.87%, 28.12% were in agreement, none were not sure, 9.37% were in disagreements and 15.62% were in strong disagreement. Implying that the revenue assessment is carried out every year. The Findings on whether the revenue is collected at the right time show that 34.37% of participants were in strong agreement that the tax is collected in time, 31.2 % were in agreement, 18.75% were not sure, 6.25% were in disagreement, while 9.37% were in strong disagreement. Meaning that the majority agreed that the local revenues are collected in the right time and this gives the planning and policy formulation to be efficient.

The Findings on whether there are strict measures of collecting local revenues show that 31.25% were in strong agreement, 28.12% were in agreement, 18.75% were not sure, 12.5 % were in disagreement while only 9.37 % were in strong disagreement. Hence this shows that the collection of local revenues is primarily an obligation to all the collecting agencies.

The Findings on whether local government faces these problems acquiring alternative sources of income for the council show that 46.87% were in strong agreement that the local government faces these problems acquiring alternative sources of income for the council and they responded that there are other factors facing local government collection, which include corruption and embezzlement of the collected tax, a problem of lack of enough manpower, poor infrastructures and accessibility among many others. 31.25 % in agreement, 15.62% were not sure, 6.25 % were also in disagreement and 9.37 % were in strong disagreement. This therefore implies that Nansana Municipal council is greatly influenced by cases of lack of Political Commitment whereby there is concern that the commitment to decentralization by government is waning. This notion is prompted by recentralization of a number of functions that had been devolved to sub national governments, including recruitment of staff and remuneration, procurement as is the case with procurement of drugs. This situation is contrary to the thrust of the decentralization policy in Uganda that sought to free the centre of certain functions while at the same time empowering citizens to take charge of affairs. The sub-national governments have over the years become increasingly subjected to central government direction with little discretion. It is widely accepted that the centre of the problems of service delivery under decentralization in Uganda is the political economy of decentralization. Political considerations tend to override the objectives of decentralization. The result is the creation of over 1,350 sub-national governments (112 districts, 22 municipalities, 1,147 sub-counties and 69 municipal divisions) majority of which are not

viable and hardly raise three percent of their annual budgets. Furthermore, the meager funds mainly cover salaries of workers leaving little for provision of materials and actual service provision.

Furthermore, the findings show that another problem is poor Administrative processes i.e. Lengthy procurement procedures and other administrative processes which result in failure of districts to utilize the funds over the required time are a major impediment to service delivery. The bureaucratic processes sometimes lead to late release of funds – and result in unspent balances returned to the treasury. The budget cuts affect cash flows for service delivery. The other administrative handicap is the reporting and accounting which is not accompanied by adequate capacity building. The Integrated Financial Management System was reported to present numerous challenges.

The findings on whether there are measures that have been undertaken to acquire alternative sources of income for the council show that 31.25% strongly agreed that there are measures have been undertaken to acquire alternative sources of income for the council and they suggested that there should be recruitment of more man power to counteract with the big work needed to be done, 18.75% agreed and they suggested the cut down costs of tax collection, proper tax education to enable the masses be aware of the use of the tax they pay, that there is a need to fight corruption and embezzlement because like in all other spheres of public life in Uganda, corruption is also rampant at the district level. Corruption takes many forms, including influence peddling by those in positions of authority, undue influence by politicians, abuse of office, bribery, fraud, embezzlement, misappropriation and misallocation of - limited - resources. The level of corruption under decentralization, particularly the collusion by politicians and technocrats at the districts in awarding contracts and tenders in what is commonly referred to as *“scratch my back, I’ll scratch yours”* arrangements, is alarming. This makes supervision very difficult as those supposed to carry out this function are compromised. While some suggested that there should be an improvement in the infrastructure for proper accessibility for the masses to succeed in their businesses and other works, 31.25% not sure, 12.5 disagreed while 6.25% Strongly disagreed with the statement as attributed to Lack of commensurate revenue for service delivery by Local Governments whereby Underfunding sub-national Local Governments constrains the discretion of Local Governments over budget resources. Apart from the mismatch between service delivery responsibilities and resource allocation [less than 20 percent, Local Governments are heavily

dependent on central government transfers for revenue [over 95 percent]. This does not support the objective of putting people in charge of their own affairs. It limits people's discretion over budget resources because over 85 percent of the grants are conditional. The low levels of internal revenue generation - which accounts for less than 5 percent of the district budgets - are partly because of low capacity of revenue generation by Local Governments. The introduction of local service tax and local hotel tax has not yielded much to bolster local revenues. Direct donor funding to Local Governments through project support remains minimal.

The findings on whether there alternative sources of the revenue for the council show that 15.62% were in strong agreement, 28.12% were in agreement, 18.75% were not sure, 31.25% were in disagreement while only 6.25% were in strong disagreement. Hence this shows that the collection of local revenues is primarily an obligation to all the collecting agencies, and this is in agreement with (sec. 108 IAT, 1997/8) which allows for amendments in the tax law. 12.5% were in strong agreement, 9.37% were in agreement, 34% were not sure, 28.12% were in disagreement, while the majority 43.75 % were in strong disagreement. Implying that the majority strongly disagree that the central government does not provide enough finances to Nansana the municipal council, in Wakiso district. This is supported by Kayizzi-Mugerwa (1999) who argued that the success of decentralisation will depend on the capacity of districts and urban governments to raise their own revenue and use it efficiently in the provision of services. However, the generation of local revenues is limited, with local governments largely depending on central government financial transfers. In the 1990s, on average, only 13.2 per cent of revenue in Uganda could be generated locally (Saito 1999). A national graduated tax had been operational for many years until 2006. With the introduction of decentralisation, many districts started to charge education, environment and sanitation, and health taxes along with graduated tax. These additional charges specifically targeting certain service sectors substantially contributed to the service delivery in these sectors. Graduated tax, however, was removed in 2006, leaving these districts financially paralysed. The abolition of the Graduated Personal Tax (GPT) meant that the local and urban governments had limited financial sources to finance public services, as is the case with education and health cited above. As a result there has been an increase in the reliance by local governments on central government. This lack of financial autonomy affects the implementation of development plans and consequently limited service delivery since most of funds are diverted before they reach their final destination.

The findings on whether the resources provided are sent on time show that 40.62% were in strong disagreement, 37.5% were in disagreement, 9.37% were not sure, 9.37% were in agreement and only 3.125% were in strong agreement. Implying that the majority were in disagreement with the statement thus implying that the resources provided to Nansana municipal council tend to delay which affects the effective decentralization and service delivery within the whole region of Nansana. This is due to the fact that Nansana Municipal council has shortage of qualified and experienced staff and yet the delivery of quality service is anchored on an essential element of any institution - a professionally trained human resource. But most of the positions in the Local Governments are rarely filled and some functions are never performed. Since the freeze on recruitment of civil service at district level was imposed by the central government, the situation has worsened, particularly in hard-to-reach districts. A review of staffing levels in a sample of 66 entities comprising of districts, town councils, and regional referral hospitals revealed that out of the approved structure of 28,454, only 17,871 (63 percent) positions were filled – showing a shortage of 10,583 staff (37per cent) understaffing. Other factors responsible for shortage of qualified staff at district level include; lack of training opportunities to develop professional and technical expertise and lack of career progression of staff recruited at district level, low and often delayed pay, shortage of equipment and materials – that makes the positions unattractive to suitors - and ineffectiveness of the District Service Commissions - which are slow in handling recruitment - even when clearance to recruit has been granted by the central government.

The findings whether there are cases of misuse of resources within the municipal council show that 50% were in strong agreement that there are many cases of misuse of resources within Nansana municipal council, 34.37% were in agreement, none were sure, and none were in disagreement while none of the participants were in strong disagreement with the statement. Implying that the municipal council has a great challenge of failure to curb down corruption and misuse of funds allocated for implementation of different development projects in relation to health, education, infrastructure and transportation networks within the municipality region (Frischmann, E.2010).The Ministry of Finance, Planning and Economic Development survey on health and agricultural service delivery in Uganda (1998) found that there was deficiency in the percolation of funds allocated to these sectors. Despite the bid for financial autonomy implied by decentralisation, the central government still provided funding for major services at local government level. However, provision of funding suffered diversion in the process of allocation to local governments. MFPED and MAFAI (1998) thus

reported a shortage of incentives and facilitation for districts. This resulted in the inability to deliver Agricultural Extension Services (AES) to grassroots farmers. The lack of funding at the local level paralysed the personnel sector. In the first instance, decentralisation led to staff retrenchment through civil service reform. In the agricultural sector the Agricultural Extension officer–farmer ratio was 1:1000–3000 in 1998. The wider area covered by each extension officer meant that few farmers had access to these services. On average, the proportion of farmers contacting Agricultural Extension Officer was only 10 per cent.

The same problems of shortfalls in funding and personnel were observed in health, with limited medical personnel and medicine, and in education with limited teaching staff. Spending on public health, as earlier mentioned, fell from 33 per cent to 16 per cent during decentralisation (Akin, Hutchinson, and Strumpf 2001), while, as also noted, increased enrolment of primary school children during UPE resulted in overcrowding and low staff capacity to handle large classes. The increase in school enrolment was not matched by increased recruitment of new staff (UNDP 2004). Another challenge of decentralisation to improved service delivery is the perception gap between service receivers and providers about the benefits of the policy. According to Saito (1999), on the one hand, the public service officials perceive that decentralisation improves control and the mobilisation of resources, and on the other, the service receivers perceive that services have not improved in recent years.

The findings on whether administration monitors service activities carried out show that 34.37% were in strong agreement, 21.87% were in agreement that administrators monitor, 25% were not sure, 9.37% were in disagreement while majority, 18.75% were in strong agreement hence. Monitoring is done within the local government but to a small extent. Thus decentralisation as an approach to service delivery is limited by the failure of politicians to cede political power to the local governments.

5.1.4 Financial spending according to the budget.

The findings on whether finances are spent according to the allocated budget of the municipal council show that 46.87 % were in strong disagreement, 34.37% were in disagreement, none were sure, None were Not sure, 6.25% were in agreement while 12.5 % were in strong agreement. Implying that the expenditure costs are higher than the collected revenue, hence implying that Expenditure targets within Nansana Municipality region not fully met as per

the local government budget due to high cases of corruption and embezzlement of funds among the responsible officials. There are three major sources of financing service delivery under decentralization, namely; grants from central government (over 85 percent of the local government budgets), locally generated revenue (less than 5 percent) and donor funding (in form of project support). Development expenditure accounts for, only a third of the grants to Local Governments This means that more money is spent on workers' wages than on service delivery (Domestic development and non-wage recurrent).

The findings on whether resources provided are sufficient enough to cater for the municipal's activities show that 43.75% were in strong disagreement, that the resources provided are not sufficient enough to cater for the municipal's activities, 28.12% were in disagreement, 21.87% were not sure, 6.25% were in strong agreement and none of the participants were in agreement, Implying that the resources provided to Nansana Municipal council are not sufficient enough to cater for the municipal's activities. The issue of financing service delivery under decentralization is highly contentious. The central government is faulted for perpetual underfunding of Local Governments and taking away leverage of political leadership over technical staff at the district by recentralizing the appointment of the Chief Administrative Officers - the accounting officers at the district. The Ministry of Finance is known for late release of funds – which contributes to failure of districts to utilize the funds. On the other hand, the government claims the Local Governments fail to mobilize local revenues, and utilize funds disbursed to them and adhere to reporting and the procurement guidelines and requirements. While citizens accuse the government of being corrupt, they are un-willing to pay taxes and contribute to quality service delivery - through user fees and other taxes.

The findings on whether development ventures in the region are normally implemented by the municipal council show that 40.62 % were in strong agreement that development ventures in the region are normally funded by the municipal council, 31.25 % were in agreement, 12.5 % were not sure, 15.65% were in disagreement, while none of the participants were in strong disagreement. This shows that despite of government efforts to promote socio-economic development in different regions of Uganda, there development ventures in the region are normally implemented by the municipal council.

Accountability is increasingly becoming prominent in development discourse. Decentralization and liberalization in Uganda led to the introduction of diverse and numerous actors with unclear roles and responsibilities. There is lack of adequate supervision due to inadequate facilitation, lack of coordination between central and local government, overlapping and unclear mandates for monitoring Local Governments and lack of essential statistical databases for planning, monitoring and evaluation at the local levels. As a result, the demand for accountability by the citizenry is still very low. The level of citizens' participation in planning and budget monitoring activities remains low, and there is a generally negative attitude over civic matters. This is attributed to; wide spread lack of knowledge among the citizens of their roles and responsibilities, unavailability of Relevant Information especially at district level, loss of trust and confidence in government by citizens and absence of effective mechanisms for holding leaders accountable.

5.2 Conclusion

5.2.1 Planning and Budgeting in Nansana Municipality

Local government entities like Nansana Municipal council have been found with weakness in following the appropriate measures and approved guidelines in planning and budgeting for the region, which has limited on the effective social service delivery in terms of construction of good roads, good modern schools, technical institutes, and hospitals with enough medications to cater for all the whole population in Nansana region with quality medical care and health facilities. This is because of increased levels of corruption, misuse of funds and poor district planning personnels they improvise to plan for the region in terms of distribution of resources.

5.2.1 Alternative sources of revenue in Nansana Municipality

Much emphasis has been put towards improving internally generated revenue and instillation of transparency and accountability in management structure of the Local governments. This can be effectively carried out through community participation in their various activities. The need to carry people along in the execution of the projects will encourage administrative openness and accountability. Hence, decentralisation has been aimed at addressing local needs that were not being addressed by the centralised framework to Nansana region. Nansana Municipal council local Governments has been able to generate internal revenues through taxes and fees etc. It is opined that expenditure assignments should match with revenue generating powers in order for local governments to discharge their functions

effectively. In essence, revenue and expenditure decentralization must support local government public revenue profile. Local government revenue generation in Uganda needs restructuring so that taxing powers be given to Local authorities and also it should be allowed to share major tax bases with other levels of government to enable enough independent funds for development. It is noted that federal government is highly favored in all the revenue allocation systems so far and fiscal federalism is tilted more in favor of the federal government. This, in a way, is affecting the economic survival of the sub-national governments.

Nansana Municipal council local Governments has been able to generate internal revenues through taxes and fees etc. It is opined that expenditure assignments should match with revenue generating powers in order for local governments to discharge their functions effectively. In essence, revenue and expenditure decentralization must support local government public revenue profile. Local government revenue generation in Uganda needs restructuring so that taxing powers be given to Local authorities and also it should be allowed to share major tax bases with other levels of government to enable enough independent funds for development. It is noted that federal government is highly favored in all the revenue allocation systems so far and fiscal federalism is tilted more in favor of the federal government. This, in a way, is affecting the economic survival of the sub-national governments.

5.2.3 Financial spending according to the budget.

Despite the good intentions of decentralisation, its implementation has faced challenges of financing, personnel capacity at the local level and effective monitoring of service delivery as a result of failure to finance local government projects according to the budget allocated, which has been also attributed to using unqualified regional planners, limited research made towards the region, combined with existing levels of corruption and misuse of funds by the responsible officials. Thus, as a policy for improving service delivery, decentralisation has fallen short of realising that objective in Uganda, despite a few isolated examples of successful service delivery, as in the case of immunisation, education and participatory planning. The ultimate aim of Uganda's decentralization programme was to improve service delivery through transfer of real power (devolution) and reduction of the workload of the central government; ensuring the participation of citizens and democratic control; achieving good governance as a prerequisite for an efficient public service; bringing political and

administrative control over services to the point of delivery; freeing local managers from central constraints; and improving the capacity of local government councils to plan, finance, and manage service delivery. This present study has critically examined local government's tax mobilization and utilization in Uganda.

5.3 Recommendations

The MoFPED should work with the Sector ministries to establish the unit cost of delivering delegated services at Local Governments (LGs) in order to facilitate proper planning, resource allocation and financial performance.

The Local Government authorities should have forward looking strategies and should utilize the scarce resources at their disposal efficiently. The availability of adequate knowledge and information is also necessary for a forward-looking local authority system.

There is need for reconciliation between LG levies (especially the development levy) and the URA filing system.

The government should introduce a statutory instrument to enable the levying of solid waste management fees in all urban areas.

The government should provide financial support to undertake property valuation, and funds for Local Revenue generating capital investments in LGs, e.g. Markets, hostels.

The government should develop and operationalize a local revenue policy that will, among others, curtail the prevailing negative political interventions.

The government should provide support to LGs to establish fiscal databases and strengthen revenue units. Provide initial funds to compile revenue data on all sources, computers and software, some motorcycles and file cabinets. Use smart phones to take pictures of all commercial and industrial properties, record the address of each and attach this information into the taxpayer identification/registration system.

Resource allocation by MoFPED and sectors should be undertaken in accordance with the framework established for unit costs and agreed formulas which will promote effective service delivery by local governments in Uganda.

The MoFPED should also ensure that approved conditional grant allocations are all released and frequent reviews of the Local Government Act should be embarked on so as to have realistic expectations in the provision of the services. Positive aspects of the same Act, such as powers granted to pass/use by-laws should be appreciated.

There is need to have a clearly defined framework and vision in the Local government reform process rather than a disjointed approach that is currently displayed in its implementation. There is also need for adequate resources in the reform process to sustain the process. There is need for ownership of the process by the citizens. The application of good partnership practices is necessary.

The MoFPED should use expertised planners to embark on urbanization planning and development of urban centres in relation to development of agricultural and industrial activities. This policy will support the development of urban centres of different hierarchies that specialize in different commercial and industrial development activities in all the regions like Nansana municipality in Wakiso district.

The government should give priority to commercial and productive establishments in the supply of land and infrastructure within municipalities and the surrounding areas.

Address currently existing implementation problems in relation to the urban land leasehold system, and institute a development-friendly, transparent and efficient system of land allocation both for urban residential purposes and potential investors in businesses and industries.

Promote organized participation of the public in local political activity, municipal governance and local development endeavors, and encourage active community participation in the preparation and implementation of urban development plans.

There is an urgent need for Nansana Municipality local government managers to embark on massive education, enlightenment and mobilization of revenue workers, inculcating in them, the knowledge of good accounting records, and the principle of upholding transparency in any accounting system.

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INTERVIEW GUIDE

Introduction

I am **Sauda Yusuf**, a student of Kampala International University. I am doing my research on **“decentralization and financial performance of local government in Uganda”** This part of the requirements for the fulfilment of the award of a degree of Public administration and Management of Kampala International University. The information provided here will be treated confidentially and only be used for the academic purposes intended for. Therefore you are kindly requested to answer the following questions according to the best of your knowledge by either ticking on the right option or filling in the blank spaces provided.

SECTION A: BIOGRAPHIC DATA

1. Name

(optional).....

2. gender.....

3 Age

4 Marital status.....

5. Level of education.....

6.Designation.....

7.Religious affiliation.....

8. Location.....

PLANNING AND BUDGETING:

1. Does the council follow the approved guidelines for planning and budgeting?

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.....

2. What categories of staff are involved in planning and budgeting

.....

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.....

3. When does planning and budgeting process begin and end?

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.....

.....

4. Who determines the priorities that are to be involved in planning and budgeting?

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.....
.....

5. Who are the key beneficiaries to planning and budgeting in your municipality region?

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.....
.....

ALTERNATIVE SOURCES OF REVENUE

1. What are the current sources of revenue for the council?

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2. Are there alternative sources of the revenue for the council?

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.....

3. What are the specific alternatives of income for the council?

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4. If there are no alternatives sources of income, what could be the reason?

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.....
.....

5. What measures have been undertaken to acquire alternative sources of income for the council?

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SUFFICIENT RESOURCES AND ON TIME

1. How often does the central government provide finances to the municipal councils?

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2. Are the resources provided sent in time?

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3. Are the resources provided according to the budget and requested amount?

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4. Are the resources provided sufficient enough to cater for the municipal's activities?

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.....

5. Are there cases of misuse of resources within the municipal council?

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.....

FINANCIAL SPENDING ACCORDING TO THE BUDGET.

1. Are finances spent according to the allocate budget of the municipal council

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2. What major development ventures are finances normally spent on in the municipal council?

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Thank you for your co operation