

FISCAL EFFECT OF DECENTRALISATION IN KICUKIRO DISTICT

RWANDA

BY

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DECLARATION

I MWUMVANEZA JOHN LADISLAUS, declare that this thesis entitled fiscal effect of decentralisation in Kicukiro distict Rwanda is a result of my own independent research efforts and investigation. It has not been submitted to any other institution of higher learning for any award. Where it is indebted to others, due acknowledgement has been done.

Signature 

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Date... 26th - OCT - 2009

APPROVALS

We certify that JOHN MWUMVANEZA LADISLAUS carried out this study entitled **fiscal** effect of decentralisation in Kicukiro distict Rwanda our supervision. Were confirm that it is the candidates own work.

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DEDICATION

To my family father Mwumvaneza Ladislaus Gatebera and mother Generoze Kanyonga
young brother Katebera Ladislaus J. brother Ildephonce family for being encouraged and
many other friends.

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All errors and omission are entirely mine.

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LIST OF ACRONYMS

BC:	Before Christ
FD:	Fiscal decentralization
Gacaca:	Tradition court
GOR:	Government of Rwanda
IDP:	Initiative Dialogue of policy
KIU:	Kampala international University
LABSF:	local authority budget support fund
MTEF:	Medium term expenditure framework
Ubudehe :	Community work for development
Umudugudu	Lowest level of administration contain 30-40 houses
VAT:	value add tax

ABSTRACT

This report is the result of an academic research entitled FISCAL effect of decentralisation in Kicukiro distict Rwanda. The over role objective is the researcher is intended to study fiscal effects of decentralized in Kicukiro district in Kigali city Rwanda.

To achieve this objective researcher answers research questions, and consulted other academicians to widen the knowledge about fiscal effect and decentralization, techniques used are convenient, stratified and purposive for the officials who are concern with tax department.

A research design is the overall plan or strategy for conducting the research. There strategies: qualitative and quantitative. The research stratified random sampling was used, a 5% margin of error and 95% level of confidence a population of 5,694 taxpayers sampled as a 50 respondents and 80 staff where convenient techniques used to sample 3 respondent final 25 officials were selected sample 7 purposively in sectors teen sectors but only three were choose. Observation and questionnaires were used to collect date which were analysed qualitative and quantitatively.

The major finding of the study district is among few districts which have industry area this means that unemployment can be possible low compared with other district.

Lack of good infrastructure and customer care in the district are another constrains but management can act on this and changes to eliminate this problem. The people in the sector Niboyi planned to construct road starting with their efforts and contribution, Donnas come latter as supplements, lack of enough fund, distribution is not good, more sensitizations is needed, few staff miss allocated, tax should also be used for development. Recommendation is Infrastructure is the base of development that is why what was done

by sector Niboyi by constructing road through their contributions should be the roll model where other sectors can learn from this action. They have to think a bout Donnas after their own effort introduced in the project.

There is lack of enough funds to finance the needs of decentralization institutions.

In order to satisfy need of citizens. This problem lets the district depend on high tax can cause finance deficit in developmental budget which slow down the rate of development.

The best way introduce municipal bonds, to improve customer care for the benefit of district.

CHAPTER ONE

INTRODUCTION

1.0 Background to the study

Fiscal decentralization is one of the three major dimensions of decentralization (Smoke, 2003). Other dimensions including political and administrative (institutional) decentralization. For successful implementation of decentralization program, and order to realize better outcomes from the programme, all the three dimensions out to be harmonized.

According to Nondinnelli, (1981), decentralization, (territorial) involve the transfer of responsibility for planning, management and rising of and allocation of resources from central government and its agencies to its field units of central governments, ministries and its agencies, subordinate units or levels of government's independent public authorities or corporations, area- wide regional and functional authorities or non governmental organization (private or voluntary). This implies that central government relieves it self of some responsibilities thus empowering local communities to take charge of union destiny (Nondinnelli and Cheema, 1983).

On the other hand fiscal decentralization comprises the assignments of responsibilities, including sectoral functions, as well as assignment of non source of revenues to sub national governments (Smoke, 2003). With this impetus, fiscal decentralization seems to concern with not only on the sources of, but indeed the management and utilization of those revenues in order to deliver decentralization services.

Therefore, local governments are by law requiring preparing plan and budgets which cooperate plan of the lower councils. In the fiscal analysis local government, should show all the expected revenues (internal and external) and how they will be used. Internal fiscal decentralization concern itself with taxations while externally, central government grants, loans and donations are the major ones.

Fiscal decentralization policy focuses mainly on taxation where tax is thought to have started before Christ (BC). The first known system of taxation was in the ancient system of taxation in ancient Egypt around 3000BC -2800BC in the first dynasty of the old kingdoms. From University of Pennsylvania almanac taxes in the ancient world, were said to be recorded from the time document that the Pharaoh would conduct a biennial tour of kingdom, collecting tax revenue from the people, (Olmert, 1996, .41). Early tax were also described in Bible, in genesis (47:24), it states "but when the crops come in, give the fifth of it to Pharaoh. The other fourth to fifth to seed and food for your selves and your house holds and your children" Joseph was telling the people of Egypt how to divide their harvests providing a portion to the Pharaoh. A share of 20% of crops was a tax.

According to Hoffman and Norberg (1994, p.238). Taxation as a percentage of production of final good may have reached 15% to 20% during the 17th century in place like France, the Netherlands, and Scandinavian. During the war field years of the eighteenth century and early of 19th century, tax rate in Europe increased drastically as war become more expensive and government become more centralized and resort and collecting taxes. This increase was greatest in England, Peter Mathias and Patrick O'Brien found that the tax burden increased by 85% over this period.

During the colonial and the immediate post colonial period in Africa, Rwanda was characterized by a highly centralized administrative structure. The central government decision-making and resource allocation gave tight control overall the social, economic and political aspects of all Rwandan society. At the grass- root level masses were deprived of any role in decision making by the central, government disregarding the fact that those decisions primarily affected these people, and not those irrelevant projects brought to them. The objectives of decentralization policy are: 1.To increase people's participation in activities of importance to them, strengthening accountability by making leaders accountable to the people they serve and creating responsiveness.2. Promoting Sensitivity of public administration to the local environment by placing planning, financing and management of services at the point where they are provided. This was to be done through local bodies at cell, sector and district levels. Government officials were only left to authorities above them and not to the people they were poised to be serving. This led to inefficiency in services provision, resource allocation and worst of all, a passive attitude about civic responsibilities

The national decentralization policy that was adopted in Rwanda in May 2000 and set out a new way in which elected local organs could participate in running activities that concern them at level closer to scrutinizing and controlling management and operations.

Under the broad government decentralization policy lays the fiscal decentralization policy. The fiscal decentralization policy was officially adopted (Government of Rwanda, Fiscal decentralization policy, 2001). The government empowers local authorities in the such aspects as Setting up tax license rates, Levying of service fees, among the others.

More so, Handling of issues involved with property tax, Strengthening the auditing a system, and establishing program based budgeting. In 2001, the government of Rwanda empowered local authorities to raise revenues through taxation and central government transfers. Kobusinge, (2008, p.3, 22). The Local Authority Budget support fund (LABSF) came into being in 2002 as part of implementing the government policy of decentralization initiative of 2000. During this period the government of Rwanda was implementing four types of transfers. They included conditional grants and equalization grant.

1.2 Statement of the problem

The main objective of this study therefore, was to determine the impact of of fiscal decentralization in service delivery in kicukiro district. The aim of fiscal decentralisation policy in Rwanda (May 2001) was to broaden revenue base for local government so that people can get good services. It was expected that Local governments would be able to raise sufficient revenue in order for them to meet most of basic services. On the Contrary districts have not been able to raise enough revenue and provide good services to the population they serve; Tax payers have also been complaining of the tax burden resulting from paying taxes. The government is willing to put policies in order to increase revenue although the gap between sectors is still big reflecting equality in development of different districts as the result of fiscal decentralization of fiscal decentralization.

It thus required that government at the center identifies any bottlenecks still persisting in fiscal decentralization in Rwanda. Without such understanding, conditions among local government are likely to worsen in the next half decade country wide. That is why, this study aimed to determine the impact of fiscal decentralization service delivery in kicukiro

district so that the out come can provide a baseline for policy makers and implementers of fiscal decentralization in Rwanda in general.

1.3 Objectives of the study

1.3.1 General objective

The research intended to determine the impact of fiscal decentralization on service delivery in kicukiro district, Rwanda

1.3.2 Specific objectives

1. Assessed the success of fiscal decentralization in kicukiro district.
2. Evaluate the fiscal decentralization strategy on local government management in kicukiro district.
3. Identify measure through which fiscal decentralization can be enhanced in kicukiro
4. district.

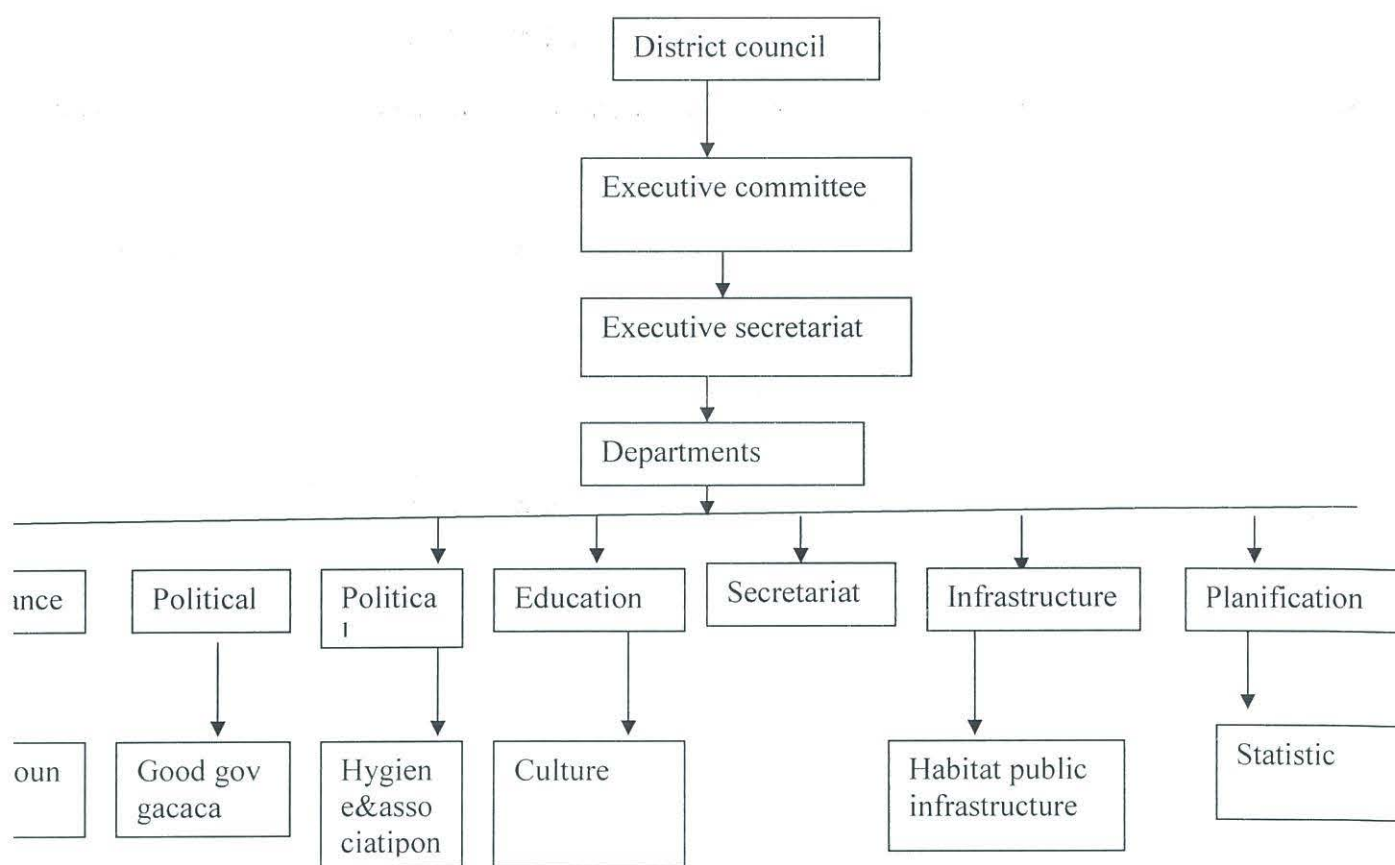
1.4 Research questions

1. What could be the success fiscal decentralization in the Kicukiro district?
2. What measure can be adopted so that fiscal decentralization can be enhanced in Kicukiro district?
3. How has fiscal decentralization strategy impacted on local government management Kicukiro district?

1.5 Scope of the study

The study carried out in Kigali city mainly in Kicukiro district. The study is further carried out at three sectors of three Gatenga, Kigarama and Niboyi out ten which are Kigarama, Niboyi, Kicukiro, Gatenga, Gikondo, Gahanga, Kanombe, Masaka, Kigarama and Nyarugunga. The research highlights the effect of the fiscal decentralization in terms of tax collection and its benefits to the society. It covers the following years 2002- 2004 and 2007-2008.

Figure1.1: Kicukiro district organization structure



The department of finance and accounting department where taxation is found is took more concerned because it is a heart of the district and can help reduce depending on the

donations and transfers which they have no power on it. Donations and transfers can easily cut off by the stakeholders any time rather than taxation. As it shows the structure of this organization is organic rather than mechanistic because the department is more decentralized and flatter.

1.6 Significant of the study

The study is significant to the local government authority as well as researchers. Local authorities will be able to identify the possible areas where they are making progress and where they are not performing. The study is also aiming at ensuring improvement in tax service delivery in District. To the researchers the finding could be used as the research or as the basis for future research on related topics.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviewed literature relevant to the study. The chapter was accordingly divided into sub themes that are in line with the specific objectives and research questions.

2.1 Decentralization: the concept

Decentralization to Robbins (2001) means decision discretion is pushed down to lower level employees. In this case the lower levels personnel provide input or are actually given the discretion to make decision. Decentralization efforts are usually part of vigorous initiatives to support rural development.

In simplistic definition, the World Bank decentralization thematic team defined. Decentralization is the transfer of the central government's powers to regional or local authorities. Centralization is in response to the need for national unity, whereas decentralization is in response to demands for diversity.

Both forms of governance coexist in different political systems. However, since the 1980s there seems to be consensus, that too much centralization and too much local autonomy are both not very good for the general governance of a country. Decentralization embraces a variety of concepts, which must be carefully analyzed in any country before determining if projects or programs should support re-organization of Administrative, or service delivery systems.

The World Bank,(1999) defines decentralization as of authority and responsibility for public functions from the central government to subordinate or quasi independent government and/or private sector. It is therefore clear decentralization as it will further be referred to in this report that it is process of devolving political, fiscal and/or administrative powers to sub national, Levels of government. Although there are many entry points, decentralization may consist of bringing elected sub governments into existence, or restoring them after periods of authoritarian rule or expanding the resources and/ all responsibilities of existing elected sub national governments.

Three different types decentralization include political, administrative and, fiscal or market decentralization. Drawing distinctions between these various concepts is usefully for highlighting the many dimensions to successful decentralization and the need for coordination among them.

Nevertheless there is clearly overlap in defining any of these terms and the precise definitions are not as important as the needs for a comprehensive approach to understanding them. Political, administrative, fiscal and market decentralization can also appear in different forms and combinations across countries, within countries and even within sectors.

Robbin (1998. p.485) argued that in Decentralized organization, action can be taken more quickly to solve problem more people provide inputs into decisions, and employees are less like to fill alienated from those who make decision that affect their work lives. Robbin

continued to say “Recent management effort to make organization more flexible and responsive, there has been a marked trend towards decentralization decision making”.

2.2 Fiscal decentralization

Fiscal according to American heritage dictionary English language,(2000) refers to treasury of a king or state, money basket treasury. Fiscal is related to government expenditure revenue and debt. On the other hand fiscal decentralization comprises the assignments of responsibilities, including sectoral functions, as well as assignment of non source of revenues to sub national governments (Smoke, 2003)

Financial responsibility is a core component of decentralization. If local government and private organizations are to carry out decentralized functions effectively, they must have adequate levels of revenue which can either be raised locally or transferred from the central government, as well having the authority to make decisions about expenditure.

Fiscal decentralization can take many forms which may include: self financing or cost recovery through user charges co-financing or co-production users participate in providing services and infrastructure through monetary and/or labour contributions, expansions of local revenues through property or sales taxes, or indirect charges, intergovernmental transfers that shift general or specific uses and authorization of municipal borrowing and the mobilization of either national or local government resources through loan guaranties.

The World Banks decentralization thematic team asserts in their publication on decentralization in developing countries(1999) that most local governments in less

developed countries poses the legal authority to impose taxes, but tax bases are too small and weak and the dependence on central subsidies so engrained that no attempt is made to exercise this authority.

2.3 The structure of decentralization

Decentralization has the potential to reduce accountability by breaking the links between the levels of taxation and expenditure. Major expenditure, according to Mwumvaneza,(2008,p23). Responsibilities are being transferred to local governments in an effort to improve service delivery, but there are few high revenue taxes that can be assigned to local governments without creating national economic distortions.

Efficiency in tax administration suggests that local governments should levy taxes on immobile factors like property taxes. Fiscal needs criteria suggest that they should levy cost recovery user charges such as frontage taxes (taxes per linear front foot of property) , tolls on local roads and poll taxes. These tax revenues are unlikely to be sufficient in many places and thus intergovernmental transfers are required to mitigate this imbalance.

(Shahid, J et al ,1999 pg 22 box(2.2)) on the issue of how far to decentralize, stressed the need for decentralization and extents to which it should be done in ring word; «One of the vaunted benefits of decentralization is its ability to improve the efficiency and responsiveness to ward government. They further went on to say that, « according to this argument, local officials will have better knowledge of local conditions than central government officials and are better positioned to respond to local tastes and preferences. And because they are most accessible to their constituents they can easily be accountable

for results.

They however avoid their reservations towards unlimited decentralizations by saying that, Decentralization may not be the best way to reform government structures, especially in the health sector, where total decentralization of public hospitals to local governments may be all that beneficial.

2.4 The Primary Unit of Decentralization.

Since there are several tiers of sub national units of government, it is very important to Specify the primary unit of decentralization.

In Uganda there are district, county, sub County and village levels of governance. It is the district, which is the primary unit of decentralization. In India the levels of states are the primary unit of decentralization.

In China and in Russia it is the regional level. In large countries such as India, China and Russia, the primary unit of decentralization may be as large as many medium sized countries. These levels may be so remote to citizen settlements as to be still highly centralized governing bodies. True may require transfers of power further down.

Lev Freinkman and Plamen Yossifov are not sure if the transfer of power to the regional subnational primary unit of decentralization has brought benefits to lower levels in the regions especially, the municipalities. "However, given the relatively large size of most Russia regions, it is not clear if devolution of functions from the center to the regions is sufficient for enjoying all decentralization gains mentioned above. If most resources and functions are concentrated within regional governments and not delegated to the local level, there is a risk that the single centralized state would be replaced by numerous

centralized entities of small sizes that could neither exploit informational advantages nor be seriously influenced by competitive pressures. In the latter case, another stage of the decentralization process would be required to force regions to share more resources with local governments”.

2.5. Identifying new sources of revenue

The study advances 16 areas by Shirima, L., Rutamu A. (2004). The local government in Rwanda can explore can explore to enhance their revenue generation ability so as to increase their financial and fiscal autonomy. These areas are of two major types, explored below: (1) user chargers and fees, and (2) sources related to local economics development.

User charger and fees service or users of charges are an important source of municipal revenues in developing countries.

Charging the immediate users of infrastructure and service has become a common principle and user charges and are growing importance. In government of Rwanda(GOR) these may be imposed on public or private water supply, sewerage, telephone company, electricity utilities.

2.6 Tax incidence

Economic theory by McClusekey,(2009) on land taxation suggests that the economy effect of tax does not necessarily fall at the point where it is legally fall at the point where it is legal levied. For instant a tax on employment paid by employers will impact on employee, at least on long run. The greatest share of the tax burden tends on the most inelastic factor

involved the part of transaction which is affected last by a change in price. So, for instance tax on wages in a town will (at least in the long run) affect property-owners in their area.

2.7 Fiscal Decentralization as a concept of development

Any decentralization of decision – making machinery and personnel management to local authorities comes nothing unless it is accompanied by decentralization of financial resources to the same level. At the same, the moment the local authorities have very limited sources of revenue and are restricted very tightly by the local administration act, for those reasons, which restrict implementation of the plans that undertaken.

According to Nsibambi (1993) financial decentralization that is supported by effective financial management is one of litmus tests for genuine empowerment of local people. The financial inter- aria enable local areas to attract the retained skilled staff, which can initiate together with ordinary people relevance policies and programs for effective implementation hence development.

Dillinger (1994) says that if on is to realized enough revenue, much emphasis should be put on local government type of administration he says that the particular structure of local revenue, the mix of user charges taxes, transfer and loans, that is appropriate in a given context depends first and foremost on the functions that have been assigned to local government he thus contends that local government system or decentralization breeds revenues in a given areas thus leading to economic development.

Mawhood (1998) continues to say that the idea of decentralization will allow a broader representation of various political, ethnic, interest groups in the decision making process, underlying thesis is that when the government in to allocate resources opportunities and investment, then greater equity will be realized. Therefore decentralization is hoped to create equitable distribution of resources within and among units of decentralization as this will be in this as will be in such away that the disadvantaged will be in given more grants and hence a boost for development. Most impatient advocates even urge that there has been relatively little realization of the following political and development objectives.

2.8 Fiscal and financial decentralization

According to government of India, Ministry of financial, (2004) fiscal decentralization (FD) is the assignment of mobilization expenditure and revenue functions to sub national level of government. The term thus encompasses two distinct public sector functions – spending and taxation- and FD reform can vary in the degree to which each of the two is shifted from the central to a local government level. Where local expenditure is higher than local taxes, the difference is financed by for example, transfers from the central government, borrowing, and/ or donor support.

Inter-governmental transfers are indeed the dominant source of revenues for local governments in developing countries, although there are substantial differences between countries. From instance, in Tanzania the lion's share of operational costs in district councils is financed by central government transfers. In 2002, these transfers funded on average 85-90% of the total operational costs in rural councils.

When it comes to investments, most council in Tanzania is almost completely dependent on transfers from the central level, including donor funding. In contrast, local authorities in South Africa generate, more than 90% of their own revenues.

The remaining revenues are transfers from the provincial governments. However, huge differences exist between municipalities. Metropolitan councils mobilize on average 97% of the revenues themselves, as opposed to some smaller municipalities, which only raise 65% of their revenues from own sources.

2.9 Fiscal issues in decentralization

According to Litvack et al. (1998) there are four components that define the fiscal dimensions of decentralization: 1. Allocation of expenditure responsibilities by central and local tiers of government; 2. Assignment of taxes by governmental grant system; 3. The budgeting and monitoring of fiscal flows between different government tiers. Local government will be less accountable for delivering good services if they can manipulate these components to shift fiscal liabilities to the center what is often referred to as a "soft budget constraint".

The accountability of lower-level government of clients is enhanced if sub national governments have access to own- taxes with the right to adjust tax rates. In deed the service delivery incentive facing sub national government may improve if , at the margin, they have rise their own revenue through tax increases lather than relying on central transfers or bailout that often the budget constraint. This potential impact of own taxes suggested that proposals for national reforms should include tax instrument that can be devolved, or at the very least, introduce a system of charges on national taxes.

In the study by McClure (1999) in United states of America, the adherence to sales, tax as an important source of revenue to states is reflection of the country's federal origins and a historical commitment to ensure the independence of states in economic management south Africa has considered allowing provinces as surtax to national income tax to enable them greater autonomy in decision making.

According to government of India (2004), India has considered as a dual state VAT (with power given to a states to set a rates) in order to strengthen intergovernmental fiscal relation to enlarge the tax bases. The design and implementation of intergovernmental fiscal transfer can influence the accountability of sub national government for service delivery. Own tax source will rarely meet the funding required for sub national government, nor does the theory of fiscal decentralization suggest that each tier of government should be self sufficient.

In popular study by Bird, (2003, p.15) Fiscal transfers typically have a conditional and unconditional portion. The former leads to a more hierarchical system of accountability the center holding the sub nation accountable for proper use of central transfers. The later falls in the category of discretionary resources for which sub-national government are directly accountable to their constituencies. Also critical is the predictability of fiscal to transfer, essential in allowing sub-national government to plan local service delivery more efficiency. In general, the use of unconditional, formula, and block transfers enhance both the predictability and "own revenue" properties of such fiscal flows. However, transfers are also subject to political manipulation by central governments.

There is an emerging consensus in the literature that resource distribution across sub-national government cannot be explained by efficient and equity considerations alone, the political variables representing the incentives of central political agent are additional and significant determinants. Thus, sub-national governments that are politically disadvantaged in that even with decentralized tax instrument, administrative cost efficiency criteria suggesting that tax administration and setting of tax bases(as opposed to tax rates) can remain a central function.

Khemeni (2004) identifies that fiscal interdependent between different tiers of governments means that budget evaluation of transfers are also important elements in ensuring efficient service delivery and getting value for money. In their budget process, a number of countries have implemented a medium term expenditure framework (MTEF) that allows sub-national entities to participate in multi-year budget system (e.g. South Africa). Even if the fiscal transfer system does not have a predictable, the multi-driven division of total revenues between different tiers of government, the multi-year nature of the MTEF can be provided some certainty, usually over a three-year span.

As to Andrew et al. (2003) to complement its MTEF process, South Africa has introduced a comprehensive Treasury bill that focus on financial management within the intergovernmental to assist in the monitoring of public resource. This facilitates public monitoring by nongovernmental civil society groups that can make budget information comprehensive to citizens.

2.10: The Need for fiscal or financial decentralization

Kyobe (1993) asserts that, the need for fiscal and financial decentralization in any given society has managerial, administrative and political objectives. Some proponents popularize it as "the latest system in development administration and as a new professionalism". Therefore the needs for fiscal and financial decentralization have the following attributives:

According to Asiimwe (1989), the managerial objective of fiscal and financial decentralization refers to objective relate to the provision of services, planning and implementation of development activities that various government agencies involved in development of local levels reduce delays in decision making and increasing flexibility in administration development. This implies that administratively decentralization empowers the people to carryout planning responsibility and resources management of their localities without referring to central government.

The political objectives of decentralization are rather more difficult to identify and analyses and some sometimes seems to have less obvious development significance. Asiimwe goes on to point out that; this is because they are not always state explicitly and often become confusing. "Politically decentralization is decentralization is democratic process which gives people power and population participation in decision making". This means that politically, decetralisation empowers local citizens or their representatives. Hence participatory democracy and equal decision-marking in development matters concern them.

Kyobe (1993) maintains that, fiscal and fiscal decentralization reduces congestion at the center of power and allowing the policy makers much more time for silent issues, efficiency and effective service delivery. Therefore reducing resistance of the people to change, and as you involve them in various changes you also help to make them innovative and responsive to the modern changes taking place.

Hubert (1990) states that "traveling long distance to central administration is costly and can be intimidating. To make things worse communication systems in developing countries are often very poor". In such circumstance, it is highly desirable for people on that spot to be able to take decisions themselves and to get on with their jobs without too much reference to the central government, otherwise there will be little or no development and even routine administration may break down.

On the other side Kobusingye (2008). They fiscal decentralization reform can be divided into several interrelated dimensions. The four pillars of decentralization are: sub national deficits, borrowing and debts, intergovernmental fiscal transfers, assignment of tax sources and assignment of expenditure responsibility. Intergovernmental transfers can be provided to ensure adequacy. Transfers can be in form of unconditioned or conditional (targeted) transfers. Transfers can come as block grant, as a reimbursement of actual local expenditures, or matching in some proportion to local government expenditures.

2.11 Independent sources of finance for local governments

According to Ahmed and Junaid (1996) access to capital markets by sub-national governments is important for several reasons.

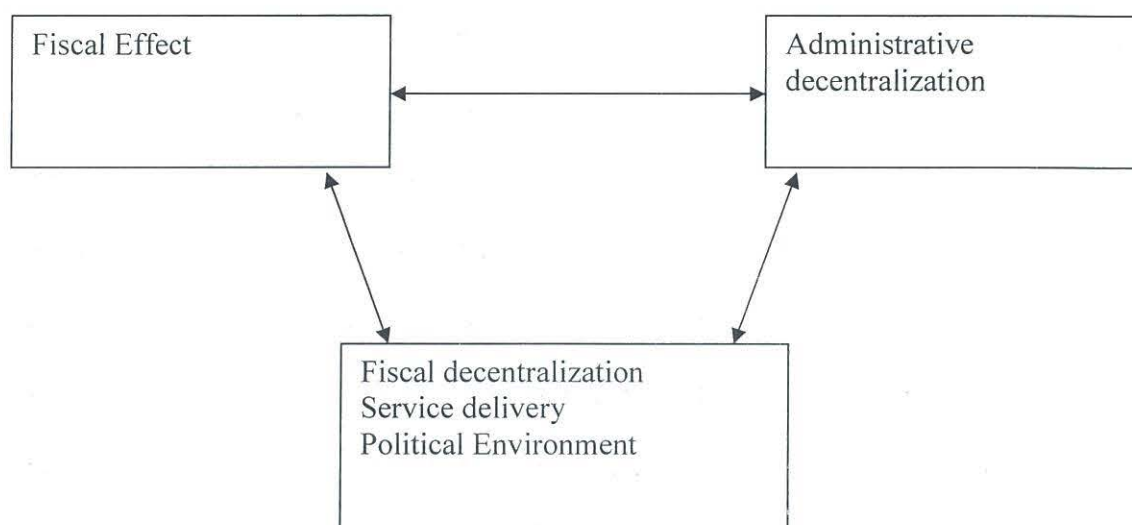
First, long- term finance is necessary given the lumpiness as-you-go schemes. Without access to long term finance, investment in infrastructure may be sub optimal. Second, infrastructure investments benefit future generations should also bear the cost of financing. Junaid (1996) maintains that financial markets offer this inter temporal linkage. Financial markets play an important role in signaling the performance of regional and local governments. The accountability created for the sub national government on the fiscal side by providing an own revenue base can be further strengthened by providing access to capital markets on the debt side. In fact, the implicitly threat that poor policy management and service delivery may force local policy markers to raise own-taxes, or pay higher borrowing costs, are important incentives in ensuring the service delivery is managed efficiently.

Junaid (1996) also put its forward that, how sub nation governments access final markets will determine the extent to which such market will influence the overall health of sub national government and its ability to ensue good service delivery. Generally, access can be achieved through the central government (where the central government borrows on behalf of sub national tiers), through a public financial intermediary (e.g. a municipal bank or fund), or by rising funds directly (e.g. commercial bank borrowing or bond operation by sub national governments).

2.12. Conceptual framework

From the literature review, a conceptual frame work was developed. This implies that fiscal is very important point in decentralization milestone and it was developed into diagrammatical frame work model as following model.

Figure 2.1: Research variables



The above conceptual model reflects that fiscal decentralization does not operate in vacuum rather in harmony with other dimensions of decentralization. In the finding observation, fiscal decentralization not only affects services delivery but indeed the success of other dimensions of decentralization.

The fiscal policy goal has three goals according to Bad and Parkin (2007, p 837).are as to provide public goods and services, to redistribute the income, and to stabilize aggregate demand.

The government of Rwanda through Rwanda revenue authority have the slogan which say tax is for growth and development and this is to say more remarkable effect of decentralization are mainly in taxation.

Wagner & Hollenbeck, (1995, p. 499) said in decentralized organizations, authority and decision making are dispersed downward and outward in the hierarchy of managers and employees. Several factors push otherwise reluctant managers toward its implementation. First, some decisions require top managers to consider a great deal of information. The manager may become overloaded by task processing in all information and therefore find it's useful to involve more people in decision making process. Second, decentralization may be stimulated by need for flexibility. If local conditions require that different part of an organization respond differently, manager of that organizational group must be empowered to make their own decisions. Wagner and Hollenbeck, third said that decentralization may be useful in dealing with employees control over work place practices and conditions. In any of these causes, the failure to decentralize can seriously undermine attempt to coordinate inter group relations.

Apart from fiscal effect this is major dealing with tax collection which was under either Rwanda revenue authority or ministry of finance in one day before 1994. The tax collection is the backbone of the district. Another area which can also bring the effects is administrative effects, economic and marketing effect and political effect.

2.13 Dangers of decentralization

The overall of these influences Hunter and Shah, (2009, p. 11) is to force a rethinking on issues and to force a jurisdictional realignment in many countries. Realignment in many countries around the globe. Some writers have cautioned against such a shift in division of powers in the developing country environment and have highlighted the "dangers of the decentralization" (Pruett, 1995, Tanzi, 1996). Hunter and Shah, (2009) continued to point out their concern ranging from macro mismanagement, corruption, red tape, and

widening gap between rich and poor person under regions decentralization fiscal system.

2.14 Monetary and fiscal policies

For systematic examining this question, we relate evidence presented in influences Hunter and Shah,(2009,p.15) on central bank independence to share of sub national expenditures in total spending. Increase in monetary base caused by the central bank's bailout of failing state and non state Banks representing an important source of monetary stability and stability and a significant obstacle to micro economic management. In Brazil, a decentralized federation, state bank have made loans to their own governments without due regard for their profitability and risks. A central bank role is to ensuring arms length transition between governments and banking sector would enhance monetary stability regardless of the degree of centralization.

According to Hunter and Shah,(2009,p.15) concluded that arm length transactions are more difficult to achieve in countries with centralized structure with a larger set of players. This is because a decentralized structure requires greater clarity in role of various public players, including the central bank.

In a centralized country, central government assumes the exclusive responsibility for fiscal policy. In decentralized countries, fiscal policy become a responsibility shared by all levels of government and federal(centre) government in these countries use their power of the purse(transfers) and moral suasion through joint meetings to induce a coordinated approach.

Saknini, James, Sheikh (1996) further demonstrate that, in decentralized federation with markedly differentiated sub national economies with incomplete markets and non traded goods, federal fiscal policy act as an insurance against region- specific risks and there fore decentralized fiscal structures do not compromise any of the goals sought under a centralized fiscal policies.

2.15 Devolution Decentralization to Sub national Governments.

The defining characteristic of decentralization by devolution is that the transferred power should include political power, not just administrative and economic power directed by Central governments, namely, deconcentration. The evidence for political decentralization Jean Bonnel, FAO case studies: Republic of Mali

Tim Besley, "Notes on Different Forms of Decentralization", California University Task Force on Decentralization, Initiative for Policy Dialogue (IDP) Working Paper Series. Emphasis is that the people in the subnational territory democratically elect the subnational governing entity. The subnational government is a legal personality that can sue and be sued and controls its finances. "Decentralization entails the transfer of political, fiscal and administrative powers to subnational units of government. A government has not decentralized unless the country contains an 'autonomous subnational elected government capable of taking binding decisions in at least some policy area.' Decentralization may involve bringing such governments into existence. Or it may consist in expanding the resources and responsibilities of existing subnational governments.

The definition encompasses many variations. India, for example, is a federal state, but the central government has considerable power over subnational governments. Political power in China is officially centralized, but subnational units have substantial de facto autonomy in what can be described as ‘decentralization Chinese style’ and authoritarian regimes, decentralization by devolution tends to be linked with democratic, constitutional and good governance reforms. Decentralization by devolution may be regarded a higher form of decentralization which usually coexists with deconcentration and delegation at the same time. In most democratic countries there will be a diversity of semi-autonomous agencies exercising delegated authority, subnational governments exercising devolved authority and sectoral ministries with deconcentrated authority at the regional levels. This implies that governments have various options, which they should seek to maximize by offering a menu of different combinations of forms and types of decentralization within the democratic decentralization modality.

2.16 Conclusions

Although extensive review of both published and unpublished literature provides fairly sufficient evidence in support of the proposition of the effects of fiscal decentralization in local governments in Rwanda especially Kicukiro district, therefore, the study is aimed at providing the scientific evidence in supporting of whether there are effects in fiscal decentralization in Rwanda. This study will also define decentralization and fiscal and its contents.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.0 Research Design

The research design is the conceptual structure within which researcher is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. A research design is the overall plan or strategy for conducting the research. There strategies: qualitative and quantitative. The study adopted acase study approach because not all sector in the same district can be reached in all teen sector in the district.

The sample size is determined by Slovenes' formula as follows: $N = \frac{n}{1 + Ne^2}$ Where: n= sample size and N=population of the area ,e= degree of confidence level at 95%=0.05

Sample size: Researcher selected randomly the following people from different company as:

Table3. 1: Population and sample distribution

CATEGORIERY	POPULATION	SAMPLE	TECHNIQUES
Local government Staffs	80	3	Convenient
Taxes payers	5694	50	Simple randomly
Local government Officials	26	7	Purposive
Total	5800	60	

Source: primary data

3.2 Sample design

The researcher has selected three sectors in Kicukiro District which was selected randomly and these were: three sectors of three Gatenga, Kigarama and Niboyi out ten which are Kigarama, Niboyi, Kicukiro, Gatenga, Gikondo, Gahanga, Kanombe, Masaka, Kagarama and Nyarugunga. The research highlights the effect of the fiscal decentralization on service delivery in Kicukiro district Kigali city in Rwanda. The survey population comprised of tax collectors officers and tax payers.

3.3 Methods of data collection

Data was collected from both primary and secondary sources. Primary data was collected through the following methods; questionnaires, observation, interviews while secondary data was collected from internet, written documents from Kicukiro district, written legal documents.

3.3.1 Questionnaire

According to Panneerselvam (2005:p.13) the data is classified into primary data and secondary data. The data collected were obtained from existing records and publication questionnaire consists of a set of well formulated questions and probe from the respondents. Mc Burney (2001,p.237-238),designing a questionnaire.60 questionnaires were given out and 46 were returned back representing 76.7%.

Questionnaires were given to local government officials, tax payers, and local government staffs in Kicukiro District.

3.3.2 Observation

According to Kakooza (2002, p.21-24) defines observation as the process in which one or more persons look at what happening in some real life situation and then classify and record pertinent happening according to some planned schedule categorized into physical things, buildings etc and social class interaction. They should be valued quantitative or qualitative attended meeting. By this method the researcher observed the changes of increasing taxes for different years recorded.

3.2.3 Interview

These methods consist of face to face oral question between the interviewer and respondents in order to get depth response in regard to the area of the study. Some of respondents in the sample requested immediately interview due to shortage of time, flexibility in question was allowed in order to allow respondents' opinions thus give more information.

3.3 Data analysis

Data that was collected in the field was presented by using statistical tabulation. Other statistical tools were used in the analysis of information. Various methods were used to interpret and analyzing data. These included, direct interpretations, which were done through direct interpretation of the individual that instances the researcher, come across.

Qualitative research tends to stress to the application of direct interpretation as opposed to formal aggregation of categorical data as is the case with quantitative research.

3.4 Limitation of the study

The topic "fiscal effect of decentralization in Rwanda: Case of Kicukiro district" it covers businessmen and tax officers in district and others selected sectors includes; Gikondo, Kicukiro, Gatenga, Niboyi, Nyarugunga, Gahanga, Masaka, Kanombe and Kigarama sectors.

In other way researcher encountered some problems as follow:

- During most visits to the offices, senior offices were found busy in some activities such as seminars in such case researcher visited website to cover the gap.
- In absence of official communication to the researcher, some resident who have a business were hesitating to give information.
- General lack of maintenance of proper records of information like of revenue of 2001.
- There is lack of record of list of businessmen of Kicukiro area so they don't know how many are in the area. Although many problems were existing but some measures were adopted.
- Researcher has to be tolerant so he resisted by waiting and reminding the responsible team concerned
- Concern fear of releasing information introducing letters form authority is always reduces to the concern team.
- Meeting dead line is another problem where you have to work day and Also University has to allow student to start research early than what is done.

3.5 VARIDITY AND RELIABILITY OF RESEARCH INSTRUMENTS.

The validity of a research instrument is the extent to which it measures what it is supposed to measure, while its reliability is the degree to which it consistently measures whatever it is measuring (Amin,2005)

To test the content validity, the researcher used a panel of six individuals (students in postgraduate studies-KIU) to evaluate whether each question in the interview is fundamental and valuable. These people were given the questionnaire together with the objectives of the study, and research questions. They were asked to assess the validity of questions in the questionnaire by stating if the item is valid or not. From there, an inter-judge coefficient of validity for each item and Content Validity Index (CVI) of the instruments were calculated using formula suggested by Amin (2005), (see Appendix)

The reliability of the semi-structured interview (the main instrument) has been measured using the split-half reliability. According to Amin (2005) the split-half reliability involves breaking single test into two halves instead of test-retest. After, the administration of the split-half test, the Spearman Brown Prophecy formula was used to compute the split-half reliability coefficient. (see Appendix)

A. Formulas to compute validity.

Inter-Judge Coefficient of validity = No of Judges Declared Item Valid/ Total Number of judges.

$CVI = \text{Number of Items declared Valid divide Total Number of Items}$

CVI stands for Coefficient Validity Index

In the current research:

CVI for interview is equal to $16/18 = 0.89$

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

In this chapter the analysis of the data and interpretation are the main issue according to objectives planned. Finding on fiscal effects of decentralization in Kicukiro district in Rwanda are presented to the research objectives. Respondents including district and sectors choose officials in finance and accounting department, other outsiders hence the two categories and other outsiders hence the two categories of questionnaires were administered was given to the leaders and officials of the districts, and another questionnaires was given to tax payers and other citizens. I dears from those two categories of respondents were merged together for similar questions. Question that requires I dears from the leaders and other officials were treated separately from those question that need I dears from tax payers and other citizens ended as indicated in sub questions of this chapter.

4.1. General characteristics of respondents

This data based on the eighteen questions designed for 60 respondents (primary data) asked to them through questionnaires and interviews. After sample selection, administering the questionnaire and collection of data , the researcher proceeds on the presentation, analysis and presentation of the major aspect that are involved in this study.

Table of characteristics of respondents

No	Services	Number	Total%
1	Supper market	20	33.3%
2	Exporters and Importers	10	16.7%
3	Shops	7	11.7%
4	Transporters	13	21.6%
5	Staffs	3	5%
7	Officials	7	11.7%
Total		60	100%

Source: primary data

The above table shows that business took 83.3% of the selected sample that means the remain 16.7% is for those who is in finance department from three sectors and district office so as staff which research meet.

4.1.1 District earnings finance policy

The official gazette of Rwanda year 40 no4 of 15/ 2/2001, states the law no 04/2001 of 13/05/2001 establishing the organization of the district. This law states that, the district is an autonomy administrative structure with a legal status and financial autonomy. Like any other administrative structure, the district is structure for promotion of democrats and pillar for development. The law no 17/2002 of 10/05/2002 establishes the source of the district revenues and management of funds. This was done through ministries of local government and social affairs, together with ministry of finance and economy on management and accounting procedures manual for local administrative second edition of April 2002. This

was mainly on general transfers, loans, condition of grant, and taxation.

Table 4. 2: Showing the tariff of district taxes

Categories of business	Tariff per month
Industries	30,000
Workshops	10,000
Wholesale business	10,000
Bars	10,000
Callbox	5,000
Clearing agents	2,000
Hotels	5,000
Lodgments	30,000
Restaurants	10,000

Source: Secondary data

These tariffs differ from one district to another depending on the capability of district and people in the area. Tariff can also help the districts taxation by allowing large number of people to find opportunity in the business which are not higher taxed.

Taking for example of industry which earning differ from other business due to it earnings then tariff is showing charge higher than those who is in clearing and forwarding agents.

Table 4. 3: Tariff of tax on trading license

Types	Ps	Value	Total
Hawkers	1	2000	2,000
Shop	20	2000	40,000
Artisan	20	2000	40,000
Motor cycle	2	2000	4,000
Vehicle	20	2000	40,000
Hotel	100	2000	200,000
Industry	120	2000	240,000
Companies	100	2000	200,000

Source: secondary data

This tariff is the most tax which is important to any one who needs to do any business but it keeps on changing due to inflation or change of policy. When there is increase of tax in district then it means people will are not willing to do business in the area, but when tax tariff is lower then expect many business to flow in the district.

Table4. 4: Trend of revenues in Kicukiro district for five years

Years	2002	2003	2005	2007	2008
Revenue	Amount in Rwf	Amount in Rwf	Amount in Rwf	Amount in Rwf	Amount in Rwf
District taxes	2190000	11679280	14306186	98098997	239355113
Rental tax	-	1823600	12008108	271552907	36401229
Trading license	-	150000	6234090	84917307	172697313
Government transfer	-	2375133	55797895	81861374	-
Kigali city transfer	4394300	33439569	1566891	-	-
Donations	-	635000	-	74516901	-
Loans	-	25000000	8000000	77037862	-
Interest / benefits	-	6840300	2014773	75000000	84770319
Service rendered	745800	686470	28509754	97360455	88469807
Fines	25000	20000	1100000	37178416	8633050
Justice chargers	-	-	28200	86005538	81721398
Land location tax	-	1300000	8150327	104195521	415839205
Property tax	-	-	16300654	123917453	149782756
Total	7,355,100	77,793,352	154,016,878	1,211,642,731	1,513,085,454

Source: secondary data

When you analyses from the above data it show that the income of the district increase time to time between 19.9% to 90.5% i.e. in 2003 was 90.5% while in 2008 increase was 19.9% , finally this in general it show increase in district earnings from taxes and other sources.

4.2. Achievements of fiscal decentralization in Kicukiro district

Building government according to Murerwa (2008, p.55) said" after 1994 began with massive deficit in terms of institutions, human, material resources. Government of Rwanda and international partners, have made modest progress in the building of the good governance in our country". Apart from that Rwanda is placed number 67 means the fist among sub-Saharan countries good environment for doing business so Kicukiro district which is in Kigali city is among the district which benefit a lot because it have industry area.

4.2.1. Economic aspect of Kicukiro district

In Niboyi sector people decided to construct paved road which use stones for about ten kilometers where the large share contributed by people in the area, district decided to add from development budget. This spirit of self reliance is also new way which preferred by Donnas at large where any projects have to show in business plan their contribution.

4.2.2 The fiscal constrain of fiscal decentralization

When you research on the effect of fiscal decentralization has the research found some constrains, which include the following:

- Poor infrastructure that means the fund is not used for development or lather the budget for development budget is very little comparing with the needed budget

for infrastructure either the management of district is care little to find other alternative for this problems.

- The number of staffs is larger in department of finance where the management has decentralized tax collection to other departments that means increase of extra cost to district.
- Lack of customer care this is the issue of government sensitization where mayor have to sign performance contract with government showing that she or he will minimize or remove bureaucrats.
- There is lack of enough funds to finance the needs of decentralization institutions in order to satisfy need of citizens. This problem lets the district depend on high levels of administration for finance which slow down the rate of development.

4.2.3. Short comings in the old system of “centralized power”

From the report of questionnaire district are still poor without cars for transporting officials, distribution of fund from the government is still not helping the development of the districts because some districts are poor without industries or natural resource.

The amount of tax collected are distributed among the sectors, district, Kigali city or regions although it is not enough, in other places services were very poor you need to come several time to receive your service this lead to high cost of service to the population and demoralization.

In general respondent show that services were not near the end users and the system was not depiction of the reality on the field.

4.2.4. Problems encounter in implementation of Fiscal decentralization in Kicukiro district

Offices for staffs are few and very small compared to the number of staffs available also transport problem still exist this affect official in department of finance. Government have sold government vehicles to reduce the cost of running those spear parts but districts do not have enough fund for hare cars for normal works.

4.2.5. On accountability of the population to district

They report from questionnaire said population is benefiting because most services which were obtained in Kigali city is know obtained in district so they are participation in government activities and paying to the government tax from those who do business.

Table 4.5 Respondent on their time existed in business

Time	N^o of respondent	Percentage %
0 to 4yrs	6	13.0
4to9	10	21.7
9 to 14	20	43.5
14 and above	10	21.7
Total	46	100%

Source: primary data

This table shows that most of the respondents are aware of the old system of centralization and new system of fiscal decentralization as it shown in by 65.2%. These indicating that respondent were in the business for more than that a time when they

introduced decentralization in 2001. This does not put aside to take into account more than 13% of the respondent who started business in 2005 after introduction of fiscal decentralization, meaning that they started the business in this system of decentralization.

Table 4. 6: Rating their business

Rating	No of respondent	Percentage
Good	20	43.5
Fair	10	21.7
Poor	10	21.7
Very poor	6	13.0
Total	46	

Source: primary data

Some say is good for about transport cost, time were reduced, people become nearest to local government 43% they say in transports were increased due to changes fuel. Other complains about other tax from Rwanda revenue authority.

Table 4. 7: Proportions of share collected revenue in Kigali city

Kigali city	30%
Districts	45%
Sectors	25%
Total	100%

Source: primary data

Shearing arrangements reflect different in the level of needs for fund, this means sectors are not dealing with development rather than service. Very soon they ministry is proposing that every sector have to be given equal share in Kigali city and other region sectors. This means that poor sectors will benefit from other sectors which have collected more taxes.

Table 4.8 Education of tax payers on radio, television and news paper

Respondent	No of respondent	Percentage %
Yes	30	65.2
No	16	34.8
Total	46	100

Source: primary data

The large number of people in kicukiro district which received or are educated about decentralization 65% means a large number believed that they have a lot of knowledge in decentralization. But there is also a number of people who say no for about 34% this is revealed when you see people not participate in *gacaca, ubudehe* or *umudugudu* and other activities. Ministry of local government has special programs to sensitized people on activities done in decentralization. This activates normally is developmental projects.

4.3 To evaluate the importance of fiscal decentralization in Kicukiro

The important and fiscal decentralization when evaluated differ from district to district but general necessity for tax management the respondent said yes and add the following points to support as identification of taxable base become easily.

That is because districts were given autonomy to contract laws which can help them to collect taxes in their districts. The other reasons is that tax assessment is also easy due to easy reach of to tax payers, this is so because avoiding tax when ministry of finance or Rwanda revenue authority was not efficient so it lead to ineffectiveness. This point also concluded by another point which say no tax evasion and tax invasion because grass root levels of decentralization that provide the necessary information. Finally my respondent said that it help to managing and plan for budget there fore full filling obligation of local government for citizens and nation at large. It also helps to implement security to the people in the district and other necessary needs for citizens.

4.3.1. On evaluation of cause of fiscal decentralization and financial management

On this issue respondent in the research said that is to capacitate local authorities to provide better services to the citizens other went on saying that it help to reduce disturbances by bring better service nearest to the taxpayers. Other respondent pointed out that it help citizens to develop and to be patriotisms.

4.3.2. Evaluation on feed back do you find in fiscal decentralisation

Respondent in the area said their problems are easy solved in grass root level because there is permanent civil servant at the lower level. They also pointed out that the citizens fill that they own the plan or lather they belong to them and they are account for. They are always educated though radio and television.

4.3.3. On how tax is reviled had being use

They said yes it help it help in infrastructure construction in district like roads, water,

school, markets and other infrastructures. This is not ended there because the money obtained will pay salaries for the district staffs.

Table 4. 9: Description of the business

Type of business	n ^o respondents	Percentages %
Caterings	10	16.67%
Shops	17	28.33%
Super market	9	16.67%
Other	10	16.67%
Staff	3	5%
Officials	5	8.33%
Total	54	91.67%

Source: primary data

Researcher distributed questionnaire but some did not respond positively for many reasons some because they told me that they were busy others lost questionnaire, other tell you to change and sending through e-mail at the end of time. The number of those who did not responded was six when you put them into percentage they come to 10% of total number which is 60.

$$6/60 \times 100 = 10\%.$$

Table 4.10: Pay tax to local government

Respondent	Number	Percentage %
Yes	46	100
No	0	0
Total	46	100%

Source: primary source

As seen from table 10 it is observed that 100% of the respondents affirm that they are paying tax to local government. They fill that it is a part of their responsibilities to pay for the service they are given for getting better services and infrastructure, all of that can help them to do a business and get profit.

There are many deferent taxes which are paid in Kicukiro district like trading license, property tax, land location tax, and many others. This is the heart of the life of districts living aside loans, donations and transfer from central government.

Table4. 11: Tax paid by Kicukiro district tax payers

Type of tax	No respondents	Percentages %
Trading license	30	65.2%
Property tax	5	10.9
Rental tax	4	8.7
Others tax	7	12.5
Total	46	97.3

Source: primary data

The table 11: above show that trade license take 65.2% of the paid tax and this proved in table 7 and tax 4 column of tax of 2008 shows the same proof but it is not necessary that as is seen in table 4 column of 2007 show that rental tax have the higher figure than trading license because other factors can help in increase of tax like change of policies and many other reasons.

Table4.12: Taxpayers awareness of fiscal decentralisation

Respondent	Number	Percentage %
Yes	46	100
No	0	0
Total	46	100%

Source: primary data

The taxpayers are aware of decentralization because they used to pay every tax from Rwanda revenue authority not only that, table 12 shows that the taxpayers whom I visited are aware of the changes.

Table 413: The best explain of respondent opinions on fiscal decentralisation

Respondent opinion	No respondents	Percentages %
Tamely	45	100
Not called for	-	0
Complicated	-	0
It is not sufficient	-	0
Total	46	100

Source: primary data

The ideal behind table 13 is that respondents believe that fiscal decentralization introduced when it was needed because they used to get service from Kigali city which was poor. About tax payers Rwanda revenue was not efficie

CHAPTER FIVE:

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter discussed and interprets the results presented in the chapter four relating to them to the view of the scholars.

The conclusions are made based on the discussion of findings of the study, and the recommendations are in line with the conclusion reached. The area for further research has also been identified.

5.1. Summary of findings

The major finding of the study were interpreted and presented in relation to the objectives of the study. Kicukiro district is among few districts which have industry area this means that unemployment is possible low compared with other district. But this means the area is highly populated due to tendency of people going in the area for searching for a job.

Customer care in the district are another constraints. It is good manner to treat every an individual in equal with others. But there is a hope that if management could act on this their can be a changes to eliminate this problem.

Lack of good infrastructure and The people in the sector Niboyi planned to construct road starting with their efforts and contribution. Other contribution from district or Donnas come latter as supplements to what were started early before.

There is lack of enough funds to finance the needs of decentralization institutions in order to satisfy need of citizens. This problem lets the district depend on high

Levels of administration for finance which slow down the rate of development. From the report of questionnaire district are still poor without cars for transporting Officials, distribution of fund from the government is still not helping the development Of the districts because some districts are poor without industries or natural resource.

The amount of tax collected are distributed among the sectors, district, Kigali city or regions although it is not enough, in other places services were very poor you need to come several time to receive your service this lead to high cost of service to the population and demoralization. In general respondent show that services were not near the end users and the system was not depiction of the reality on the field.

The respondent also argued that fiscal decentralization is effective to them because there are some transfers which were decentralized from central government to local government which are way to the growth and development of their districts. Tax collection increase every year table 4 above show an increases there fore the good fallow up of tax collector from the department of taxation was efficient.

The local population of Kicukiro district does not like to attend meetings whenever called up on. Usually the deputy mayor in charge of finance and economic development does call up a meeting every term of the year concerning tax mobilization. This is some of the tax payers in Kicukiro district are still ignorant about the tax they have to pay. Table 8: education of tax payers on radio, television and news paper it show that 34% does not believe that government is doing enough to sensitize them about fiscal decentralization

hence lead to low participation in *gacaca,ubudehe* for their development.

Offices for staffs are few and very small compared to the number of staffs available also transport problem still exist this affect official in department of finance. Government have sold government vehicles to reduce the cost of running those spare parts but districts do not have enough fund for hire cars for normal works.

The important and fiscal decentralization when evaluated differ from district to district but this is supported by the answer for the general necessity for tax management, the respondent said the following points to support as identification of taxable base become easily. This point also concluded by another point which say no tax evasion and tax invasion because grass root levels of decentralization that provide the necessary information.

That is because districts were given autonomy to contract laws which can help them to collect taxes in their districts. The other reasons is that tax assessment is also easy due to easy reach of to tax payers, this is so because avoiding tax when ministry of finance or Rwanda revenue authority was not efficient so it lead to ineffectiveness. It also helps to implement security to the people in the district and other necessary needs for citizens.

On cause of fiscal decentralization and financial management respondent in the research said that is to capacitate local authorities to provide better services to the citizens other went on saying that it help to reduce disturbances by bring better service nearest to the taxpayers.

Other respondent pointed out that it help citizens to develop and to be patriotisms.

On feed back in fiscal decentralization, respondent in the area said their problems are easy solved in grass root level because there is permanent civil servant oat the lower level. They also pointed out that the citizens fill that they own the plan or lather they belong to them and they are account for. They are always educated though radio and television.

On tax is reviled and reviled had being use, they said it help it help in infrastructure construction in district like roads, water, school, markets and other infrastructures. This is not ended there because the money obtained will pay salaries for the district staffs.

The ideal behind table 13 is that respondents believe that fiscal decentralization introduced when it was needed because they used to get service from Kigali city which was poor. About tax payers Rwanda revenue was not efficient.

As seen from table 10 it is observed that 100% of the respondents affirm that they are paying tax to local government. They fill that it is a part of their responsibilities to pay for the service they are given for getting better services and infrastructure, all of that can help them to do a business and get profit.

There are many deferent taxes which are paid in Kicukiro district like trading license, property tax, land location tax, and many others. This is the heart of the life of districts living aside loans, donations and transfer from central government.

The table 11: above show that trade license take 65.2% of the paid tax and this proved in

table 7 and tax 4 column of tax of 2008 shows the same proof but it is not necessary that as is seen in table 4 column of 2007 show that rental tax have the higher figure than trading license because other factors can help in increase of tax like change of policies and many other reasons.

The taxpayers are aware of decentralization because they used to pay every tax from Rwanda revenue authority not only that, table 12 shows that the taxpayers whom I visited are aware of the changes.

5.2. Conclusions

In conclusion the effect of fiscal decentralization in kicukiro district, people have started understanding and decentralization and specifically fiscal decentralization, the central government and Kigali city must enable the district administration reach all taxpayers in the district for mobilization for about the fiscal decentralization.

These services should be physically and financial accessible to a greater number of population. When financial problem hit the country the criteria have to be set to who is to benefits for what criteria. Good strategies must be introduced.

Based on the analysis made in this study it was found out that financial and fiscal decentralization has a great positive or negative effect to kicukiro people. It was evidenced to the district has independent sources of finance such as taxes that that were decentralized to the district level, donnas and other partner, the district need also to think about introducing bond or municipal bonds for rising money. This has removed dependence tendency in the district can easily elaborate its plan of action basing on plan of the action basing on the resource available and the service rendered to the public.

However there is a limited participation, responsibility, commitment and ownership by the people as challenges in counted by the district leaders in the process of decentralization. Rwanda citizens has to develop a culture of feeling the decentralization is the part and partial of their responsibilities. This would define the planning for local ownership of the development process by the district.

5.3. Recommendation

After carrying out the study about " fiscal effect of decentralization in Kicukiro district in Rwanda " some recommendation were formulated on the bases of the findings got so as to help Kicukiro district to implement effectively what is needed for fiscal decentralization for the benefit of Rwandans and African at large. Infrastructure is the base of development that is why what was done by sector Niboyi by constructing road through their contributions should be the roll model where other sectors can learn from this action. They have to think a bout Donnas after their own effort introduced in the project.

There is lack of enough funds to finance the needs of decentralization institutions in order to satisfy need of citizens. This problem lets the district depend on high tax can cause finance deficit in developmental budget which slow down the rate of development. The best way introduce municipal bonds to improve customer care for the benefit of citizens of Kicukiro district.

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APPENDEXES:

APPENDEXES A: TIME FRAME

	Ja n	Fe b	Marc h	Ap r	Ma y	Jun e	Jul y	Au g	Sep t	Oc t	No v	De c
Approval of title				→								
Proposal writing				→								
Design questionnaire						→						
Data analysis							→					
Report writing							→					
Submission of dissert										→		

Source: Primary

APPENDICE B: DUDGETING FOR RESEARCH

ITEMS	PRICES	TOTAL COST UGX	USD	RWF
Subsistence	23days*3000	69,000	35.12	20,089
Research assistance		10,000	5	2,860
Traveling	25,000*10	250,000	127.23	72,776
Secretly services	500*200	100,000	50.90	29,114
Equipment and stationeries	3lms *12000	36,000	18.32	10,479
Data analysis	1000*14cp	14,000	7.13	4,078
Data access to binding	9*2000	18,000	9.16	5,240
Sub total		497,000	252.93	144,676
Contingents 10%		49,700	25.29	14,415
Total		546,700	279.22	159,155

KAMPALA INTERNATIONAL UNIVERSITY

SCHOOL OF POST GRADUATE STUDIES

DEPARTMENT OF SOCIEL SCIENCES

INTERVIEW GUIDE FOR LOCAL PEOPLE

INTRODUCTION

I am Mwumvaneza John Ladislaus a student of Kampala international University. I am doing my research on " fiscal effect of decentralization in Kicukiro district Rwanda" .This is partial fulfillment of the requirement of the award of a Master of Arts degree in Project planning and management of Kampala international University. The information provided here will be treated confidentially and be used for the academic purposes intended for.

Therefore you're kindly requested to answer the following question according to the best of your knowledge by either ticking on the right option or filling on the blank spaces provided.

Thank you very much!!

SECTION A

1. Descriptions of business: A. catering B. shop C. retail D. transport E. whole sale .
F. super market. G. export and importers H. bank I. others
2. Have you ever headed of fiscal decentralisation A. Yes B. No
3. If yes, which of the following best explain your opinion of it? A. it was timely , B. it was not called for C. it is complicated for Rwanda. D it is not sufficient.
4. Do you pay taxes to local government? a. Yes b. No
5. If yes which of the following a. property (import personnel) b. Trading license c.
Rental tax. d. other tax.
6. How long have you been in this business? a. 0 to 4 years b. 4 to 9 years c. 9 to 14
years d. 14 years and above.
7. How would your performance of the business since you started your business? a.
good b. fair c. poor. d. very poor
8. Do you think fiscal decentralization education programs on radio, television, news
paper and seminars is enough for tax payers? a. Yes. B.No.

SECTION B

1. Is fiscal decentralization necessary for tax management? Why? Ese kwegereza ubushobozi abaturage ni ngombwa kugirango imisoro iboneke? Kubera iki? -----

2. What is the cause of decentralize the fiscal and financial management? Niki cyatumye habaho gahunda yokwegereza ubushobozi abaturage?-----

3. What is the short comings faced in the old system of “ cetralised power? Ese ni izihe ngaruka mbi za gahunda yokwegereza ubushobozi akarere ?-----

4. Did fiscal and financial decentralization have negative consequences? Ese hari ingaruka mbi zokwegereza abaturage ubuyobozi?

.....
.....

5. Is there accountability of the population to district? Ese abaturage bitayeho gute

leta begerejwe kugirango ibashe kubakorera? -----

6. Do you know how tax reviled had being used? Uzi icyo imisore bakwaka imara?---

7. What are the problems encountered in implementation of fiscal decentralization in your district? Nizihe mbogamizi mwahuye nazo mugushyira mu bikorwa iyi gahunde yokwegereza ubushobozi akarere?-----

8. What are feed back do you find in fiscal decentralization? Ni iki ubona kwegereza ubushobozi abaturage byabagejejeho?-----

God bless you



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KAMPALA- UGANDA
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OFFICE OF THE DIRECTOR
SCHOOL OF POSTGRADUATE STUDIES AND RESEARCH

30, 2009

r Sir/Madam,

: INTRODUCTION FOR MWUMVANEZA JOHN LADIUS

s is to inform you that the above named is our registered student
PP/10003/81/DF) in the School of Post Graduate Studies pursuing a Master of
s in Project Planning and Management (MPP).

e has completed Two of his Four Semesters and is left to work on his research
ntitled: "Effect of Fiscal Decentralization in Rwanda: A Case study of Kicukiro
istrict".

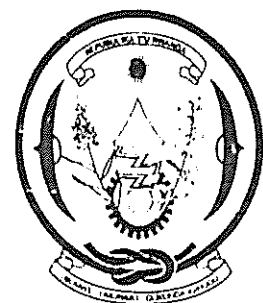
Any assistance rendered to him regarding research will be highly appreciated.

ours faithfully,

Prof. Owolabi O. Samuel

DIRECTOR-SCHOOL OF POSTGRADUATE STUDIES AND RESEARCH

Kicukiro, date. 17.1.66 (27)
Nº 1796 (27) 1.1.66 (27)



Mr MWUMVANEZA John Ladislavs
C/O Kampala International
University
Tel: 0788969789/ 0773800746
Kigali

Mr.

We are grateful to inform you that, you're allowed to conduct a research in department where you need to conduct a research.

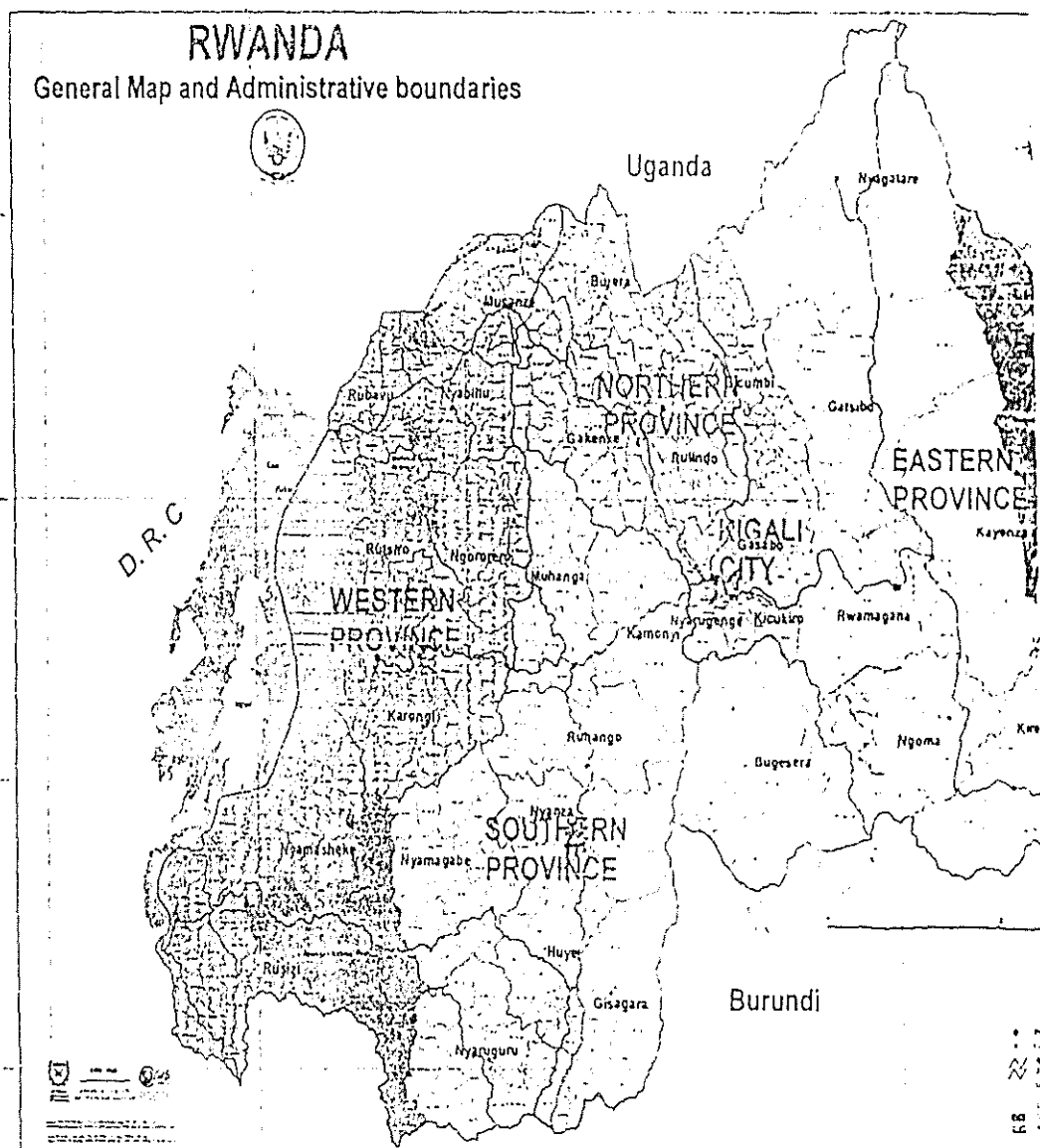
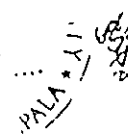
Thanks.

NDAMAGE Paul Jules
Mayor of Kicukiro District

C.C

- Kicukiro Executive Secretary
- Director of Human Resources
- Director of Finance
- Executive Secretary of Kigarama Sector
- Executive Secretary of Gatenga Sector

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Table 15.2

DERIVED POPULATION OF ALL POSSIBLE SAMPLES
OF SIZE $n = 2$ WITH SIMPLE RANDOM SELECTION

SAMPLE			SAMPLE			SAMPLE			SAMPLE		
K	IDENTITY	MEAN	K	IDENTITY	MEAN	K	IDENTITY	MEAN	K	IDENTITY	MEAN
1	AB	5,800	51	CQ	9,200	101	GI	8,400	151	KQ	10,800
2	AC	6,000	52	CR	9,400	102	GJ	8,600	152	KR	11,000
3	AD	6,200	53	CS	9,600	103	GK	8,800	153	KS	11,200
4	AE	6,400	54	CT	9,800	104	GL	9,000	154	KT	11,400
5	AF	6,600	55	DE	7,000	105	GM	9,200	155	LM	10,200
6	AG	6,800	56	DF	7,200	106	GN	9,400	156	LN	10,400
7	AH	7,000	57	DG	7,400	107	GO	9,600	157	LO	10,600
8	AI	7,200	58	DH	7,600	108	GP	9,800	158	LP	10,800
9	AJ	7,400	59	DI	7,800	109	GQ	10,000	159	LQ	11,000
10	AK	7,600	60	DJ	8,000	110	GR	10,200	160	LR	11,200
11	AL	7,800	61	DK	8,200	111	GS	10,400	161	LS	11,400
12	AM	8,000	62	DL	8,400	112	GT	10,600	162	LT	11,600
13	AN	8,200	63	DM	8,600	113	HI	8,600	163	MN	10,600
14	AO	8,400	64	DN	8,800	114	HJ	8,800	164	MO	10,800
15	AP	8,600	65	DO	9,000	115	HK	9,000	165	MP	11,000
16	AQ	8,800	66	DP	9,200	116	HL	9,200	166	MQ	11,200
17	AR	9,000	67	DQ	9,400	117	HM	9,400	167	MR	11,400
18	AS	9,200	68	DR	9,600	118	HN	9,600	168	MS	11,600
19	AT	9,400	69	DS	9,800	119	HO	9,800	169	MT	11,800
20	BC	6,200	70	DT	10,000	120	HP	10,000	170	NO	11,000
21	BD	6,400	71	EF	7,400	121	HQ	10,200	171	NP	11,200
22	BE	6,600	72	EG	7,600	122	HR	10,400	172	NQ	11,400
23	BF	6,800	73	EH	7,800	123	HS	10,600	173	NR	11,600
24	BG	7,000	74	EI	8,000	124	HT	10,800	174	NS	11,800
25	BH	7,200	75	EJ	8,200	125	IJ	9,000	175	NT	12,200
26	BI	7,400	76	EK	8,400	126	IK	9,200	176	OP	11,400
27	BJ	7,600	77	EL	8,600	127	IL	9,400	177	OQ	11,600
28	BK	7,800	78	EM	8,800	128	IM	9,200	178	OR	11,800
29	BL	8,000	79	EN	9,000	129	IN	9,800	179	OS	12,000
30	BM	8,200	80	EO	9,200	130	IO	10,000	180	OT	12,200
31	BN	8,400	81	EP	9,400	131	IP	10,200	181	PQ	11,800
32	BO	8,600	82	EQ	9,600	132	IQ	10,400	182	PR	12,000
33	BP	8,800	83	ER	9,800	133	IR	10,600	183	PS	12,200
34	BQ	9,000	84	ES	10,000	134	IS	10,800	184	PT	12,400
35	BR	9,200	85	ET	10,200	135	IT	11,000	185	QR	12,200
36	BS	9,400	86	FG	7,800	136	JK	9,400	186	QS	12,400
37	BT	9,600	87	FH	8,000	137	JL	9,600	187	QT	12,600
38	CD	6,600	88	FI	8,200	138	JM	9,800	188	RS	12,600
39	CE	6,800	89	FJ	8,400	139	JN	10,000	189	RT	12,800
40	CF	7,000	90	FK	8,600	140	JO	10,200	190	ST	13,000
41	CG	7,200	91	FL	8,800	141	JP	10,400			
42	CH	7,400	92	FM	9,000	142	JQ	10,600			
43	CI	7,600	93	FN	9,200	143	JR	10,800			
44	CJ	7,800	94	FO	9,400	144	JS	11,000			
45	CK	8,000	95	FP	9,600	145	JT	11,200			
46	CL	8,200	96	FQ	9,800	146	KL	9,800			
47	CM	8,400	97	FRM	10,000	147	KM	10,000			
48	CN	8,600	98	FS	10,200	148	KN	10,200			
49	CO	8,800	99	FT	10,400	149	KO	10,400			
50	CP	9,000	100	GH	8,200	150	KP	10,600			

Marketing Research 3rd Edition (1996)
 Gilbert A. Churchill, Jr.
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